

**MAURITIUS INSTITUTE OF DIRECTORS
(the “Company”/”MloD”)**

BOARD CHARTER AND RESERVED POWERS

A. Introduction

I. Complementary to Law and Constitution

These provisions are complementary to the requirements regarding the MloD Board and Board members contained in Mauritian legislation and regulations, the constitution of the MloD and the provisions governing the relationship between the Board Committees of the MloD and the MloD Board of Directors as contained in the Terms of Reference of the Board Committees which have been adopted by the Board.

II. Charter on Website

This Charter is posted on the MloD’s website www.miod.mu

B. Composition of the Board; Positions; Committees

I. Board Profile, Size, Expertise and Independence

a. **Board Profile.** The Board, in consultation with the Membership and Nominations Committee shall prepare a profile of its size and composition, considering the nature of the company’s business, and the desired expertise and background of the Board members (the “Board Profile”).

b. **Number of Members.** After consultation with the Membership and Nominations Committee, the Board determines the number of Board members. The Company shall have not less than five (5) and not more than twelve (12) Directors who, save for the Chief Executive Officer, shall be elected annually at the Annual Members’ meeting of the Company by ordinary resolution.

c. General Composition.

The Board shall use its best efforts to ensure that its members:

- i. can act critically and independently of one another;
- ii. can assess the broad outline of the Company’s overall policy;
- iii. have sufficient expertise to perform his or her role as a Board member within the Board Profile;
- iv. match the Board Profile;
- iv. count at least one Board member who is a financial expert, meaning he/she has expertise in financial administration and accounting for companies similar to the Company in size and sophistication;
- v. include non-executive directors who are independent as defined in the Mauritius Code of Corporate Governance
- vi. do not serve on the Board for more than five years.

II. (Re) Appointment; Term of Office; Resignation

a. Election by Members

The members of the Board are elected at the Annual Members' meeting.

b. Substance of Nominations and Recommendations.

The Membership and Nominations Committee follows the approved Nominations Procedure and recommends to the Board nominations to be put before the Annual Members' meeting in line with the Board Profile. The Board approves these nominations.

A nomination or recommendation to the Annual Members' meeting for a candidate for the Board shall state:

- (i) the candidate's age,
- (ii) his or her profession,
- (iii) a short profile including academic qualifications
- (iii) any convictions for any crimes involving dishonesty, fraud or breach of trust,
- (iv) the positions she/he holds or has held in the past five years (including Boards of directors or management Boards, executive business committees or as nominated shareholder)
- (v) any other information relevant to assess his or her suitability as a member of the Board.

The recommendation or nomination for appointment or reappointment shall state the reasons for the nomination or recommendation. Any nomination or recommendation by the Board for appointment or reappointment of a Board member must be in accordance with Section B of this charter, including the Board Profile.

c. Letter of Appointment

All directors will receive a letter of appointment stating the terms and conditions of their appointment as non-executive directors. The letter of appointment should set out the expected time commitment and the company's policy on Conflicts of Interest, Confidentiality, Induction and Review process.

d. Reappointment.

Before recommending a member of the Board for reappointment, the Board must carefully consider his or her past performance on the Board.

e. Staggered Retirement.

Board members shall retire periodically according to a rotation plan (to be drawn up by the Membership and Nominations Committee and approved by the Board) to avoid many Board members retiring at the same time. The Board may amend the rotation plan.

III. Chairperson and Vice-Chairperson

a. Election.

Once the Board members have been elected at the Annual Members' meeting, at the first Board meeting, the Board shall elect a chairperson and a vice-chairperson from among its members. The vice-chairperson replaces, and assumes the powers and duties of, the chairperson when the chairperson is absent.

b. Duties.

The Chairperson of the Board is primarily responsible for the activities of the Board and its committees. She/he shall act as the spokesperson for the Board and is the principal contact for the Chief Executive Officer (CEO). The CEO and the Chairperson of the Board shall meet regularly (at least once per month). The Chairperson of the Board presides over the Annual Members' meeting.

c. Responsibilities.

