LASCO MANUFACTURING LIMITED
AUDIT & RISK MANAGEMENT COMMITTEE CHARTER

1. Constitution

The Audit & Risk Management Committee ("The "Committee") shall be a committee of the Board established by the Board of Directors ("The "Board").

2. Purpose

The Committee is responsible for advising the Board in fulfilling its oversight responsibilities for the financial reporting processes, risk management, internal controls, internal and external audit processes and the process for monitoring compliance with internal controls and the applicable financial laws and regulations.

3. Membership

1. The Committee shall be comprised of a **minimum** of three (3) non-executive directors.

2. The Board shall appoint the Chairman of the committee who at all times must be an Independent non-executive director as defined in the company's CG Policy.

3. Members of The Committee will be appointed by the Board and will serve until resignation or until the termination of their appointment to the Board. Members may also be removed from the committee by majority vote of the Board of Directors.

4. The Company Secretary will be the assigned secretary for the Committee. In the absence of the Company Secretary, the Chairman of the Committee may make alternate arrangements with the Secretariat Unit for a member of The Company's staff to act as Secretary *protem* to the Committee.

5. The Managing Director may **be invited** to all the Committee meetings.

6. The Committee has the power to require any member of staff of The Company to attend meetings as required. Such staff attendance should be scheduled through the Managing Director.

7. Members of The Committee shall be able to read and understand fundamental financial statements, including a balance sheet, income statement and cash flow statement. At least one member of the Committee shall possess past employment

experience in auditing, finance or accounting, requisite professional certification in accounting, or any other comparable certification which results in the individual's financial maturity.

Meetings and quorum

Notice of the meetings and the business to be conducted at the meeting shall be sent to the Members of the Committee and those invited five (5) working days' prior to the meeting as well as the meeting papers which should be circulated to members in advance. Minutes of all meetings should be kept.

Two members of the committee shall constitute a quorum. This must include at least 1 independent non-executive director. The Chairman shall have a casting vote as required.

The Financial Controller as well as the Chief Internal Auditor, along with an external audit representative should be invited to attend and make presentation at the meeting where applicable. Executive directors may attend meetings by invitation only. Executive directors include the Executive Chairman and the CEO/Managing Director.

The committee may invite an independent professional to meetings, as it deems necessary, to provide appropriate information and guidance. Such attendance shall be for such periods as the committee may require.

Periodically, the Audit & Risk Management Committee should meet separately with the Chief Internal Auditor and External Auditor, without the presence of management, to discuss matters the committee or the auditors believe should be discussed privately.

4. Meeting frequency

The Committee shall hold a minimum of four (4) meetings per year to address the following:

1) After the end of each quarter to review the financials before they are submitted to the Board for approval and submission to the JSE.

2) To examine, discuss and approve the internal audit plan and fees for the year and to examine and discuss the Internal Audit Report which should include an overall assessment of the internal controls, risks, financial reporting and compliance.

3) To examine, discuss and approve the external auditors plan and fees for the forthcoming year and to review and discuss the Auditors management Letter (Internal Control Memorandum) for the audit just completed.

4) To examine any other matter referred by the Board for consideration.

The Committee shall hold special meetings outside of the foregoing should the committee so require.

5. Responsibilities

The Audit & Risk Management Committee's function is one of oversight only and shall not relieve the Company's management of its responsibilities for preparing financial statements which accurately and fairly present the Company's financial results and condition, or the responsibilities of the independent accountants relating to the audit or review of financial statements. In carrying out its oversight responsibilities, the Audit & Risk Management Committee is not providing any expert or special assurance as to the Company's financial statements or any professional certification as to the independent auditor's work.

Financial Statements/Reporting

1) Review significant accounting and reporting matters, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
2) Review quarterly and annual financial statements and consider whether they are complete, consistent with information known to Audit & Risk Management Committee members, and reflect appropriate accounting principles.
3) Review financial data and other sections of the annual report and related regulatory filings before release and consider the accuracy and completeness of the information.
4) Understand how management develops interim financial information, and the nature and extent of internal and external auditor involvement.
5) Provide oversight to the Financial Reporting Risk Management Framework which includes reviewing and recommending policies for Board approval; review the results of audits of the financial reporting processes and activities.
6) Provide oversight of the compliance with statutory reporting and responsibilities relating to financial and other requirements.
7) Review and approve related party transactions.

