TPS EASTERN AFRICA PLC

BOARD AUDIT AND RISK COMMITTEE

TERMS OF REFERENCE 2025

Registered Office:
4th Floor, Williamson House, 4th Ngong Avenue
P.O. Box 48690 GPO, Nairobi, Kenya
Tel: (254-2) 2710511/2842000

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1.0 CONSTITUTION

The Board Audit and Risk Committee (the Committee) is a Committee of the Board constituted by a Resolution of the Board dated 21st October 1997 to assist the Board in discharging its oversight responsibilities with specific authority and responsibilities as outlined in paragraph 4.0 and 5.0 below, respectively.

The Committee's Terms of Reference have been previously revised and re- approved by the Board by a resolution dated 19th March 2008. Further revision has been approved by the Board by resolutions dated 23rd October 2009 and 25th July 2012 respectively.

2.0 MEMBERSHIP

2.1 The Committee shall be appointed by the Board and shall be comprised of at least four members and at least three members shall be independent and non - executive directors.

2.2 Two members shall constitute a quorum.

2.3 The period of appointment shall be determined by the Board who shall have the power to remove members or add new members at any time.

2.4 The Chairman of the Committee shall be appointed by the Board. The Chairman shall be an independent and non - executive director.

2.5 In the absence of the Committee Chairman, the remaining members present shall choose one of their numbers to chair the meeting.

2.6 Each Committee member shall be financially literate; at least one-member must-have accounting or related financial expertise and shall hold a professional qualification in audit or accounting and be in good standing with his or her respective professional body.

2.7 The Secretary of the Committee shall be the Group Company Secretary.

"independent director" means a member of a board of directors who is not an executive director, does not have a material or pecuniary relationship with the Company or related persons, is compensated through sitting fees or allowances and does not own shares in the Company, provided that after 6 (six) years of continuous service as such director, such person shall no longer be considered as an independent director"; "non - executive director" means a director who is not involved in the administrative or managerial operations of the company and who is not an employee of the company or affiliated with it in any other way but can own shares in the company.

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3.0 MEETINGS

3.1 Meetings shall be at least 4 (four) times a year to coincide with key dates in the Company's financial reporting cycle.

3.2 The meetings shall be attended by the Committee members and invitees; Managing Director, Finance Director, Global Head of Serena Hotels, Director of the Global Head Office, Head of Risk and Head of Internal Audit.At its own discretion, the Committee may invite other Senior Management to attend meetings and provide information and on matters of the Committee's interest. The Committee may, again at its discretion, ask the Company's external auditors to attend meetings and answer questions relating to the Company's financial controls and audit procedures. The Committee may also allow other non - executive Directors to its meetings as appropriate.

3.3 The external auditors shall be invited to make presentations to the Committee as required.

3.4 The Committee shall meet with the external auditors, at least once a year, without Management's presence.

3.5 Special Committee meetings may be convened, as necessary. The Secretary will convene such a meeting on receipt of a request by the Chair of the Committee.

3.6 As a minimum, the Chairman of the Committee or another Committee member should attend the Board meeting at which financial statements are approved.

4.0 AUTHORITY

The Board authorises the Committee to:

4.1 Perform any activity within the scope of its Terms of Reference.

4.2 Engage independent legal or other professional advice and to secure the attendance of anyone it considers has relevant experience, expertise or knowledge,

4.3 Ensure the attendance of Company officers at meetings, as appropriate.

4.4 Have access, through the Managing Director to members of Management, employees and relevant information.

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4.5 Review and challenge established procedures for receipt, retention and treatment of complaints received by the Company regarding accounting, internal account controls or auditing matters.

4.6 Recommend the appointment, compensation, retention and oversee the work of the external auditor.

4.7 Review and recommend to the respective boards, all audit engagement fees and terms as well as reviewing policies for the provision of non -audit services by the external auditor.

5.0 ROLES AND RESPONSIBILITIES

The roles and responsibilities of the Committee shall be to:

Financial reporting

5.1 Review and challenge the actions and judgments of Management, in relation to the Company's financial statements, operating and financial review, interim reports, preliminary announcements and related formal statements before submission to and approval by the Board and before clearance by the external auditors.

5.2 Gain an understanding of the current areas of greatest financial risk and how these are being managed.

5.3 Review significant accounting and reporting issues, including recent professional and regulatory pronouncements and understand their impact on financial reports.

5.4 Oversee the periodic financial reporting process implemented by Management and review interim financial statements, annual financial statements and preliminary announcements prior to release.

5.5 Meet with Management and external auditors to review the financial statements, key accounting policies and judgements, and the results of the audit.

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5.6 Ensure that significant adjustments, unadjusted differences, difference of opinion with Management and critical accounting policies and practice are discussed with the external auditor, Internal audit and risk departments.

5.7 Assess the scope and effectiveness of the systems established by Management to identify, assess, manage and monitor financial and non - financial risks and controls.

5.8 Review Management's and the Internal auditor's reports on the effectiveness of the systems for internal financial control, financial reporting and risk management.

5.9 Review the Company's procedures for managing risk and compliance with internal policies, laws and regulations.

5.10 Review and approve policies and programs that support material Environmental, Social and Governance (ESG) and Climate Change issues and exercise oversight over the integration of ESG in the Risk Management Framework (material risk exposures, including climate and other ESG risks).

5.11 Review the statement in the annual report and financial statements on the Company's internal controls and risk management framework.

5.12 Consider how Management is held to account for the security of computer systems and applications, and the contingency plans for processing financial information in the event of a systems breakdown or to protect against computer fraud or misuse.

