

BOC KENYA PLC

AUDIT & RISK COMMITTEE

TERMS OF REFERENCE

1 Introduction

This Audit & Risk Committee "Terms of Reference" (TOR) document contains the mandatory and recommended composition (structure); objectives; mandatory and assigned responsibilities; and powers vested to the Committee. The CMA Code of Corporate Governance Practices for Issuers of Securities to the Public 2015, the Companies Act 2015, the Articles of Association of the Company and the expectations of the Board as encapsulated within its Charter, are the main sources that drive and influence the provisions detailed in the Audit & Risk Committee's TOR.

2 Constitution

- 2.1 The Audit & Risk Committee (the Committee) is constituted as a statutory Committee of BOC Kenya PLC (BOC) in respect of its statutory duties in terms of the Companies Act 2015 and a Committee of the Board in terms of all other duties assigned by the Board. It shall extend those responsibilities, where applicable, to BOC's subsidiaries.
- 2.2 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 judgment in accordance with their legal obligations as directors.

3 Membership

- 3.1 The Committee shall comprise of at least three (3) members to be elected by the shareholders in the AGM on recommendation of the Nominations and Corporate Governance Committee and the Board.
- 3.2 Members of the Committee must be non-executive directors and meet all applicable independence requirements and be suitably skilled.
- 3.3 The Board shall appoint a chairman to the Committee who is an independent non-executive director. The chairman of the Board is not eligible to serve as a member of the Committee.
- 3.4 The Board must appoint a person to fill the vacancy of the Committee within 40 days after the vacancy arises and such appointment will be ratified by the shareholders at the subsequent AGM. The Committee shall have no authority to fill vacancies.
- 3.5 The members of the Committee should collectively have sufficient qualifications and experience to full fill their duties and at least one of the Committee members shall hold a professional qualification in audit or accounting and be in good standing with his or her respective professional body.

4 Secretarial and meetings

The Company Secretary shall be the Secretary of the Committee.

4.1 Agenda and Minutes

The Committee must establish an annual work plan for each year to ensure that all relevant matters are covered by the agendas of the meetings scheduled for the year. This may be represented by the standing agenda topics for the year.

A detailed agenda, together with supporting documentation, must be circulated, at least five (5) days prior to each scheduled meeting, to the members of the Committee and other invitees. The minutes shall be circulated to the chairman and members of the Committee at least seven (7) days after the meeting.

Once approved, minutes should be made available to all the members of the Board.

4.2 Frequency

4.2.1 The Committee must hold sufficient scheduled meetings to discharge all its duties as set out in these terms of reference but subject to a minimum of three meetings per year having regard to the company's reporting audit cycle.

4.2.2 The Committee should meet at least once a year with the external auditors and internal auditors without any executive directors or other members of Management present.

4.2.3 Reasonable notice of meetings confirming the venue, time and date; shall be forwarded timeously to each member of the Committee, and any other person required to attend the meeting.

4.2.4 Meetings in addition to those scheduled may, with approval of the chairman of the Committee, be held at the request of the external auditor, the Managing director, Finance Director, Head of Internal Audit or other members of senior management or at the instance of any member of the Committee.

4.3 Attendance

4.3.1 Committee members shall attend all scheduled meetings of the Committee, including meetings called on an ad hoc-basis for special matters, unless prior apology has been submitted to the chairman or company secretary.

4.3.2 The Managing Director, Finance Director, Head of Internal Audit, representatives from the external auditors, and other Board members may be in attendance at Committee meetings, by invitation but may not vote.

4.3.3 The Managing Director, Finance Director, Head of Internal Audit and the external auditor shall have unrestricted access to the chairman or any other member of the Committee as is required in relation to any matter falling within the remit of the Committee.

4.3.4 The Committee may also require the attendance of any manager it deems necessary to provide any information required to carry out its duties.

4.4 Quorum

4.4.1 Two members of the Committee present throughout the meeting shall constitute the quorum.

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

4.4.3 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.