The Chairperson ensures that:

- i. Board members, when appointed, participate in an induction programme and, as needed, additional education or training programmes;
- ii. The Board members receive all information necessary for them to perform their duties;
- iii. The Board has sufficient time for consultation and decision-making;
- iv. The Committees function properly;
- iv. The performance of the Board and its members is evaluated every year
- v. The Board elects a vice-chairperson; and,
- vi. The Board has proper contact with the executive team.

In addition, the Chairperson is primarily responsible for:

- i. Ensuring the Board satisfies its duties;
- ii. Determining the agenda of Board meetings, chairing such meetings and ensuring that minutes are kept of such meetings;
- iii. Consulting with external advisors appointed by the Board;
- iv. Addressing problems related to the performance of individual Board members; and,
- v. Addressing internal disputes and conflicts of interest concerning individual Board members and the possible resignation of such members as a result.

IV. Company Secretary

a. **Company Secretary.** The company secretary assists the Board.

b. **General Access.** All Board members may go to the company secretary for advice or to use his or her services in relation to the Company's business.

c. **Responsibilities.** The company secretary sees to it that the Board follows correct procedures and that the Board complies with its obligations under law and the Company's constitution . The company secretary shall assist the Chairperson of the Board in organizing the Board's activities (including providing information, preparing an agenda, reporting of

meetings, evaluations and training programs). The company secretary is the secretary of the Board.

V. Committees

a. Establishment of Committees.

The Board may set up committees from among its members to perform specific tasks. The Board shall determine the members of any committee. The Board shall establish an Audit and Risk Committee, a Membership and Nominations Committee, an Education Committee, and a Corporate Governance Committee.

The Board of the MloD will nominate the Chairperson of each committee at its first Board Meeting after the Annual Members' Meeting.

b. Board Responsibility for Committee Action.

The Board remains collectively responsible for the decisions and actions taken by any committee. A committee may only perform the tasks delegated to it by the Board and may not exceed the authority or powers of the Board as a whole. Decisions that, by law, must be taken by the Board may not be delegated to a committee.

c. Committee Reporting.

Each committee must promptly inform the Board of the actions it has taken and major developments of which it becomes aware. Each Board member has unrestricted access to all committee meetings and records. The Board shall, as set forth in the charter of the committee concerned, receive a report from the committee describing the committee's actions and findings.

d. Committees' Terms of Reference.

The Board shall establish (and may amend) Terms of Reference (TOR) for each Committee. The TORs shall indicate the role and responsibilities of the Committee, its composition and how it should perform its duties. The TOR of a Committee shall require that the Committee has no less than two members (or, if the Committee is composed of three or fewer members, one member) who are independent.

e. Website Disclosure.

The TORs and the composition of the Committees shall be posted on the Company's website.

C. Duties and Powers

I. General Duties and Powers

a. General Responsibilities.

The Board oversees the general business of the Company. The entire Board is responsible for such supervision and oversight.

b. The Board Acts in the Interest of the Company.

The Board shall act in the best interests of the Company and its business, taking into consideration the interests of the MloD members and all the Company's other stakeholders. Board members shall perform their duties independent of any particular interest in the Company. Board members should not support one interest without regard to the other interests involved.

c. Quality of Performance. The Board is responsible for the quality of its own performance.

d. Action in Concert. As much as they can, within their individual responsibilities as members of the Board, members shall act and speak in concert with respect to important affairs and matters of principle.

e. Provision on Information. The Chairperson and the CEO shall see to it that the management, in a timely manner, provides the Board and its committees with the information they need to properly function.

f. Responsibility for Securing Information.

The Board and its individual members each have responsibility for obtaining all information from the management and the external auditors needed to carry out their duties. If the Board thinks it is necessary, it may obtain information from officers and external advisers of the Company. The Company shall aid the Board in obtaining such information. The Board may require certain officers and external advisers to attend, but never to vote at its meetings.

g. Access to Records.

Each member of the Board has access to the books and records of the Company, if useful to perform his or her duties. Unless the TOR of a committee states otherwise, Board members shall consult with the Chairperson of the Board and the Company secretary before exercising their rights under this provision.

h. Use of Experts.

The Board may hire experts to assist or advise them. The cost of such experts shall be agreed to by the Board and shall be paid by the Company. A Board member may rely upon the advice of a relevant expert so long as the member has no reason to question the expert's report or conclusion.

