

MIDDLE EAST INVESTOR RELATIONS ASSOCIATION
("MEIRA")

TERMS OF REFERENCE OF THE AUDIT & REMUNERATION COMMITTEE (THE "COMMITTEE")

(approved by a written resolution of the board of directors (the "**Board**") dated 14 January 2019)

1. Role

1.1 The Committee assists the Board in fulfilling its oversight responsibilities. Its main functions are to:

- (a) monitor MEIRA's activities and ensure the integrity and effectiveness of its financial reports;
- (b) monitor the effectiveness of MEIRA's systems of internal control, internal audit
- (c) review and monitor salaries and remuneration structures to ensure in line with current market compensation scales.
- (d) ensure that MEIRA has taken the necessary actions in connection with the compliance with relevant laws, regulations policies and instruction from any supervisory authorities;
- (e) review any proposed related party transactions and provide its recommendations to the Board in connection therewith;
- (f) develop a strategy and comprehensive policies for risk management, determine and maintain an acceptable level of risk

2. Reporting Responsibilities

2.1 The Committee reports formally to the Board after each meeting of the Committee on all matters within its duties and responsibilities.

2.2 The Committee must make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

2.3 The Committee's report on its activities and processes shall be included in MEIRA's Annual Report.

3. **Membership**

- 3.1 The Committee shall comprise of at least three Board members and at least one should have recent and relevant financial experience and with competence in accounting and/or auditing.
- 3.2 Members of the Committee must be appointed by the Board, on the recommendation of the Nomination Committee.
- 3.3 Appointment to the Committee is for a period of up to three years, which may be extended for a further three-year period.
- 3.4 The Board must appoint the Committee Chair who may not be the Chair of the Board. In the absence of the Committee Chair and/or an appointed deputy at a Committee meeting, the remaining Committee members present shall elect one of themselves to chair the meeting.
- 3.5 Only members of the Committee and the Committee Chair have the right to attend and vote at Committee meetings. However, other individuals such as the Chair of the Board, the vice chair of the Board, the general manager, the external auditors and external advisors may be invited to attend all or part of any meeting as and when appropriate.
- 3.6 There should be at least one meeting, or part of a meeting, each year which the external auditors attend without management present to discuss matters relating to its remit and any issues arising from the audit.
- 3.7 The Board shall regularly review the membership of the Committee to ensure that membership is refreshed and undue reliance is not placed on particular individuals.

4. **Secretary**

- 4.1 The Board secretary or his or her nominee shall act as the secretary of the Committee (the “**Secretary**”) and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues raised at the Committee.
- 4.2 The Secretary or his or her nominee shall keep a record of:
 - (a) the membership, and the dates of any changes to membership, of the Committee;
 - (b) any non-audit services provided by the external auditor to enable MEIRA to make the necessary statement in the annual report on safeguarding the auditor's objectivity and independence.

5. **Quorum of Meetings**

The quorum necessary for the transaction of business is three Committee members. A duly convened meeting of the Committee at which a quorum is present is competent to

exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

6. **Frequency of Meetings**

The Committee shall meet at least twice a year and otherwise as required.

7. **Notice of Meetings**

7.1 Meetings of the Committee must be called by the Secretary at the request of any of the Committee's members.

7.2 Unless otherwise agreed, notice of each Committee meeting confirming the venue, time and date, together with an agenda of items to be discussed, must be forwarded to each member of the Committee and any other person required to attend no later than three business days before the date of the meeting. Supporting papers must be sent to Committee members and to other attendees as appropriate, at the same time.

7.3 Notices, agendas and supporting papers can be sent in electronic form where the recipient has agreed to receive documents in such a way.

7.4 All reasonable efforts shall be made to give notice of meetings of the Committee to all Committee members and invitees and to arrange such meetings so that all Committee members and invitees are able to attend.

8. **Minutes of Meetings**

8.1 The Secretary must minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.

8.2 The Secretary shall ascertain, at the beginning of each Committee meeting, the existence of any conflicts of interest and minute them accordingly.

8.3 The Committee Chair or a delegated representative shall attend MEIRA's Board meetings and be prepared to respond to questions on the Committee's activities.

8.4 Minutes of Committee meetings must be circulated promptly to all members of the Committee and the Chair of the Board and, once agreed, to all other members of the Board unless the Committee has resolved that all or part of the minutes should not be circulated to one or more members of the Board.

