

AUTOMATIC SYSTEMS LTD
(‘ASL’, ‘the Company’)

AUDIT AND RISK COMMITTEE CHARTER (the Charter)

1. CONSTITUTION

At a meeting held on the 28th March 2024 the board of directors of ASL (the “Board”) resolved to adopt the present Audit and Risk Committee Charter.

The following charter, adopted by the Board on the 28 March 2024 will take effect on the same date.

2. MEMBERSHIP

- 2.1 The Chairperson and members of the Committee shall be nominated by the Board.
- 2.2 The Committee shall consist of not less than 3 members, all of whom shall be directors of the Company. The majority of the members shall be non-executive independent directors of the Company.
- 2.3 The Chairperson of the Committee shall ideally be an Independent Director.
- 2.4 The Chairperson of the Board shall not be eligible to be appointed as Chairperson of the Committee, and the Executive Director shall not be eligible to be appointed as Chairperson or member of the Committee.
- 2.5 Each member shall be financially literate. At least the Chairperson and one other member must have accounting or related financial expertise and ideally with a professional qualification from one of the professional accounting bodies.
- 2.6 Members shall be appointed for a term of office of 3 years so long as they remain a director of the Company.
- 2.7 Audit & Risk Committee Members shall not serve simultaneously on the audit and risk committee of companies or subsidiaries of Companies operating in the same field of activity as the Company or its subsidiaries unless the other company forms part of the same group as ASL or in which ASL has a stake of 20% or more and the Board of ASL is aware and approved such appointment.
- 2.8 An alternate to a Director appointed on the Committee as member shall not automatically be the alternate of that Director on the Committee as well.
- 2.9 Appointment of Alternates is not recommended unless otherwise resolved by the Board.
- 2.10 The Board shall have the power at any time to remove any members from the Committee and to fill any vacancies created by such removal.

3. QUORUM

- 3.1 A quorum of any meeting shall be at least 2 members present throughout the meeting, of which at least one shall be an Independent Director.

4. CHAIRPERSON

- 4.1 The Chairperson of the Committee shall be an independent non-executive director (as defined by the Companies Act 2001).

- 4.2 The Chairperson of the Committee shall preside at each meeting and, in the absence of the Chairperson, one of the other members of the Committee shall be designated as the acting chair of the meeting.

5. SECRETARY

- 5.1 The secretary of the Audit & Risk Committee shall be the Company Secretary, or such other person as nominated by the Board.
- 5.2 In the absence of the Secretary due to exceptional circumstances, the members may appoint a Secretary for a specific meeting.

6. MEETINGS

6.1 Attendance

- 6.1.1 Only Committee members as well as the Executive Director, the General Manager and the Finance Officer (unless in specific circumstances where their presence is not required) shall be entitled to attend meetings. The Audit & Risk Committee may invite such other persons (e.g. other directors, senior officers, head of internal audit and external audit senior partner) to its meetings, as it deems necessary.
- 6.1.2 The external and internal auditors shall be invited to make presentations to the Audit & Risk Committee as appropriate. When Internal Audit reports are presented at the ARC, the Internal Audit team shall be present.
- 6.1.3 It is recommended that at least once a year, the Committee shall meet with the head of internal audit and senior partner of the external auditors without the presence of executive Management to discuss any matters that either the Committee or these two parties believe should be discussed privately.
- 6.1.4 Other individuals and external advisers may be invited to attend all or part of any meeting, as and when appropriate and necessary and approved by the majority of the committee members attending the meeting.

6.2 Notice of meetings

- 6.2.1 The Committee shall meet as often as it determines necessary or appropriate but not less frequently than quarterly; Risk Management shall be dealt at least one meeting per year.
- 6.2.2 Meetings of the Committee shall be convened by the Secretary of the Committee at the request of any of its members. The internal audit Manager or the External Audit partner may, through any of the Committee members or the Secretary request a meeting to be convened if deemed necessary.
- 6.2.3 Notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed as well as minutes of the previous committee meeting, and supporting documents, other than under exceptional circumstances, shall be forwarded to each committee member and the Executive Director at least 3 business days prior to the date of the meeting. The supporting papers must include all such management accounts, financial statements, annual report, quarterly results for publication, internal and external audit reports and internal control evaluations that are available.
- 6.2.4 Decisions taken by written resolutions signed by all committee members shall be as valid as if a committee meeting had been held.