II. Duties Regarding the Supervision of Management

a. Nature of Supervision.

In supervising the management, the Board shall consider:

- (i) the achievement of the Company's objectives;
- (ii) the strategy and risks in the Company's activities;
- (iii) the structure and operation of the internal risk management, and audit and control systems;

- (iv) the financial reporting process;
- (iv) compliance with law and regulations;
- (v) any other matters the law requires the Board to consider.

b. Financial Reporting.

The Board supervises the Company's financial reporting in accordance with the terms of this Board Charter below.

c. Annual Risk Review.

At least once a year, the Board shall discuss the Company's strategy and business risks, the management's assessment of the internal risk management and control systems, and any significant changes to such systems.

d. Resolutions Subject to Approval.

The following resolutions are subject to the approval of the Board:

- i. Determining and amending the operational and financial strategic objectives of the Company;
- ii. Determining and amending key performance indicators in support of the strategic objectives (including, for example, any financial ratios);
- iii. The resolutions listed in Annex 1 of this Board Charter;
- iv. Any other matters that the Mauritian laws or regulations or the MloD's Constitution requires the Board to approve.

III. Duties Regarding the Members and the Performance of the Board

a. Duties Regarding Board.

The duties of the Board (in consultation with the appropriate Board committees) in relation to the members of the Board include:

- i. The nomination of members of the Board (the appointment is made at the Annual Members' meeting);
- ii. The determination of the number of Board members, the appointment of a Chairperson and vice-Chairperson of the Board, the establishment of committees and defining their role, the evaluation of the Board, its individual members and its committees (including an evaluation of the Board Profile and the induction, education and training program);
- iii. Addressing any conflicts of interest issues between the Company and members of the Board.

b. Board Self-Assessment

At least once a year, the Board shall discuss its own activities and those of its individual members, the effectiveness of such activities, and the composition and competence of the Board.

IV. Certain Other Duties of the Board

a. Duties Generally.

The other duties of the Board include:

- i. Duties regarding the external auditor as described in this Board Charter and the TOR of the Audit and Risk Committee; and,
- ii. Other duties imposed by law, the Company's Constitution, this Board Charter and the TORs of the Board Committees.

b. Annual Report and Accounts.

The Board shall draw up a report describing its activities in the financial year, and containing the statements and information required by law, the Code of Corporate Governance and the Company's constitution.

V. Supervision of Financial Reporting

a. General Supervision Responsibilities.

The Board, in consultation with the Audit and Risk Committee, supervises compliance with written procedures for the preparation and publication of the annual report and accounts and any other financial information. The Board, through the Audit and Risk Committee, also supervises the internal control and audit mechanisms for external financial reporting.

b. Discussion of Financial Reports.

The Audit and Risk Committee shall regularly, and in any event as soon as possible, provide the Board with reports on the annual report and accounts, which will then be discussed at a meeting of the Board. The annual report and accounts for the year just ended shall be discussed in a meeting with the Board within four months of the year end.

c. External Auditor.

The Board shall ensure that the external auditor attends the meeting of the Board at which the report of the external auditor with respect to the audit of the annual accounts is discussed, and at which the Board decides whether or not to approve the annual accounts. The external auditor shall be given the opportunity to respond to all information.

d. Audit and Risk Committee is Principal Contact with External Auditor.

The Board's principal contact with the external auditor is through the Chairperson of the Audit and Risk Committee. If any irregularities in the financial reports are discovered, the first discussion regarding such irregularities should be between the Audit and Risk Committee and the external auditor.

e. Recommendations by External Auditor.

The Board shall carefully consider and, if accepted, put into effect any recommendations made by the external auditor. This will include recommendations by the external auditor on the Company's internal controls, as expressed in the 'management letter'.

VI. Duties Regarding Nomination and Assessment of External Auditor

a. Appointment of External Auditor.

The external auditor shall be appointed at the Annual Members' meeting. The Board nominates a candidate for this appointment to the Annual Members' meeting based on an open, transparent and competitive selection process, and may recommend replacement of the external auditor. The Audit and Risk Committee shall advise the Board on such matters.

b. Compensation of External Auditor.

