

# **CARIBBEAN INVESTMENTS HOLDINGS LIMITED**

## **AUDIT COMMITTEE TERMS OF REFERENCE** Approved by the Board on September 13, 2018

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In this document, the “**Board**” shall mean the Board of Directors of the Company; the “**Committee**” shall mean the Audit Committee of the Board; the “**Company**” shall mean Caribbean Investment Holdings Limited and the “**Group**” shall mean the Company and its subsidiaries.

### **APPROVAL AND ADOPTION**

These Terms of Reference were approved and adopted at a full meeting of the Board held on September 13, 2018 in replacement of the previously approved Audit Committee Charter.

### **1. MEMBERSHIP**

- 1.1. The Committee shall comprise of at least two members. Members of the Committee shall be appointed by the Board.
- 1.2. At least half of the Committee shall comprise Non-Executive Directors and at least one of whom shall have recent and relevant financial and corporate experience ideally with a professional qualification from one of the professional accountancy bodies.
- 1.3. The Company Chairman may be a member of the Committee (although not as Committee Chair) provided he or she was considered independent on appointment as Chairman.
- 1.4. Only members of the Committee have the right to attend Committee meetings. However, other individuals may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 1.5. The external auditor will be invited to attend meetings of the Committee that consider the annual financial statements.
- 1.6. Appointments to the Committee shall be subject to the provisions of the International Business Companies Act (as amended) and of the Company’s Articles of Association.
- 1.7. The Board shall appoint the Committee Chairman who shall be an independent Non-Executive Director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
- 1.8. Members of the Committee shall be named in the Annual Report and Accounts of the Committee.

### **2. SECRETARY**

The Company Secretary or his or her nominee shall act as the secretary of the Committee and will ensure that the Committee received information and papers in a timely manner to enable full and proper consideration to be given to the issues.

### **3. QUORUM**

- 3.1. The quorum necessary for the transaction of business shall be two members. 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.
- 3.2. Any member of the Committee or any invited person may validly participate in a meeting of the Committee

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through the medium of conference telephone or electronic mail or similar form of communication equipment provided that all persons participating in the meeting are able to hear and speak to each other throughout such meeting or are able to receive communications from each of the other Committee members participating in the meeting.

### **4. FREQUENCY OF MEETINGS**

- 4.1. The Committee shall meet at least twice a year at appropriate times in the reporting and audit cycle and otherwise as required.
- 4.2. Outside of the formal meeting program, the Committee Chairman will maintain a dialogue with key individuals involved in the Company's governance, including the Board Chairman.

### **5. NOTICE OF MEETINGS**

- 5.1. Meetings of the Committee shall be called by the Secretary of the Committee at the request of any of its members or at the request of the external auditor if they consider it necessary.
- 5.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend, no later than five working days before the date of the meeting. Supporting papers shall be sent to committee members and to other attendees as appropriate, at the same time.

### **6. VOTING ARRANGEMENTS**

- 6.1. Each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the Committee.
- 6.2. If a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.

### **7. ATTENDANCE AT MEETINGS**

- 7.1. Other directors including the chief financial officer may be invited to attend all or part of any meeting as and when appropriate.
- 7.2. The Company's external auditors may be required to attend Committee meetings with a view to consulting with the Committee.

### **8. MINUTES OF MEETINGS**

- 8.1. The secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.
- 8.2. The secretary of the Committee shall ascertain, at the start of each Committee meeting, the existence of any conflicts of interest and minute them accordingly.
- 8.3. Following each Committee meeting, the secretary shall circulate, for comment, draft minutes to all members of the Committee who was present at the meeting.
- 8.4. Once approved, the secretary shall circulate finalised minutes of the meetings of the Committee to all members of the Committee and to the members of the Board of Directors as part of the board papers for each full meeting

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of the Board of Directors, unless it would be inappropriate to do so in the opinion of the chairman of the Committee.