5 Responsibilities

The Committee is an advisory Committee and not an executive Committee. As such it must not perform any management functions or assume any management responsibilities and shall have an objective, independent role. The overall function of the Committee is to assist the directors in discharging their responsibilities relating to the risk management, safeguarding of assets, the operation of adequate and effective systems and control processes, the preparation of fairly presented financial statements in compliance with all applicable legal and regulatory requirements and accounting standards, and the oversight of the external and internal audit appointments and functions.

5.1 Financial reporting

5.1.1 Review the half-year and annual financial statements embodied in the announcements of the results prior to submission to the Board. The Committee's review of financial reports should encompass the annual financial statements, interim reports, preliminary or provisional result announcements, summarized integrated information, any other intended release of price-sensitive financial information and prospectuses, trading statements, circulars and similar documents.

5.1.2 Review the statement prepared by the directors acknowledging their responsibility for preparing the accounts; the directors' report on the effectiveness of the company's system of internal control; and their report that the business is a going concern; all to be made in accordance with accepted accounting standards and practice and that the outcome of such review be confirmed by the Board.

5.1.3 Keep abreast of the trends in reporting requirements, consistency of accounting policies, and any new accounting policies that will be relevant to current and future reporting in Kenya and any other jurisdictions in which BOC does business as applicable.

5.1.4 Review the external auditor's evaluation of the fairness of the presentation in the annual accounts of the financial position and operating results, including the quality, timing and adequacy of the record keeping, and accounting and financial policies and procedures.

5.1.5 The Board is responsible for integrity of integrated reporting. The Committee shall assist the Board by overseeing the integrity of the integrated report.

5.1.6 Review integrated report to ensure that required standards of disclosure are being fully and fairly observed.

5.1.7 The Committee must consider the legal and regulatory requirements to the extent that it may have an impact on the financial statements.

5.2 Company's "Finance function"

Every year, the Committee should consider and satisfy itself of the appropriateness of the expertise and adequacy of resources of the finance function and experience of senior members of management (including the Finance Director) responsible for the financial function. The results of the review should be disclosed in the integrated report. Required changes should be recommended to the Board.

5.3 Risk oversight

The overall group-wide risk management policy and framework is established by the Group Risk Manager. This is reviewed by the Executive Committee (Exco) which has this specific embedded responsibility and is approved by the Committee and then communicated throughout the organization.

5.3.1 The Committee should have an understanding of, and have an adequate level of comfort regarding, the company's process for identifying, managing and reporting risk. The Committee should satisfy itself, failing specific assignment by the Board that financial reporting risk; internal financial controls; fraud risk as it relates to financial reporting; and IT risks as it relates to financial reporting have been appropriately addressed.

5.3.2 Review the adequacy and effectiveness of the risk management process, by satisfying itself that sound policies, procedures and practices (internal controls) are implemented for the management of Enterprise-wide significant business risks.

5.3.3 The Committee should review arrangements made by the Company to enable employees and outside whistle-blowers to report, in confidence, their concerns about possible improprieties in matters of financial and sustainable reporting, or non-compliance with laws and regulations that may have a direct or indirect effect on integrated reporting.

5.4 Internal Audit

5.4.1 The Committee should ensure that the internal audit function is appropriately resourced and has appropriate budget allocated to the function.

5.4.2 The Committee should encourage co-operation between external and internal audit. The area of overlap between internal and external audit should be such that it optimizes the combined assurance obtained from these assurance providers.

5.4.3 The Committee should approve the Internal Audit work plan and ensure that it is adequately staffed to carry out the plan. The Head of Internal Audit should produce a work plan for the year ahead based on risk assessment, as well as on issues that have been highlighted by the Committee and senior management. The risk assessment process should be of a continuous nature, to identify not only residual or existing risks, but emerging risks, and should be conducted formally at least annually. This risk assessment should incorporate the Company's own assessment of risk.

5.4.4 The Committee should evaluate the performance of the internal audit function. The Committee should ensure that the internal audit function is subjected to an independent quality review in line with applicable standards.