The compensation of the external auditor, and instructions to the external auditor to provide non-audit services, shall be closely reviewed and approved by the Board on the recommendation of the Audit and Risk Committee, thus ensuring for the auditor's independence.

c. Reports to the Board.

The Audit and Risk Committee shall report their dealings with the external auditor to the Board on an annual basis, including their assessment of the external auditor's independence (for example, the desirability of rotating the responsible partners of the external auditor and the desirability of the external auditor providing both auditing and non-audit services to the Company). The Board shall take this into account when making its recommendations to the Annual Members' meeting for the appointment of an external auditor.

d. Assessment.

At least once every three years, the Audit and Risk Committee shall conduct a thorough assessment of the functioning of the external auditor in the various entities and capacities in which the external auditor acts. The main conclusions of this assessment shall be communicated to the Annual Members' meeting so it may consider the recommendation for the appointment of the external auditor.

f. Conflicts of Interest.

Conflicts of interest and potential conflicts of interest between the external auditor and the Company shall be resolved in accordance with the policies laid down by the Board and as determined by the Board on the recommendation of the Audit and Risk Committee. Board members must inform the Chairperson of the Audit and Risk Committee of any matters they know of that may compromise the independence of the external auditor or that may result in a conflict of interest between the external auditor and the Company.

g. Representation by External Auditor.

When appointed, the external auditor shall state that it is aware of:

- (i) the Company's policy set out in this Board Charter; and,
- (ii) other matters provided for in this Board Charter and the TOR of the Audit and Risk Committee and that s/he agrees to abide by and promote such policies.

VII. Compensation of Management and Board Members

a. Board Members

It is the MloD's policy not to remunerate its Board members as it is a not for profit organisation.

b. Management

The Membership and Nominations Committee shall annually prepare a remuneration report setting out the compensation policies and activities of the past year and an overview of the compensation policy and planned activities for the next financial year and subsequent years. This shall be included in the Annual Report which will be approved at the Annual Members' Meeting.

c. Membership and Nominations Committee.

The Board shall determine the compensation of the executive Board members on a proposal by the Membership and Nominations Committee and within the terms of the remuneration policy adopted by the Annual Members' meeting.

VIII. Relations with MloD members

a. Annual Members' Meeting; Record Date; Venue.

The Board shall determine the date and place of any Annual Members' meeting and a record date for the exercise of the voting at such meeting. Unless there is an overriding Company interest to act otherwise, the Board shall use its best efforts to provide members with all information necessary or requested for to properly act at the Annual Members' meeting. If the Board believes the Company does have an overriding interest, it must state why it so believes.

b. Compliance with Law.

The Board shall ensure all laws are complied with, regarding the rights of the Annual Members' meeting and of individual members.

c. Attendance by Boards Members.

The Chairperson shall ensure that (unless there are important reasons) all the members of the Board shall attend the Annual Members' meetings.

d. Chairperson of General Meetings.

The Annual Members' meetings are presided over by the Chairperson of the Board or, in his or her absence, the vice-Chairperson of the Board. The Board may designate someone else to preside over the Annual Members' meeting.

e. Disclosure of Resolutions.

A resolution of the Annual Members' meeting may be publicly disclosed only through a statement from the Chairperson of the Board or the Company secretary.

f. Changes to Corporate Governance.

Any substantial change to the corporate governance structure of the Company shall be submitted to the general assembly for discussion under a separate agenda item.

g. Attendance by external auditor.

The Board shall ensure that the responsible partner (or certifying auditor) of the external auditor attends the Annual Members' meeting and is available to address the meeting. The external auditor may be questioned by the Annual Members' meeting in relation to the audit of the Company's financial statements.

D. Board Meetings; Decision-Making

I. Frequency, Notice, Agenda and Venue of Meetings

a. Frequency.

The Board shall meet as often as necessary, but not less than four (4) times a year. If possible, meetings shall be scheduled annually in advance according to an annual Board calendar. The Board shall meet earlier than scheduled if deemed necessary by the Chairperson of the Board or two other members of the Board.

b. Notice and Agenda.