6.3 Minutes of meetings

- 6.3.1 The Secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the attendance.
- 6.3.2 Draft minutes shall be circulated to the Chairperson for review and then to all the Committee members for their review.
- 6.3.3 Minutes of the Committee shall be approved at the next Committee and signed by the Chairperson and Secretary of the Committee at which they are approved.
- 6.3.4 Once approved, minutes should be entered in the Committee's minutes' book in order of date and occurrence.
- 6.3.5 A summary of the items discussed at each Committee should be presented at the following board meeting by the Chairperson, or in his absence, by any other member.

6.4 Presence at Annual/Special Meetings of the Company

- 6.4.1 The Committee Chairperson or at least a Committee member shall attend the Annual/Special meetings of the Company.

6.5 Presence at board meetings

- 6.5.1 The Chairperson of the Committee or another member of the Committee shall attend the board meeting at which the interim results or financial statements are approved.

7. OBJECTIVES

7.1 The Audit & Risk Committee ("the Committee") shall assist the Board:

- 7.1.1 In fulfilling its oversight responsibilities relating to the safeguarding of assets, the operation of adequate systems, control processes and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards;
- 7.1.2 In monitoring and overseeing the financial responsibilities and audit process as well as the procedures for the identification, assessment and reporting of risks.

7.2 Its main objectives shall be to:

- a) oversee the integrity of the financial reporting process and ensure the transparency and performance of published financial information.
- b) review the effectiveness and performance of the Company's internal financial control and risk management system and subsequently report to the Board, making recommendations as to the steps to be taken.
- c) evaluate the work of the internal audit function and of the external auditors.
- d) review the Company's process compliance with legal and regulatory requirements affecting financial reporting and, if applicable, its code of business conduct.
- e) review and monitor Management's responsiveness to internal auditor's findings and recommendations.
- f) Make recommendations to the Board as regards the appointment of replacement of the Internal and External Auditors.

7.3 In performing its duties, the Committee will maintain effective working relationships with the Board, Management, and the external and internal auditors. To perform his or her role effectively, each Committee member will need to develop and maintain his or her knowledge, including an understanding of the Committee's responsibilities and of the Company's business, operations and risks. The duties and responsibilities of a member of the audit Committee are in addition to those set out for a member of the Board of directors.

8. AUTHORITY AND RESPONSIBILITIES

8.1 The basic responsibility of the members of the Audit & Risk Committee is to exercise their business judgement to act in what they reasonably believe to be in the best interests of the Company and its shareholders. In discharging that obligation members should be entitled to rely on the honesty and integrity of the Company senior executives and its outside advisers and auditors, to the fullest extent permitted by law.

8.2 The Committee should carry out its duties for the Company as well as for all the wholly owned subsidiaries' undertakings and the group as a whole, as considered appropriate.

8.3 The Audit & Risk Committee shall, within the scope of its responsibilities:

- a) perform activities within the scope of this Charter;
- b) investigate any activity it deems appropriate;
- c) appoint independent advisers and professionals (accountants, lawyers and so on) as it deems necessary to carry out its duties;
- d) instruct any officer or employee of the Company to attend any meetings and provide pertinent information as necessary and appropriate;
- e) have unrestricted access to members of Management, employees and relevant information;
- f) if considered necessary, establish procedures for dealing with the concern of employees regarding accounting, internal controls and auditing matters;
- g) establish procedures for the receipt and treatment of complaints received by the Company regarding accounting controls and auditing matters;
- h) make recommendations to the Board in relation to the appointment, termination and remuneration of internal and external auditors and evaluate the work of the latter;
- i) review the performance of the external & internal auditors and exercise final approval on the appointment or discharge of the auditors;
- j) review all audit services fees and terms as well as review policies for the provision of non-audit services by the external auditors and make appropriate recommendations to the Board;

8.4 The Committee should seek for legal advice as and when deemed appropriate.

8.5 The internal auditor reports functionally to the Chairperson of the audit Committee (and administratively to the Executive Director).

