BUSINESS UNIT/DIVISIONAL ENTERPRISE RISK COMMITTEE (ERCO)

1. BOARD OF DIRECTORS AND AUDIT AND RISK COMMITTEE

THE ROLE OF AFROCENTRIC HEALTH BOARD OF DIRECTORS (THE BOARD), AUDIT AND RISK COMMITTEE.

- The Board of Directors has the ultimate responsibility and accountability for Enterprise Risk Management within the AfroCentric group and for any control failures resulting in material financial losses or reduction in shareholder value.

- The board is therefore responsible for ensuring the safeguarding of the Group's assets, maintaining adequate and accurate accounting records and management information, developing and maintaining sound risk management, systems of internal control, information security and ensuring compliance with laws and regulations.

- The board is also responsible for recognising all risks to which the Group is exposed to and ensuring that the required risk management culture, practices, policies, resources and systems are in place and are functioning effectively.

- In addition, the board has the responsibility to ensure the integrity and reliability of the published financial and statutory reporting of the Group to promote and maintain strong independence and objectivity amongst the directors, internal and external auditors.

- In discharging its responsibilities, the Board is assisted by the Audit and Risk Committee

The Divisional and Business Unit ERCO is established as a sub-committee of the AfroCentric Group Executive Enterprise Risk Management Committee (EERCO) and Divisional Enterprise Risk Management Committee respectively and operates under delegated authority from their respective committees.

5. SCOPE OF THE DIVISIONAL ENTERPRISE RISK MANAGEMENT COMMITTEE

The divisional ERCO assist AfroCentric Group EERCO in its evaluation of:

- adequacy and efficiency of conformance to the Risk Management process and procedures as contemplated in the ERMF
- subsidiary Level 2 group policies in accordance with the requirements set out in the ERMF, and
- the soundness and effectiveness of the control environment of the respective business units/subsidiaries

Adopt and/or recommend such measures as in the committee's view may serve to enhance the adequacy and efficiency of risk management policies, procedures and practices and improvement of the control environment within the AHL Group and its entities

6. ERCO COMMITTEE COMPOSITION

- The Chairperson of the Divisional ERCO and/or BU ERCO is the AfroCentric Group Executive Manager/Director and BU General Manager respectively and the deputy or alternate chairperson may be appointed by the business unit/divisional head.
- If the chairperson is unable to attend, the deputy or alternate chairperson shall chair the meeting or the chairperson may nominate a stand in to chair.
- The members of the Divisional and/or BU ERCO shall consist of the nominated members of the AfroCentric group
- The following attendees are members of the ERCO
  - BU General or Executive Manager
  - Senior managers
  - Risk champions
- Any other member of the business unit may attend at the invitation of the ERCO committee on a need basis or as deemed necessary
- The Business Unit ERCO nominated members may advise the Chairperson or nominate an alternate member in the event that they are unable to attend the meeting, however the accountability for decisions made remains with that member.
- In addition the business unit may nominate representative member(s) from the following corporate functional areas to attend their meetings at the invitation of the ERCO committee
  - Enterprise Risk management
  - Group Compliance
  - Legal
  - Group Forensics
  - Internal Audit
  - BCM Champion
  - Any other required individual with relevant expertise

7. RISK COMMITTEE RESPONSIBILITIES

The Divisional Enterprise Risk Management Committee shall monitor and address all risks to which the Group is exposed to. Such risks shall be included in the Risk Universe applicable to the Group as defined in the AfroCentric Group Risk Taxonomy document

Specific responsibilities of the Divisional Enterprise Risk Management Committee, as defined in the ERMF include the following:

7.1 Monitoring and Reporting

The Divisional Enterprise Risk Management Committee has the following responsibilities

- to implement the Board approved Enterprise Risk Management Framework (ERMF).
- Identifying, evaluating and reviewing specific operational risks, assessing their impact and probability, assigning risk owners and defining actions to address the risks;
- Updating and analysing Business Unit risk registers with the assistance from the Risk Champions and reporting to the relevant Risk Governance structures.
- Reporting any significant risks that could have a direct or indirect impact on the Business objectives and
- Ensure compliance with the conditions of this mandate.

The formation and existence of Enterprise Risk Management Committees does not replace or negate the requirement for safety committees and safety management programs to be in place. It is imperative that all businesses put in place all of the necessary structures processes and resources as required under the Occupational Health and Safety Act.

7.2 Risk Acceptance

- The divisional ERCO members shall review risks business wants to accept, and report feedback to the Business unit on the outcome of the review.

- The respective Divisional Executive shall sign off on the risk acceptance form should the risk be accepted and present same at the Executive ERCO for approval by the committee.