9. **Duties**

The Committee shall carry out the following duties:

9.1 **Remuneration**

- (a) determine and agree with the Board the framework or broad policy for the remuneration of MEIRA's executives. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run MEIRA successfully without paying more than is necessary, having regard to views of all stakeholders. The remuneration policy should have regard to the risk appetite of MEIRA and alignment to MEIRA's long-term strategic goals. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of MEIRA;
- (b) recommend and monitor the level and structure of remuneration for MEIRA's executives, taking into account all factors which it deems necessary including relevant legal and regulatory requirements;
- (c) within the terms of the agreed policy and in consultation with the Chair of the Board as appropriate, determine the total individual remuneration package of each MEIRA executive including bonuses and incentive payments;
- (d) to help it fulfil its obligations, the Committee can have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary at the expense of MEIRA but within any budgetary restraints imposed by the Board and in consultation with the Chair of the Board;
- (e) be responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
- (f) review the ongoing appropriateness and relevance of the remuneration policy;
- (g) agree the policy for authorizing claims for expenses;
- (h) approve the design of, and determine targets for, any performance-related pay schemes operated by MEIRA and approve the total annual payments made under such schemes;
- (i) ensure that contractual terms on termination, and any payments made, are fair to the individual, and MEIRA, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- (j) oversee any significant changes in employee benefits structures throughout MEIRA;
- (k) monitor and evaluate performance appraisals of staff in light of their individual objectives and agreed KPIs; and

- (l) monitor and review executive salaries to ensure fair and appropriate remuneration in line with current market rates of compensation.

9.2 **Audit**

- (a) monitor the integrity of the financial statements of MEIRA;
- (b) monitor and review the effectiveness of MEIRA's internal audit function in the context of MEIRA's overall risk management system;
- (c) in particular, the Committee shall review and challenge where necessary:
 - (i) the application of significant accounting policies and any changes to them;
 - (ii) the methods used to account for significant or unusual transactions where different approaches are possible;
 - (iii) whether the Company has adopted appropriate accounting policies and made appropriate estimates and judgements, taking into account the views of the external auditor and the financial statements;
 - (iv) all material information presented with the financial statements including the strategic report and the corporate governance statements relating to the audit and to risk management; and
 - (v) the policies and processes for identifying and assessing business risk and management of those risks by MEIRA;
- (d) where the Committee is not satisfied with any aspect of the proposed financial reporting by MEIRA, it shall report its views to the Board.
- (e) consider and make recommendations to the Board, to be put to the Board for approval, in relation to the appointment, re-appointment and removal of MEIRA's external auditor;
- (f) develop and oversee the selection procedure for the appointment of the audit firm, ensuring that all tendering firms have access to all necessary information and individuals during the tendering process;
- (g) if an auditor resigns, investigate the issues leading to this and decide whether any action is required;
- (h) oversee the relationship with the external auditor. In this context the Committee shall:
 - (i) approve their remuneration, including both fees for audit and non-audit services, and ensure that the level of fees is appropriate to enable an effective and high-quality audit to be conducted; and

- (ii) approve their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
- (i) satisfy itself that there are no relationships (such as family, employment, financial, business or other personal relationship) between the auditor and MEIRA (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity;
- (j) review the adequacy and security of MEIRA's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters;
- (k) measure and consider challenges and opportunities facing MEIRA as a not-for-profit organization, assessing the balance of resources, funding and capital needed to meet current and future activities and/or commitments;
- (l) report formally to the board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the board on how it has discharged its responsibilities;
- (m) ensure that MEIRA remains, at all times, fully compliant with any applicable licensing, accounting, capitalisation, taxation, remuneration and financial reporting laws; and
- (n) identify and nominate candidates to fill audit positions as and when they arise, for Board approval.

10. **Authority**

As appropriate the Committee is authorised to undertake such work as is necessary to perform its duties to the Board, including seeking any information it requires from MEIRA members or other stakeholders.

11. **Appraisal and Review**

The Committee shall review at least once a year its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

12. **Publication of Terms of Reference**

These Terms of Reference shall be made available on MEIRA's website.

13. **Ultimate Decisions**

The Committee Chair shall report formally to the Board on its proceedings after each Committee meeting on all matters within its duties and responsibilities. The Committee

shall make whatever recommendations it deems appropriate on any area within its remit. All evaluations, reviews and decisions of the Committee shall be referred to the Board and shall take effect only upon approval thereof by resolution of the Board in accordance with the MEIRA's articles of association.

The Committee shall assess the matters that fall within its remit and those referred to it by the Board and shall communicate its recommendations to the Board to issue decisions in connection therewith. The Committee shall take decisions in relation to such matters if so delegated by the Board, with the Board held ultimately liable for the decisions made by the Committee.

14. **Other matters**

The Committee shall:

- (a) have access to sufficient resources in order to carry out its duties including access to the Secretary for assistance, as required;
- (b) give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of executives of listed/non-listed companies;
- (c) oversee any investigation of activities which are within its terms of reference; and
- (d) work and liaise as necessary with all other Board committees, taking particular account of the impact of risk management and internal controls being delegated to different committees.

15. **Authority**

- 15.1 The Committee is authorised by the Board to obtain, at MEIRA's expense, outside professional advice on any matters within its terms of reference and in accordance with the budget agreed by the Board.
- 15.2 Although the Committee can seek the advice and assistance of the executive management, it must ensure that this role is clearly separated from their role within the business.