#### **9. DUTIES**

9.1. The Committee Chairman should carry out the duties below as appropriate:

- 9.1.1. the Committee shall monitor the integrity of the financial statements of the Company, and any other formal announcements relating to its financial performance, reviewing significant financial reporting issues and judgments which they contain.
- 9.1.2. In particular, the Committee shall review and challenge where necessary:
  - 9.1.2.1.1. the consistency of, and any changes to, accounting policies both on a year on year basis and across the Company;
  - 9.1.2.1.2. the methods used to account for significant or unusual transactions where different approaches are possible;
  - 9.1.2.1.3. whether the Company has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account the views of the external auditor;
  - 9.1.2.1.4. the clarity of disclosure in the Company's financial reports and the context in which statements are made; and
  - 9.1.2.1.5. all material information presented with the financial statements, such as the business review/operating and financial review and the corporate governance statement (insofar as it relates to the audit).
- 9.1.3. Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board.
- 9.1.4. Where requested by the Board, the Committee should review the content of the annual report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.
- 9.1.5. The Committee shall review and monitor the Company's internal financial controls and its internal control systems and, where applicable, its internal audit. In doing so, the Committee shall assist the Board in monitoring the Company's internal control systems and draw on the results of the on-going monitoring process to obtain sound, appropriately documented evidence to support the relevant statements and confirmations required from the Board in the annual report. The Executive team will proactively select one or two internal business areas to report on yearly.
- 9.1.6. The Committee shall review the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action. The Committee shall also review the Company's procedures for detecting fraud, review the Company's systems and controls for the prevention of bribery, and receive reports on non-compliance.

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- 9.1.7. The Board will request the Audit Committee to change the terms of reference if there is a significant and material change in the Company.

#### 9.2. External Audit

The Committee shall:

- 9.2.1. consider and make recommendations to the Board in relation to the appointment, re-appointment and removal of the Company's external auditor. The Committee shall 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.
- 9.2.2. review on a regular basis, whether the audit service contract should be put out to tender to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms; and in respect of such tender, if required, oversee the selection process and ensure that all tendering firms have such access as necessary to information and individuals during the duration of the tendering process.
- 9.2.3. if an auditor resigns, investigate the issues leading to this and decide whether any action is required
- 9.2.4. oversee the relationship with the external auditor including (but not limited to):
- 9.2.4.1. recommendations on their remuneration, their fees for audit or non-audit services and ensure that the level of fees is appropriate to enable an adequate audit to be conducted.
  - 9.2.4.2. approve of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit.
  - 9.2.4.3. assess annually their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services.
  - 9.2.4.4. satisfy itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the company (other than in the ordinary course of business).
  - 9.2.4.5. agree with the Board a policy on the employment of former employees of the Company's auditor, and the monitoring of the implementation of this policy.
  - 9.2.4.6. monitor the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partner, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements.
  - 9.2.4.7. assess annually the qualifications, expertise and resources of the auditor and the effectiveness of the audit process, which shall include a report from the external auditor on their own internal quality procedures.
  - 9.2.4.8. evaluating the risks to the quality and effectiveness of the financial reporting process and consideration of the need to include the risk of the withdrawal of their auditor from the market in that evaluation.
- 9.2.5. meet the external auditor at least once a year, without management being present to discuss the

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auditor's remit and any issues arising from the audit.

- 9.2.6. review and approve the annual audit plan including the audit schedule and associated timelines, and ensure that they are consistent with the scope of the audit engagement.
- 9.2.7. review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
  - 9.2.7.1. a discussion of any major issues which arose during the audit.
  - 9.2.7.2. any accounting and audit judgments.
  - 9.2.7.3. levels of errors identified during the audit.
  - 9.2.7.4. the effectiveness of the audit.

#### **10. REPORTING RESPONSIBILITIES**

- 10.1. The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report on how it has discharged its responsibilities. The report shall include:
  - 10.1.1. the significant issues that it considered in relation to the financial statements and how these were addressed;
  - 10.1.2. its assessment of the effectiveness of the external audit process and its recommendation on the appointment or reappointment of the external auditor;
  - 10.1.3. any other issues on which the Board has requested the Committee's opinion.
- 10.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.3. The Committee shall produce a report on its activities to be included in the Company's annual report.

#### **11. OTHER MATTERS**

- 11.1. The Committee shall:
  - 11.1.1. have access to sufficient resources in order to carry out its duties.
  - 11.1.2. be provided with appropriate and timely training, both in the form of an induction program for new members and on an ongoing basis for all members.
  - 11.1.3. oversee any investigation of activities which are within its Terms of Reference.
- 11.2. The recommendations of the Committee minutes must be approved by the Board of Directors before they can be implemented.

#### **12. AUTHORITY**

The Committee is authorized:

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- 12.1. to obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter it believes it necessary to do so and have the right to publish in the Company's annual report, details of any issues that cannot be resolved between the Committee and the Board.
- 12.2. to carry out all duties set out in these Terms of Reference, to have unrestricted access to the Company's documents and information and to obtain, at the Company's expense, appropriate professional advice on any matter within its Terms of Reference as it considers necessary.
- 12.3. to secure the attendance of external advisers at its meetings if it considers this necessary, at the Company's expense.
- 12.4. to collectively and individually have direct access to the Group Finance Officer, and the Company's external auditors.