

REAL PEOPLE KENYA LIMITED

Audit & Risk Committee

Charter

July 2015

Revision 1

1 Introduction

- 1.1 The Audit and Risk Committee is a Committee appointed the Board of Directors of Real People Kenya Limited (“the Company”) based on guidelines from the Kenyan Companies Act Cap 486 and Capital Market Authorities guidelines. The Board is mandated to create an effective Audit and Risk Committee with written terms of reference.
- 1.2 The duties and responsibilities of the members of the Committee as set out in this document are in addition to those duties and responsibilities that they have as members of the Board.
- 1.3 The deliberations of the Committee do not reduce the individual and collective responsibilities of Board members in regard to their fiduciary duties and responsibilities, and they must continue to exercise due care and judgement in accordance with their legal obligations.
- 1.4 These Terms of Reference are subject to the provisions of the Companies Act, the Company's Memorandum and Articles of Association and any other applicable law or regulatory provision.

2 Purpose and Objectives

- 2.1 The purpose of these Terms of Reference is to set out the Committee's role and responsibilities as well as the requirements for its composition and meeting procedures.
- 2.2 The Committee serves in an advisory capacity to the Board and assists the directors to discharge their duties relating to the safeguarding of assets, the operation of adequate systems, financial risk management and controls, the review of financial information, and the preparation of annual financial statements and the other matters incorporated in the annual report.
- 2.3 The overall responsibility of the Audit and Risk Committee is to review the financial condition of the company, its internal controls, performance and findings of the internal and external auditors, findings of the regulatory authorities, and recommend appropriate remedial action. The committee will also review the various risks faced by the company and the management of such risks.

3 Scope

- 3.1 The Audit and Risk Committee's mandate covers the Company only.

4 Role

- 4.1 The Committee has an independent role with accountability to both the Board and the shareholders.
- 4.2 The Committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.

5 Functions

- 5.1 The Audit and Risk Committee is appointed by the Board of Directors to:
- 5.2 Review and consider the financial statements and ensure that the Company's financial statements comply with applicable International financial reporting standards.
- 5.3 Satisfy the Board that adequate internal and financial controls are in place, that material financial risks have been identified and that they are being managed and monitored effectively;
- 5.4 Oversee the internal audit strategy and evaluate the independence and effectiveness of the internal auditor.
- 5.5 Consider the appointment, performance assessment and/or dismissal of the external auditor.
- 5.6 Review and make recommendations on management programs established to monitor compliance with the code of conduct.
- 5.7 Oversee the risk management process, with focus on financial reporting risk, internal financial control, fraud risk as it relates to financial reporting, and IT risk as it relates to financial reporting.
- 5.8 Review and consider pro-active compliance with governance reporting requirements, the regulatory universe, and the laws, regulations and codes of good business practice applicable to the Company.
- 5.9 Oversee integrated reporting by the Company.

6 Other Responsibilities

- 6.1 The Committee shall perform the functions assigned to it by statute and those delegated to it by the Board.

7 Membership

- 7.1 The Committee should consist of at least three independent non-executive directors, with written terms of reference.
- 7.2 The Chairperson of the Audit and Risk Committee should be an independent non-executive director and at least one of the Committee members should hold a professional qualification in finance or accounting and be in good standing with their respective professional body. The important attributes of Committee members should include:
 - 7.2.1 Broad business knowledge relevant to the Company's business;
 - 7.2.2 Keen awareness of the interests of the investing public and familiarity with basic accounting principles; and
 - 7.2.3 Objectivity in carrying out their mandate with no conflicts of interest.

- 7.3 Alternate directors should not be appointed as members of the Audit and Risk Committee.

8 Reporting line – Whistle-blowing

- 8.1 The Committee should: -

- 8.1.1 Review the arrangements of the Company by which staff may in confidence and with total anonymity raise concerns about possible improprieties in matters of financial reporting or any other matters;
- 8.1.2 Ensure that arrangements are in place in order to independently investigate such matter and ensure that adequate controls prevent the impropriety from re-occurring;
- 8.1.3 Consider the significant findings of internal investigations and management's response thereto.

9 Meetings

- 9.1 Unless varied by these Terms of Reference, the Company's Memorandum and Articles of Association will govern meetings and proceedings of the Audit and Risk Committee.
- 9.2 The chairman of the Committee shall report to the next meeting of the Board on the deliberations and recommendations of the Committee, to assist the Board in discharging its obligations under the Act.
- 9.3 In addition to the members of the Committee, the following persons should be in attendance, but may not vote, at meetings of the Committee: -
- 9.3.1 The CEO, CFO, and Head: Internal Audit and Risk (if this function exists), and representatives from the external auditors.
- 9.4 Members of the Board have the right of attendance at meetings of the Committee.
- 9.5 The Committee has the authority to exclude any attendee from meetings of the Committee for the duration of a specific meeting, or for a particular item under discussion, if it believes there is sufficient reason.
- 9.6 If the nominated Chairman of the Committee is absent from a meeting, the members present must elect one of the members to act as Chairman.
- 9.7 Secretary
- 9.7.1 The Company Secretary shall act as the Secretary of the Committee.
- 9.8 Frequency of meetings
- 9.8.1 The Committee should meet at least four times a year, prior to the scheduled board meetings each year.
- 9.8.2 Further meetings may be called by the chairman of the Committee or any other member of the Committee, or at the instance of the internal or external auditors or

the Board or the CFO and CEO, subject to the Committee being in agreement with the circumstances giving rise to the request for such additional meetings.

9.9 Notice of Meetings

9.9.1 The notice of each meeting of the Committee, confirming the venue, date and time and enclosing an agenda of items to be discussed, shall be forwarded to each member of the Committee not less than four working days prior to the date of the meeting.

9.9.2 The notice of meeting should be accompanied by a detailed agenda together with supporting documentation.

9.10 Quorum

9.10.1 The quorum necessary in order for decisions to be taken and business to be validly transacted shall be two members.

9.10.2 Persons in attendance at the Committee meetings by invitation may participate in discussions but do not form part of the quorum for Committee meetings.

9.11 Minutes

9.11.1 Minutes of meetings shall be taken by the secretary of the Committee, and shall be distributed to the members and the normal attendees at meetings of the Committee and tabled at subsequent Board meetings for noting.

9.11.2 The Committee at its next scheduled meeting must formally approve the minutes.

10 Remuneration

10.1 The members of the Committee will be remunerated for their services at a level recommended from time to time by the Board and approved by the shareholders of the Company in general meeting.

11 Evaluation

11.1 The Board must perform an evaluation of the effectiveness of the Committee's performance each year.

11.2 The Board must consider whether the evaluation of performance should be done in-house, or conducted professionally by independent service providers, subject to legislative requirements.

12 Review / Amendment

12.1 These Terms of Reference shall be reviewed by the Committee from time to time, and may be amended as required, subject to approval of the Board.