- i. Meetings of the Board are called by the Chairperson. Save in urgent cases, as determined by the Chairperson, the agenda for a meeting shall be sent to all Board members at least five calendar days before the meeting. For each item on the agenda, an explanation in writing shall be provided and related documentation will be attached. The Chairperson shall consult with the CEO prior to convening the meeting on the content of the agenda. Each Board member and the CEO has the right to request that an item be placed on the agenda for a Board meeting; provided that the item is notified to the Chairperson at least ten days prior to the meeting.
- ii. Board members who have taken part in a meeting may not object against resolutions adopted at the meeting on grounds of an invalid notice.

c. Venue.

Board meetings are generally held at the offices of the Company but may also take place elsewhere. In addition, meetings of the Board may be held by conference call, video conference or by any other means of communication, provided all participants can communicate with each other simultaneously.

II. Attendance of and Admittance to Meetings

a. Attendance by CEO.

The CEO, even where s/he is not a member of the Board, shall attend Board meetings unless the Board instructs him/her not to attend. If

requested by the Board, other executives shall also attend meetings of the Board in whole or in part.

b. Alternates

Under the Constitution of the MloD, a Director is not permitted to appoint an alternate.

c. Undue Absence.

If a Board member is frequently absent from Board meetings, she/he shall be required to explain such absences to the Chairperson.

d. Attendance by Non-Members.

The admission to a meeting of persons other than Board members, the CEO, the Company secretary and (if invited) other executives shall be decided by majority vote of the Board members present at the meeting.

III. Chairperson of the Meeting; Reports

a. Chairperson.

Board meetings are presided over by the Chairperson of the Board or, in his or her absence, the vice Chairperson. If both are absent, one of the other Board members, designated by majority vote of the Board members present at the meeting, shall preside.

b. Report.

The Company secretary (or any other person designated for such purpose by the Chairperson of the meeting) shall prepare a report of the meeting.

The report shall describe the decision making process at the meeting. The report shall be adopted by the Board at the next meeting.

IV. Decision-Making within the Board

a. Preference for Unanimity.

The Board members shall try to unanimously adopt resolutions. However, Board members are encouraged to voice dissenting opinions and record these in the minutes when unanimity cannot be reached.

b. Individual Vote.

Each Board member has the right to cast one vote.

c. Majority Vote; Quorum.

Where unanimity cannot be reached and the law, the Company's constitution or this Board Charter do not prescribe a larger majority, all resolutions of the Board are adopted by a majority of the votes cast. In the event of a tie, the Chairperson of the Board will record the tie and ask for the issue to be set aside and reconsidered at the next meeting. At a meeting, the Board may only pass resolutions if there are two thirds of the Board members are present.

d. Adoption at Meeting.

Resolutions of the Board are adopted at a Board meeting.

e. Written Consent.

Board resolutions may also be adopted in writing provided the proposal concerned is submitted to all Board members and none of them objects to this form of adoption. Adoption of resolutions in writing shall be effected by statements in writing from all the Board members. A statement from a Board member who wishes to abstain from voting on a particular resolution which is adopted in writing must reflect the fact that s/he does not object to this form of adoption.

f. Emergency Procedures.

The Board may deviate from the provisions of this Board Charter only where this is deemed necessary by the Chairperson of the Board, considering the urgent nature and other circumstances of the case, provided that all Board members are allowed the opportunity to participate in the decision-making process. The Chairperson of the Board and the Company secretary shall then prepare a report on a resolution so adopted, which shall be added to the documents for the next meeting of the Board.

g. Minutes.

Minutes must be drawn up for every Board meeting and for every resolution adopted outside a meeting. The minutes are to be signed by the Chairperson of the meeting and then added to the Company's records. Each member of the Board shall receive a copy of the minutes. Each member of the Board may demand a note explaining how s/he voted or that a formal declaration by him be included in the minutes. Urgent resolutions may be drawn up and adopted immediately in the relevant meeting.

h. Certification of Resolutions.

A resolution adopted by the Board may be publicly disclosed only through a statement from the Chairperson of the Board and/or the Company secretary.

E. Chapter IV: Other Provisions

I. Conflicts of Interest of Board Members

a. Duty to Disclose.