- 5.4.5 The Committee should ensure that it receives and reviews a written assessment of effectiveness of financial controls from Internal Audit to the Board at least once a year to enable the Committee to comment on the effectiveness of internal financial controls in the integrated report.
- 5.4.6 Ensure that the Head of Internal Audit has unrestricted access to the chairman of the Committee and the chairman of the Board.
- 5.4.7 Meet the Head of Internal Audit at least once a year, without the presence of management, to discuss their role and any issues arising from the internal audits carried out.
- 5.4.8 Review and approve the Internal Audit Charter as applicable.
- 5.4.9 Consider and review with management and the internal auditors, significant findings during the year and management's responses thereto in relation to reliable reporting, corporate governance and adequate and effective internal control.
- 5.4.10 Review significant differences of opinion between management and the internal audit function.
- 5.4.11 Monitor the maintenance of proper and adequate accounting records through the assessment of Internal Audit findings.
- 5.4.12 Consider and review any difficulties encountered in the course of the audits, including any restrictions on the scope of internal audit's work or access to required information.

5.5 External Audit

- 5.5.1 The Committee must recommend to the Board the appointment and removal of the external auditor for approval by shareholders.
- 5.5.2 The Committee must determine the external auditor's terms of engagement and remuneration.
- 5.5.3 Ensure that the appointment of the auditor complies with the Companies Act 2015 and other relevant legislation.
- 5.5.4 Review the scope, quality and cost effectiveness of the audit performed by the external auditors in respect of the previous financial year, including the independence and objectivity of the auditors, and any points raised by the auditors, their management letter and management's response thereto.
- 5.5.5 Must define the policy for Board approval, addressing the nature, extent and terms under which the external auditor may perform non-audit services.
- 5.5.6 The annual financial statements should include a description of non-audit services rendered by external auditor.
- 5.5.7 Review the external auditor's evaluation of the fairness of the presentation in the annual accounts of the financial position and operating results, including the quality, timing and adequacy of the record keeping, and accounting and financial policies and procedures.

5.5.8 The Committee should ensure that external auditors provide a report substantiating that the Internal Audit function operated independent of management.

5.5.9 Ensure that there is a process for the Committee to be informed of any Reportable Irregularities identified and reported by the external auditor; the Committee should review the completeness and accuracy of disclosure of such matters in the financial statements.

5.6 Combined assurance

5.6.1 The Committee should be responsible for monitoring the appropriateness of the Company's combined assurance model and ensuring that significant risks facing the Company are adequately addressed.

Assurance providers include management, internal assurance providers, external assurance providers (i.e.) external auditors, actuaries, specialist engineers, etc.

5.6.2 Combined assurance should be sufficient to satisfy the Committee that significant risk areas within the company have been adequately addressed and suitable controls exist to mitigate and reduce these risks.

5.6.3 Review the major findings of investigations by assurance providers and management's response thereto.

5.7 IT Governance

5.7.1 The Committee should monitor IT Governance as delegated by the Board; which incorporates the following:

5.7.2 Review and ensure an IT governance framework is in place which includes processes and controls;

5.7.3. Oversee the value delivery of IT and monitor the return on investment from significant IT projects and the effectiveness of information management to deliver optimum decision making;

5.7.4 Ensure that intellectual properties contained in information systems are protected;

5.7.5 The Committee should obtain appropriate assurance that controls are in place and effective in addressing IT risks;

5.7.6 Ensure disaster recovery plans are adequate and tested regularly; and

5.7.7 Consider the costs and benefits of IT activities.

5.8 Ethics and other matters

5.8.1 Receive and deal appropriately with any concerns or complaints (whether from within or outside the company) relating either to the accounting practices and internal audit of the company or to the content or auditing of its financial statements or the internal financial controls of the company, or to any related matter;

5.8.2 Ensure that business continuity plans are in place. These plans shall include disaster management and disaster recovery plans;

5.8.3 Examine and decide upon any other matters referred to it by the Board.

6 Review of the Committee

6.1 The Committee should, on an annual basis, review its own performance and that of its members, constitution and terms of reference to ensure it is operating at maximum effectiveness.

6.2 The Board must also perform an evaluation of the effectiveness of the Committee every year.

6.3 The Committee shall undertake on annual basis self-review of its objective and responsibilities (Terms of Reference). Such objective and responsibilities shall also be reviewed by the Board.

