



ACCESS TO QUALITY AFFORDABLE MEDICINES

**AUDIT AND RISK COMMITTEE CHARTER OF THE
BOARD OF DIRECTORS**

Reviewed and approved by the Board of Directors to be effective upon execution.

Executed this 13th day of February 2019

by

A handwritten signature in black ink, appearing to read "Emmanuel Katongole", written over a horizontal line.

Emmanuel Katongole
Executive Chairman

A handwritten signature in blue ink, appearing to read "Nevin James Bradford", written over a horizontal line.

Nevin James Bradford
Chief Executive Officer

A handwritten signature in blue ink, appearing to read "Joseph Baliddawa", written over a horizontal line.

Joseph Baliddawa
Chairman Audit & Risk Committee

1. PURPOSE OF THE CHARTER

The Audit and Risk Committee (the Committee) is a committee of the Board of Directors (the Board) of Cipla Quality Chemical Industries Limited (the Company), and the Committee operates within the governance structure of the Company and Cipla Ltd's global governance framework. The Committee's primary functions as set out in this Charter (the Charter) are to monitor the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, by reviewing significant financial reporting judgments contained in them. The Committee assists the Board in discharging its responsibility to exercise due care, diligence and skill in the areas set out in the terms of reference, including:

- a. application of accounting policy and reporting of financial information to shareholders, regulators and the general public;
- b. business risk management and internal control systems, including business policies and practices;
- c. corporate conduct and business ethics, including Auditor independence and ongoing compliance with laws and regulations; and
- d. monitor and review the effectiveness of the Company's internal audit function.

Ultimate responsibility for the integrity of the Company's financial reporting rests with the full Board.

2. MEMBERSHIP, TERM AND VOTING

- a. The Audit and Risk Committee shall consist of a Chairperson and at least three other persons of reputable integrity, not being members of the Board. The Committee shall be chaired by an independent non-executive director.
- b. The members of the Committee shall be appointed by the Board, on the recommendation of the Nomination and Remuneration Committee in consultation with the Chairman of the Audit and Risk Committee.
- c. A quorum necessary for the transaction of business shall be three members.
- d. In the absence of the Committee Chairman and/or an appointed deputy at a Committee meeting, the remaining members present shall elect one of themselves to



chair the meeting, provided that such person would qualify under this Charter to be appointed to that position by the Board.

- e. Appointments to the Committee shall be for a period of up to two years, extendable by no more than two additional two-year periods, with Committee members generally being eligible for re-appointment for as long as they remain Directors. The effect of ceasing to be a Director of the Board is an automatic termination of an appointment as a member of the Committee. For the non-Board Members, their appointments shall be determined by the Board from time to time.
- f. In accordance with the Table F of the Companies Act, 2012, at least one member of the Committee shall have relevant financial experience ideally with a professional qualification from a professional accountancy body.
- g. Matters arising for determination at Committee meetings shall be decided by a majority of votes of Committee members present and voting.
- h. In the case of equality votes, the Chairman of the meeting, in addition to his deliberative vote, shall have a casting vote.

3. SECRETARY AND MINUTES

The Company Secretary shall be the Secretary of the Committee and the minutes of meetings of the Committee shall be made available to all members of the Board, unless in the opinion of the Committee Chairman it would be inappropriate to do so. The Company Secretary shall ensure that the Committee receives information and documentation at least seven days before the meeting to enable full and proper consideration to be given to the issues.

4. ATTENDANCE AND FREQUENCY OF MEETINGS

- a. Meetings of the Committee shall be called by the Company Secretary, at the request of the Committee Chairman. In addition, the Chairman will call a meeting of the Committee if so requested by any member of the Committee, by the external Auditors or by the Chairman of the Board.
- b. The Secretary shall prepare an agenda for each meeting, to be agreed by the Chairman of the Committee and ensure the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues. Notices, agendas and supporting papers can be sent in electronic form to the Committee members.
- c. Unless otherwise agreed, notice of the meeting will be sent to all members of the Committee no later than seven working days before the date of the meeting.