A Board member shall immediately report to the Chairperson of the Board any conflict of interest or potential conflict of interest and shall provide all relevant information, as per the MloD's Policy on Related Party Transactions, Conflict of Interests and Procurement Policy. The Board member concerned shall not take part in the assessment by the Board of whether a conflict of interest exists.

b. Abstention by Conflicted Party.

A Board member shall not take part in any discussion or decision-making regarding any subject or transaction in which s/he has a conflict of interest with the Company.

c. Requirements to Approve Conflicts of Interest.

All transactions in which there are conflicts of interest with Board members shall be agreed on terms that are customary for arm's-length transactions in the Company's business. Decisions to enter into transactions in which there are conflicts of interest with Board members require the approval of the Board.

d. Loans and Guarantees.

The Company does not grant personal loans, guarantees or the like to Board members, save as part of its usual business operations. Loans are not remitted.

II. Induction Program, Ongoing Training and Education

a. Induction Programme.

Upon his or her election, each Board member shall participate in an induction programme that covers the Company's strategy, general financial and legal affairs, financial reporting by the Company, any specific aspects unique to the Company and its business activities, and the responsibilities of a Board member.

b. Annual Review of Training.

The Board shall conduct an annual review to identify areas where the Board members require further training or education.

c. Costs of Company.

The costs of the induction course and any training or education shall be paid for by the Company and must be approved by the Board.

III. Other Positions

a. No Excess Memberships.

Members of the Board shall limit their other positions so as to ensure they can perform their duties as members of the Board.

b. Notice of Outside Positions.

Board members must inform the Chairperson of the Board and the Company secretary of their other positions which may be of importance to the Company or the performance of their duties before accepting such positions. If the Chairperson determines that there is a risk of a conflict of interest, the matter shall be discussed by the Board. The Company secretary shall keep a list (Register of Interest) of the outside positions held by each Board member.

IV. Confidentiality

a. Duty to Keep Information Confidential.

Unless required to do so by law, no Board member shall, during his or her membership on the Board or afterwards, disclose any information of a confidential nature regarding the business of the Company and/or any companies in which it holds a stake, that came to his or her knowledge in the capacity of his or her work for the Company and which s/he knows or should know to be of a confidential nature. A Board member may disclose such information to fellow Board members as well as to staff members of the Company who, in view of their activities for the Company, should be informed of the information. A Board member shall not use such confidential information for his or her personal benefit.

b. Return of Confidential Information.

At the end of each Board member's term of office, s/he shall return all confidential documents in his or her possession to the Company or guarantee their disposal in a manner that ensures confidentiality is preserved.

c. Notice of Disclosure.

If a Board member intends to disclose to third parties information which she/he has become aware of in his or her duties and which may be confidential, she/he must inform the Chairperson of his or her intent and the identity of the person who is to receive the information with sufficient notice for the Chairperson to assess the situation and advise the Board member. This section applies to both official and personal statements and to any person attending Board meetings which in terms of their content and form are clearly only intended for the Board.

V. Miscellaneous

f. Non-Compliance.

If permitted by law, the Board may occasionally decide (by unanimous decision) at its sole discretion not to comply with the provisions of this Board Charter.

g. Amendment.

This charter may be amended by the Board at its sole discretion without prior notification.

h. Interpretation.

In case of uncertainty or difference of opinion on how a provision of this charter should be interpreted, the opinion of the Chairperson of the Board shall be decisive.

i. Partial Invalidity.

If one or more provisions of this charter are (or become) invalid, this shall not affect the validity of the remaining provisions. The Board may replace the invalid provisions by provisions which are valid and the

effect of which, given the contents and purpose of this charter is, to the greatest extent possible, similar to that of the invalid provisions.

Annex 1: List of Approvals Required by Board

The approval of the Board is required for:

- I. All material transactions and contracts;
- II. Expenditure above Rs 100,000 unless agreed by a Board Committee and subsequently approved by the Board;
- III. A resolution on the operational and financial aims of the Company, the strategy designed to achieve the aims, and any parameters to be used in relation to the strategy;
- IV. All material transactions in which there are conflicts of interest with Board members;
- V. The appointment and removal of the Company secretary;
- VI. The remuneration policy for senior management in general and CEO in particular;
- VII. The annual capital investment budget, all acquisitions and disposals of business Activities;
- VIII. All financial statements before publication; and,
- IX. All other acts that require the approval by law, the Company's constitution or this Board Charter.