Internal Audit

5.13 Review with Management and Head of Internal Audit, the mandate, activities, resources and organizational structure of the internal audit function and ensure no unjustified restrictions and limitations are made.

5.14 Review of the adequacy, scope, and functions of the internal audit function, and ensure that it has the necessary authority to carry out its work.

5.15 Review the internal audit program and results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function.

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5.16 Review any appraisal or assessment of the performance of members of the internal audit function.

5.17 Approve any appointment or termination of senior staff members of the internal audit function.

5.18 Ensure that the internal audit function is independent of the activities of the Company and is performed with impartiality, proficiency and due professional care.

5.19 Determine the effectiveness of the internal audit function; and be informed of resignations of internal audit staff and provide the resigning staff members an opportunity to submit reasons for resigning

5.20 Consider the appointment, replacement, or dismissal of the Head of Internal Audit.

5.21 Review the effectiveness of the internal audit function and ensure that the internal audit function has appropriate standing within the Company.

5.22 Meet separately with the Head of Internal Audit to discuss any matters that the Committee or internal audit believes should be discussed privately.

5.23 Receive a report on the results of the internal auditor's work on a periodic basis.

5.24 Review and monitor Management's responsiveness to the internal audit's findings and recommendations.

5.25 Review the proposed internal audit plan for the coming year and ensure it addresses key areas of risk and that there is adequate coordination with the external auditor and internal audit shall have final authority to review and approve the annual audit plan and all major changes to the plan.

External Audit

5.26 Review the professional qualifications of the external auditors, including background and experience of the engagement partner and auditing personnel.

5.27 Consider the independence of the external auditors and any potential conflict of interest.

5.28 Review on an annual basis the performance of the external auditors and make recommendations to the Board for the appointment, re- appointment or termination of the appointment of the external auditors.

5.29 Review with the external auditors the proposed audit scope and approach for the

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respective year in light of the Company's circumstances and changes in regulatory and other requirements.

5.30 Discuss with external auditors the outcome of their work, including, any major issues that arose during the course of the audit and that have subsequently been resolved and those issues that have been left unresolved; key accounting and audit judgments; levels of errors identified during the audit, obtaining explanations from management and, where necessary the external auditors, as to why certain errors might remain unadjusted, including any restriction in audit scope or access to information.

5.31 Ensure that significant findings and recommendations made by the external auditors and Management's proposed responses are received, discussed and appropriately acted on.

5.32 Review the external audit letters of representation before consideration by the Board, considering matters that relate to non - standard issues.

5.33 Discuss with the external auditors the appropriateness of the accounting policies applied in the Company's financial reports and whether they are considered as aggressive, balanced or conservative.

5.34 Review and recommend to the Board, the Company's policy in relation to the provision of non -audit services by the external auditor and ensure that the provision of such services does not impair the external auditors independence or objectivity.

Risk and Compliance

5.35 Review with Management and the Head of Risk and Compliance, the mandate, activities, resources and organizational structure of the Risk and Compliance function and ensure that the function is adequately resourced to deliver on its mandate.

5.36 Hold private sessions with the Head of Risk and Compliance to discuss any matters that the Committee or Risk and Compliance believe should be discussed privately.

5.37 Exercise oversight into risk and compliance management, risk control and risk assurance across the Company.

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5.38 Review and recommend for approval of the Board the Company's risk Policies and Enterprise Risk Management framework covering all the key risks of the Company's operation (as well as specific policies and frameworks for certain key risks).

5.39 Review and monitor the application and effectiveness of Enterprise Risk Management ERM Policies and framework and provide assurance to the Board that risks, and compliance are being adequately managed.

5.40 Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of Management's investigation and follow -up of any instances of non-compliance.

5.41 Be satisfied that all regulatory compliance matters, related to the business of the Company, have been considered in the preparation of the financial statements.

5.42 Review business compliance policies and ensure compliance therewith.

5.43 Receive and review periodical reports on risk management (inclusive of ESG and climate risks) of the Company from the Risk Management and Compliance departments.

6.0 REPORTING PROCEDURES AND RESPONSIBILITIES

The Committee shall report to the Board through its Chairman; it may raise any matter within its Terms of Reference and may make comments and proposals.

The Secretary shall circulate the minutes of the meetings of the Committee, after their approval by the Committee Chairman, to all members of the Board 2(two) weeks from the date of the meetings.

6.1 The Committee shall regularly update the Board about the Committee's activities and make appropriate recommendations.

6.2 The Committee shall ensure the Board is aware of matters that may significantly impact on the financial condition or affairs of the business.

6.3 The Committee shall prepare any reports required by law or Securities exchange rules or as requested by the Board, for example, a report on the Committees' activities to be

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included in the section on corporate governance in the Company's annual report.

7.0 OTHER MATTERS

7.1 The Committee shall evaluate its own performance and effectiveness, both as individual members and collectively, on a regular basis.

7.2 The Committee shall assess the achievement of the duties specified under its Terms of Reference and report the findings to the Board.

7.3 The Committee shall review and assess the adequacy of its Terms of Reference regularly and discuss any required changes with the Board.

7.4 The Committee shall ensure that the Terms of Reference are approved or reapproved by the Board.

7.5 These Terms of Reference shall be reviewed bi-annually. This notwithstanding the Terms of Reference may be reviewed earlier than prescribed or as may be required from time to time.

Signed ..... Date....10th DECEMBER 2025

Chairman
Board of Directors
TPS Eastern Africa Plc