9. ROLE AND RESPONSIBILITY IN RESPECT OF FINANCIAL REPORTING

The Committee shall:

- 9.1 Examine and review the quality and integrity of the quarterly results, the financial statements as well as preliminary announcements relating to the Company's financial performance prior to their approval by the Board and release;
- 9.2 Review and report to the Board on significant financial reporting issues and judgements which the financial statements contain having regard to matters communicated to the Committee by the External Auditor;
- 9.3 Meet with Management, the internal auditor and the external auditors to review the financial statements, the critical accounting policies and practices, and the results of their audit;
- 9.4 Meet with External Auditors without the presence of Management. Ensure that significant adjustments, unadjusted differences, disagreements with Management and management letters are discussed with the external auditors and where applicable, reported to the Board;
- 9.5 Review the annual report and recommend the approval of the annual report and accounts to the Board;
- 9.6 In particular, the committee shall review and challenge where necessary:
 - a) the consistency of, and any changes to, significant accounting policies both on a year on year basis and across the Company/group;
 - b) Compliance with accounting standards, local and international, compliance with legal requirements;
 - c) The methods used to account for significant or unusual transactions where different approaches are possible;
 - d) Significant adjustments resulting from the audit;
 - e) Whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements taking into account the views of the external auditor;
 - f) The clarity and completeness of disclosure in the Company's financial reports and the context in which statements are made;
 - g) All material information presented with the financial statements, including the corporate governance statements;
 - h) The basis on which the Company and its subsidiaries have been determined a going concern;
 - i) Capital adequacy and internal controls;
- 9.7 Review compliance with the financial conditions of any loan covenants;
- 9.8 Review Management accounts and budgets;
- 9.9 Reviewing special documents (such as prospectuses);
- 9.10 Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board.

10. ROLES AND RESPONSIBILITIES IN RESPECT OF INTERNAL CONTROL

The Committee shall:

- 10.1 Assess the internal controls, adhered to by the Company's Management, financial, accounting and internal audit personnel;

- 10.2 Understand the controls and processes implemented by Management to ensure that the financial statements derive from the underlying financial systems, comply with relevant standards and requirements, and are subject to appropriate Management review;
- 10.3 Assess with Management the Company's major risk exposures and the steps Management has taken to monitor and control such exposures;
- 10.4 Evaluate the overall effectiveness of the internal control and risk Management frameworks and consider whether recommendations made by the internal and external auditors have been implemented by Management; and
- 10.5 Consider how Management controls the security of IT hardware and software systems and review the contingency and disaster recovery plans.

11. ROLES AND RESPONSIBILITIES IN RESPECT OF RISK MANAGEMENT

The Committee shall:

- 11.1 Review any legal matter that could have a significant impact on the actual or future business situation of the Company;
- 11.2 Review with the Executive Director or any member of his Executive team the Company's risk policies & strategies;
- 11.3 Review and approve the statements to be included in the annual report concerning internal controls and risk management;
- 11.4 Ensure that the Company complies with the hereunder risk profile;
- 11.5 Risk in the widest sense shall include market risk, credit risk, liquidity risk, operation risk, commercial risk, country risk, financial risk, technology (including IT risk), disaster recovery risk, political risk, competitive risk, environmental, health & safety risk, reputational risk, compliance risks and other risks which may be identified from time to time;
- 11.6 Ensure that the Company is protected by insurance and ascertain that the scope of cover provided under its insurance contracts is adequate;
- 11.7 Review regularly the risk register & measurement methodologies (if applicable);
- 11.8 Monitor procedures to deal with clients should a risk crystallize; and
- 11.9 Consider and review the Business Continuity Plan.

12. ROLE AND RESPONSIBILITY IN RESPECT OF INTERNAL AUDIT

The Committee shall:

- 12.1 Ensure that the Company has an appropriate internal audit function;
- 12.2 Review the activities, resources and organizational structure of the internal audit function and ensure that there exist no unjustified restrictions or limitations to their work;
- 12.3 Participate in the appointment, promotion or dismissal of the internal auditor and discuss with the external auditor the standard of work of internal audit, make recommendations to the Board for the appointment of the Internal Auditor.
- 12.4 Review the Internal audit fees and make recommendations to the Board for their approval;
- 12.5 Review the effectiveness of the internal audit function and ensure that it has appropriate standing, free access to resources and information, and that its work is being facilitated within the Company, and any subsidiaries, if applicable;

- 12.6 Ensure that significant findings and recommendations made by the internal auditors and Management's proposed response are received, discussed and acted on;
- 12.7 Evaluate the internal audit function and its impact on the accounting practices, internal controls and financial reporting of the Company;
- 12.8 Review the proposed internal audit plan for the coming year and ensure that it addresses key areas of risk and that there is appropriate coordination with the external auditor; and
- 12.9 Review the Internal Audit Reports and take appropriate action if required.