Annex 2: Policy Regarding External Auditor

The policy set out below was adopted by the Board on 28 July 2011, on a proposal of the Audit and Risk Committee.

I. Policy

The Company and its subsidiaries shall use the services of the external auditor only to the extent this does not prejudice the independence of the external auditor.

II. Terms of Reference

The external auditor must be independent. These policies are based on the principles that:

- (i) the external auditor must be independent from the client audited, both in mind as in appearance; and,
- (ii) an external auditor is someone who is able, in the light of all relevant facts and circumstances, to form an objective and impartial opinion on all matters that fall within the scope of his or her assignment.

An external auditor is not allowed to perform a statutory audit if s/he has financial, commercial, employment or other ties with the client that in the opinion of a reasonable and properly informed third party expert compromise the auditor's independence.

The Company may require from the external auditor that s/he maintains the right balance between effectiveness and efficiency, e.g. audit costs, risk management, independence and reliability. The Audit and Risk Committee sees to it that the external auditor complies with the relevant provisions of the law and the above terms of reference, and may request more detailed explanations and written confirmations from the external auditor that these provisions are followed.

In addition to the audit work, the external auditor of the Company may also carry out non-audit work, to the extent allowed under applicable legislation and regulations and the internal procedures of the Company. The non-audit work shall not jeopardize the independence of the external auditor. In no event shall the individuals performing the audit work engage in any non-audit work.

All audit and non-audit work (including fees and conditions) carried out by the external auditor for the Company must be approved in advance by the Board on a proposal of the Audit and Risk Committee. The Board may, within the framework set by the Board, delegate this duty to the Audit and Risk Committee that in turn, in exceptional circumstances only, may delegate this power to its Chairperson, on the understanding that a decision by the Chairperson of the Audit and Risk Committee to give his or her approval will be presented to the full Audit and Risk Committee at its next meeting.

III. Work

a. Audit Work

Audit work is the audit of the annual financial reports of the Company, the assessment of interim financial reports that are disclosed, services that are traditionally provided by the external auditor and that are related to filings and obligations under legislation or regulations, and services that only the external auditor can reasonably provide.

The external auditor does not need to go through a tender process for each individual engagement.

b. Non-Audit Work

For non-audit work of the external auditor other than:

- (i) services that can only be provided by the external auditor;
- (ii) services that are an extension of the work performed as part of the audit of the Company or rely on work performed as a part of the audit such that the quality and timeliness of the services can most effectively be provided by the external auditor or;
- (iii) services that enhance the effectiveness of the external auditor's examination of the Company's financial statements, the Board shall on the proposal of the Audit and Risk Committee set one or more financial thresholds.

For non-audit work by the external auditor that is expected to exceed these thresholds, a very strong rationale must be presented to support the selection of the external auditor and alternative service providers should be considered.

IV. Rotation of Audit firm / Partners Responsible for Audit Work

In order to prevent the external auditor and the Company becoming too close, the number of years a person may be part of the audit team of the external auditor, is capped. Partners of the audit team of the Company who are charged with essential audit tasks must be replaced at most every five year(s) after the start of their involvement and the audit firm must rotate every 10 years. The Audit and Risk Committee shall also supervise the risks of dependency of other members of the audit team of the Company who are involved with the audit for a significant period. The Audit and Risk Committee shall consult the responsible partner of the external auditor regularly on safeguards set up by the external auditor to assess the risk of dependency and to reduce it to an acceptable minimum level.

V. Appointment of the External Auditor

The external auditor shall be appointed in accordance with the terms of this Board Charter. If the decision is taken to call in the services of another external auditor, the tender process approved by the Audit and Risk Committee shall be followed.

VI. Staff Transfer Restrictions

The Company and the external auditor shall agree on a policy regarding the restriction of staff transfers from the Company and its group to the organization of the external auditor and *vice versa*, taking into account all relevant legislation and regulations. This policy is subject to the approval of the Board. In no event, however, shall the Company hire an audit partner or other senior member of the audit staff of the external auditor if such person audited conducted a review of or prepared the Company's financial statements during the previous one year, in particular as the Company's CFO.