



Chemical and Allied Products plc is the licensee of AkzoNobel for Nigeria & a subsidiary of **uac** of nigeria plc.
2 Adeniji Jones Avenue, Ikeja, Lagos. Tel: 08159493070 P. O. Box 21072, Ikeja.
E-mail: careline@capplc.com Website: www.capplc.com

Directors

Awuneba Ajumogobia
Chairman

David Wright (British)
Managing Director

Kayode Garrick

Muhibat Abbas

Udo Okonjo

TERMS OF REFERENCE OF THE BOARD AUDIT COMMITTEE

1. Objective

The objectives of the Committee are to provide assurance to the Board as to the veracity of the financial statements and the strength and appropriateness of control processes across Chemical and Allied Products Plc ("**CAP Plc**" or the "**Company**").

2. Composition

The Board Audit Committee shall consist of:

- i) Mrs. Muhibat Abbas (**As Chair**)
- ii) Amb. Kayode Garrick
- iii) Mrs. Udo Okonjo

3. Quorum and Frequency of Meetings

The quorum for meetings of the Committee shall be 2/3rd (or the nearest whole number) of the members of the Committee. The Committee shall meet as often as is required. In any event, the Committee shall meet at least four (4) times a year.

Meetings will normally be attended by the Head of the Finance Team and the Company's Head of Internal Audit. The Committee may also invite any member of the Management team of the Company who can assist with any issue to be deliberated upon at a meeting, to attend the meeting of the Committee.

4. Responsibilities and Functions

AUIDT

- (i) To monitor the integrity of the financial statements of the Company and ascertain whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practice;

- (ii) To review the scope and planning of the Company's audit requirements with the external auditor;
- (iii) To review the findings in management letters in conjunction with the external auditor and departmental responses thereon;
- (iv) To continuously review the effectiveness of the Company's system of accounting and internal control;
- (v) To make recommendations to the Board with regards to the appointment, removal and remuneration of the external auditors of the Company;
- (vi) To authorize the internal auditor to carry out investigations into any activities of the Company which may be of interest or concern to the Committee;
- (vii) Exercise oversight over management's processes to ascertain the integrity of the Company's financial statements, compliance with all applicable legal and other regulatory requirements; and assess the qualifications and independence of the external auditors, and the performance of the Company's internal audit function as well as that of the external auditors;
- (viii) Ensure the establishment of, and exercise of oversight on the internal audit function which provides assurance on the effectiveness of the internal controls. On a quarterly basis, obtain and review a report by the internal auditor describing the strength and quality of internal controls including identification of any issues or recommendations for improvement raised by the most recent internal audit review of the Company;
- (ix) Ensure the development of a comprehensive internal audit framework for the Company, obtain appropriate (internal and or external)

assurance and report annually in the Company's audited financial report, on the design and operating effectiveness of the Company's internal controls over the financial reporting systems;

- (x) Oversee the process for the identification of fraud risks across the Company and ensure that adequate prevention, detection and reporting mechanisms are in place;
- (xi) Discuss the interim or annual audited financial statements as well as significant financial reporting findings and recommendations with management and external auditors prior to recommending same to the Board for their consideration and appropriate action;
- (xii) Maintain oversight of financial and non-financial reporting;
- (xiii) Review and ensure adequate whistle-blowing policies and procedures are in place and that the issues reported through the whistle-blowing mechanism are summarized and presented to the Board;
- (xiv) Develop a policy on the nature, extent and terms under which the external auditors may perform non-audit services;
- (xv) Preserve auditor independence by setting clear hiring policies for former employees of external auditors;
- (xvi) Review the independence of the external auditors in line with the policy referred to in (xiv) above prior to their appointment to perform non-audit services to ensure that where approved non-audit services are provided by the external auditors, there is no real or perceived conflict of interest or other legal or ethical impediment.
- (xvii) Ensure the development of related party transaction policy and monitor its implementation by management. The Committee should consider any related-party transaction that may arise within the Company.



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(xviii) At least once every year, the Committee should hold a discussion with the head of internal audit function and the external auditors without the presence of management to facilitate an exchange of views and concerns that may not be appropriate for open discussion.

5. Authority

The Committee is authorized by the Board to investigate any activity within its terms of reference.

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

6. Review of the Committee

The Committee shall undertake an annual self-review of its objectives and responsibilities. Such objectives and responsibilities shall also be reviewed by the Board and any other person the Board considers appropriate.

7. Accountability/Reporting

The Committee shall submit its reports to the Board on a regular basis and at least as often as the Committee shall meet.

Dated August 6, 2020