13. ROLE AND RESPONSIBILITY IN RESPECT OF EXTERNAL AUDIT

The Committee shall:

- 13.1 Review on an annual basis the performance of the external auditors based on the scope and results of their work and their cost effectiveness and make recommendations to the Board on the appointment, reappointment or termination of the appointment of the external auditors;
- 13.2 Review yearly the external audit fees and make recommendations to the Board for their approval;
- 13.3 Consider the ethical conduct, independence and objectivity of the external auditors and any potential conflict of interest;
- 13.4 Discuss and review the external auditors' proposed audit scope, planning and approach in the light of the Company's circumstances and changes in regulatory and other requirements;
- 13.5 Discuss with the external auditor's any audit problems encountered in the normal course of audit work, including any restriction on audit scope or access to information;
- 13.6 Ensure that significant findings, accounting adjustments and recommendations noted by the external auditors and Management's proposed response are discussed and appropriately acted on; and
- 13.7 In case of any lawsuits, threatened or pending, or judgments/rulings/awards (including settlements and arbitration awards) against the Audit firm that comes to the knowledge of the Committee during the period of term of appointment, review same, and make any recommendations to the Board that may be deemed appropriate, in the interests of the Company.

14. ROLES AND RESPONSIBILITIES IN RESPECT OF COMPLIANCE WITH LAWS AND REGULATIONS, WHISTLEBLOWING AND FRAUD

The Committee shall:

- 14.1 Give due consideration to laws, regulations and any published guidelines or recommendations regarding its duties;
- 14.2 Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of Management's investigation and follow-up (including disciplinary action) of any fraudulent acts or non-compliance;
- 14.3 Oversee the Company's compliance with legal and regulatory provisions, its Constitution, code of corporate governance, code of conduct, by-laws and any rules established by the Board;
- 14.4 Conduct and authorize investigations into any matters within the Committee's scope of responsibilities;

- 14.5 Review the adequacy and security of the company's arrangements for its employees and stakeholders to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters;
- 14.6 Be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements;
- 14.7 Review the findings of any examinations by authorities if applicable.

15. EVALUATING PERFORMANCE AND REPORTING RESPONSIBILITIES

- 15.1 The Committee shall assess the achievement of the duties specified in the Charter regularly and report their findings to the Board.
- 15.2 The Committee shall regularly update the Board about its activities and make appropriate recommendations.
- 15.3 The Committee shall review (if necessary) and reassess the adequacy of its Charter every 5 years and discuss any required changes with the Board.

16. REMUNERATION

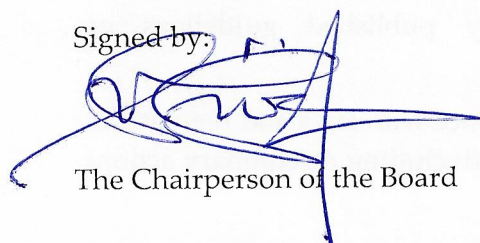
- 16.1 Having regard for the functions performed by the members of the Committee in addition to their functions as directors in relation to the activities of the Committee, members of the Committee may be paid such special remuneration in respect of their appointment as shall be fixed by the Board. Such special remuneration shall be in addition to the annual fees payable to directors.
- 16.2 The Chairperson of the Committee may, in addition to his or her remuneration as member, receive a further sum as determined by the Board.

17. OTHER MATTERS

The Committee shall:

- 17.1 Have access to outside or other independent professional advice as it considers necessary to carry out its duties.
- 17.2 Have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required; and
- 17.3 Arrange for periodic reviews of its own performance and review its constitution and charter to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

Signed by:



The Chairperson of the Board



The Chairperson of the Audit & Risk Committee

This 28 March 2024