7 Authority of the Committee and resources available

7.1 The Committee has decision making responsibilities in terms of its statutory duties with respect to the appointment, fees and terms of engagement of the external auditor.

7.2 The Committee has unrestricted access to all information, including records, property and personnel of the Company, and must be provided with adequate resources in order to fulfil its responsibilities.

7.3 The Board authorizes the Committee to investigate any activity within its terms of reference. It is authorized to seek information it requires from any employee and all employees are directed to cooperate with any request made by the Committee. The Committee may call any member of staff to be questioned at a meeting of the Committee as and when required.

7.4 The Board authorizes the Committee to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise at meetings if it considers this necessary. Such specialists or consultants are not members of the Committee and are not entitled to vote on any matters.

7.5 It is recognized that the ultimate responsibility for approval of financial reports, and for overseeing that management discharge their responsibilities relating to the control over the financial and operational activities of the Company, rests with the entire Board. The Committee however, will provide an effective and practical means of dealing with increasingly complex and sophisticated areas relating to this responsibility.

7.6 The Committee must perform any other function as required by the Board, including the development and implementation of a policy and plan for systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes within the company.

8 Reporting

8.1 The chairman of the Committee shall report to the Board on its proceedings after each meeting on all significant matters within its duties and responsibilities as set out in this document.

- 8.2 The chairman (or, in his/her absence, an alternate member) of the Committee shall attend the Annual General Meeting to answer questions, through the chairman of the Board, on the Committee's activities and its responsibilities.
- 8.3 The Committee must report fully to the Board on its conclusions arising from the internal audit assessment.
- 8.4 The Committee must make submission to the Board on any matter concerning the Company's accounting policies, financial control, records and reporting.
- 8.5 The Committee must report to the shareholders at the AGM on how it has fulfilled its duties in terms of the Companies Act 2015 during the financial year. The report should cover how the Committee carried out its duties; its satisfaction on independence of external auditors and should also comment on financial statements, the accounting practices and internal financial controls of the company.
- 8.6 The Committee should prepare a report to be included in the integrated report for that financial year and as a minimum the report should have:
- A summary of its roles both statutory, those assigned by the Board and other matters deemed appropriate; confirm if it has adopted the TOR approved by the Board and whether it satisfied its responsibilities as defined in the TOR;
 - Names and qualifications of Audit & Risk Committee members and the period for which they served on the Committee;
 - Number of meetings held and attendance thereof;
 - Confirmation if the Committee reviewed and recommended the internal audit charter (if applicable) for approval by the Board;
 - Description of the Committees working relationship with the Head of Internal Audit;
 - A statement on whether the Committee complied with its legal, regulatory or other responsibilities;
 - A statement on whether or not the Committee recommended the integrated report to the Board for approval; and
 - Information about any other responsibilities assigned to the Committee by the Board.
- 8.7 In addition, the Audit & Risk Committee must consider, on an annual basis, and satisfy itself of the of the expertise and experience of the Finance Director and must confirm this by reporting to shareholders in its annual report that the Audit & Risk Committee has executed this responsibility.
- 8.8 Having regards to the functions performed by the members of the Committee in addition to their functions as directors and in relation to the activities of the Committee and pursuant to the specific power conferred upon the Board by the articles of association of the Company, members of the Committee shall be paid such remuneration in respect of their appointment as shall be determined by the Board.

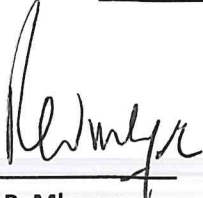
9 Delegation of authority

The Committee shall have no authority to delegate its powers and duties.

APPROVALS:

The Terms of Reference of the Audit & Risk Committee was last Reviewed by the Committee on Thursday 23 March 2023 and Approved by the Board of Directors of BOC Kenya PLC on Monday 27 March 2023. The Board of Directors of BOC Kenya PLC additionally, on the said date, approved upload of the reviewed Terms of Reference of the Audit & Risk Committee onto the Company's website.

SIGNED this _____ day of _____ 2023



Mr. R. Mbugua
Chairman of the Board



Mr. S. Maina
Chairman of the Audit & Risk Committee