- A risk shall be escalated to the Executive ERCO where approval and sign off was obtained from the respective Divisional ERCO Chairperson/Executive

- A Risk acceptance form is available for this purpose.

7.3 Group Policies Level 2

- Reviews AfroCentric Group Level 2 policies developed at subsidiary level .The Group level 2 policy must have been approved by the relevant AfroCentric Group Subsidiary Company Executive Committee as per the process stipulated in the Governance Standard on Policy Development and Approval document.

- The subsidiary is responsible for liaising and coordinating with Level 1 Group Policy Custodian(s) for developing any policy that is not supported by a Level 1 policy

- The approved Group Level 2 policy document may be escalated to the Executive ERCO for noting purposes as well as ensuring alignment to AfroCentric Group Level 1 policies.

8. REPORTING AND ESCALATION OF RISK CONTROL ISSUES AND OTHER SIGNIFICANT MATTERS

The Divisional Executive Director/Manager and BU General Manager shall report and escalate key risks and issues quarterly to the AfroCentric Executive Enterprise Risk Management Committee via the Risk management team where possible.

This committee will report on the following standing matters:

- BU Risks update:
- Key issues
- Compliance issues;
- Legal issues;
- Forensics issues;

- Business Continuity Management update;
- Internal audit update and matters for escalation
- Any additional matter deemed necessary as part of reporting

9. COMMITTEE OPERATIONS

9.1 Frequency of Meetings

The Divisional and/or the BU ERCO will meet, in the normal course of business, at least every quarter respectively, or more frequently as the needs of the business require.

9.2 Quorum

- A quorum for committee meetings shall consist of 50% plus 1 member to be present either in person or connected by way of a digital platform such as Microsoft Teams, or tele-conference and must include the chairperson or alternative chairperson.
- If a quorum is not present, the meeting may proceed on condition that the decisions undertaken by that meeting is ratified at the next meeting.

9.3 Meeting Attendance and Procedures

- Members may participate in the meeting in person or by any electronic means (i.e. VC, Telecon, Microsoft teams, etc.).
- The business unit shall ensure proper governance of the meeting is followed such as
    - recording of the meeting proceedings,
    - recording of the decisions taken in the meeting (minutes), and
    - declarations of personal interest made together with how these were dealt, where it is applicable

- The business ought to circulate minutes and all relevant documents, in the normal course, prior to the meeting. The relevant documents to be included in the meeting pack may include

  - Minutes, transcripts and/or digital recordings of the previous meetings
  - Completed ERCO Report template
  - Any other relevant matters and supporting documents/reports where applicable

- It is the responsibility of the members to ensure that the information discussed at the meeting or included in the meeting packs remains confidential.

- The business unit/subsidiary must ensure meeting minutes and/or digital recordings are stored, and be able to make such available as and when needed.

9.4 Reporting and Resolutions

- Reports for consideration by the committee shall be submitted, in the normal course, at least 4 days before the meeting where possible, in order to enable members to study the documentation and allow adequate opportunity for formal and informal discussions.
- Members may participate in a meeting by electronic means (i.e. VC, Telecon, MS Teams).
- Round robin approvals may be made but only where there is a business requirement for a decision which cannot be held over until the next scheduled committee meeting.

- A resolution by round robin shall be passed by a majority of members being not less than the number and composition required to constitute a quorum. This may be done by electronic means, and shall have full force and effect as if passed by a majority of members personally present. If there are any votes against the resolution, an urgent meeting shall be called on the matter.

- The Committee shall perform periodic self-assessments as deemed necessary by the Risk Management team.

- Decisions will be based on consensus, in the event that there is no consensus, the chairperson has the discretion to make the decision or to refer the matter to the Executive Enterprise Risk Management Committee for a decision

10. MANDATE & AUTHORITY

The Divisional and BU ERCO is authorised and mandated by the AfroCentric Group Executive ERCO and Divisional ERCO respectively.

The committee shall have authority to:

- Access to Division and/or BU specific information it needs to fulfil its responsibilities;
- Investigate matters within its mandate;
- Consult with, and receive the full co-operation of, any employee where necessary to fulfil its responsibilities; and
- Form and delegate authority to sub-committees and may also delegate authority to ad-hoc committees or working groups within clearly defined limits.

11. COMMITTEE LIMITATIONS

- The Divisional and BU ERCO are responsible to the AfroCentric Executive Enterprise Risk Management and Divisional ERCO respectively as set out in this mandate.
- Amendments to this mandate shall be effected as and when necessary and subject to approval by the AfroCentric Group Executive Enterprise Risk Management Committee.