Internal Controls and Risk Management

1) Consider the effectiveness of the company's risk management and internal control system, including information technology security and control.
2) Review with management and the external auditors their respective assessments and attestation of the effectiveness of the organisation's internal controls and procedures for financial reporting.

Internal Audit

1) The Chief Internal Audit reports directly to the Audit & Risk Management Committee with a dotted line to the Managing Director.
2) Review the performance of the Chief Internal Auditor and make recommendations to the Board on appointment, replacement and compensation.
3) Review and approve the Internal Auditors' proposed Audit/Review Plan and Charter.
4) Understand the scope of the Internal Auditor's review of risk management and internal control over financial and operational reporting, and obtain reports on significant findings and recommendations, as well as management's responses
5) Review and concur in the appointment, replacement, or dismissal of the Chief Internal Auditor and ensure that there are no unjustified restrictions or limitations to the internal auditor performance, appointment, replacement, or dismissal.
6) Ensure that the recommendations highlighted by the internal audit reports are dealt with on a timely basis by management.
7) Meet periodically as sees fit with the Chief Internal Auditor to discuss matters which the committee or Internal Auditor deem should be discussed privately.

External Audit

1) Review and make recommendation to the board on the appointment of the external auditors and their fees as well as on their replacement.
2) Understand the scope of the external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.
3) Review and approve the external audits proposed audit plan.
4) Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the organisation, including non-audit services and compensation practices, and discussing the relationships with the auditors.
5) Ensure that the recommendations of the external auditors in the management letter are dealt with expeditiously by management

Other Responsibilities

1) Provide supervision of special fraud investigations and other irregularities resulting in a financial loss or significant breach of the company's fraud and ethics policy.
2) Make recommendations to the Board based on findings of special investigations or review.

7. **Authorit**y

The Committee is authorized by the board to investigate any activity within its Charter and examine any other matters referred to it by the board and or its Committees. It is authorised to seek any information it requires from the Managing Director or any other officer of the Company.

The Committee is authorized by the board to obtain, at the expense of the Company, outside independent professional advice and to arrange for the attendance at meeting, at the expense of the company, of outside parties with the relevant experience and expertise if it considers this necessary.

8. **Review of the Committee.**

The Committee shall undertake an annual self-review of its objectives and responsibilities. The Committee shall also review and assess the adequacy of the Audit & Risk Management Committee Charter bi-annually, requesting Board's approval for proposed changes.

9. **Reporting Procedures**

a. The Committee shall through its Chairman make its recommendations to the Board on its deliberations.
b. Report to the Board of Directors quarterly about Committee activities, issues, and related recommendations.
c. The Chairman shall present an annual report to the Board summarizing the Committee's activities during the year and any related significant results or findings.
d. Ensure there is a report annually to the shareholders, outlining the Committee's composition, responsibilities and how such responsibilities were discharged, as well as any other information required, including approval of non-audit services.
e. The Committee shall have full access to the Board, the Chief Internal Auditor, External Auditor and Management in support of the execution of its responsibilities.

10. CONFLICT OF INTEREST

Where there is a conflict of interest, the Committee Member so affected shall declare his interest to the Chairman and the details of the conflict are to be recorded by the Company Secretary.

The Committee Member who has a conflict of interest shall not participate in the deliberations on the particular matter and will excuse himself from the discussions in respect of those interests during the period of discussion of the matter.

11. CONFIDENTIALITY OF COMMITTEE INFORMATION

All information received by the Committee is confidential and is the property of LASCO MANUFACTURING LIMITED and cannot be disclosed to parties outside of the organisation without prior approval of the Board.

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Lascelles Chin
Executive Chairman

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Vincent Chen
Company Secretary

DOCUMENT CONTROL

Version	*Date*	*Date Approved by Board*	*Area Changes made*
1st	May, 2019	May 29, 2019	