

Our ref: A/BRJ/005/PAL/18

March 19, 2018

The Directors  
Prudential Assurance Uganda Limited  
2<sup>nd</sup> Floor Kampala Boulevard  
24-26 Kampala Road  
P.O Box 2660  
Kampala, Uganda

Dear Sirs,

**ADDENDUM TO THE LETTER OF ENGAGEMENT – FINANCIAL CRIMES INTERNAL AUDIT  
FOR THE PERIOD ENDED MAY 31, 2018**

**1. Introduction**

- 1.1 This is an addendum to the existing engagement letter dated July 20, 2017 between Mazars BRJ, (formerly BRJ Partners) Certified Public Accountant (hereafter "Mazars") and Prudential Assurance Uganda Limited (hereafter "PAUL") for the provision of internal audit services in relation to financial crimes PAUL for the period ended May 31, 2018. This addendum should be read in conjunction with the existing engagement letter dated July 20, 2017 which together with the schedules, set out the basis upon which we continue to provide internal audit services to PAUL.

The purpose of the addendum is to modify the scope of the existing engagement letter to include the provision of independent assurance on the design and operating effectiveness of the financial crimes controls, focusing on anti money laundering ("AML") and anti bribery and corruption ("ABC") controls within PAUL.

**2. Our responsibilities as internal auditors**

The financial crimes audit, focusing on AML and ABC will include, but will not necessarily be limited to, a review of the following:

- Governance and oversight – including organisational structure, top level commitment, financial crime roles and responsibilities, adequacy of resources and experience, AML/Sanctions/ABC risk assessment and linkage to the financial crimes program, adequacy and implementation of local policies and procedures;
- Communication and training - initial and on-going communication of policies and procedures, development and provision of financial crime training, and maintenance of training records;
- On-going monitoring – review the on-going monitoring particularly linked to high risk customers / vendors, politically exposed persons (PEPs) and special interest persons (SIPs). Review mechanism to deter, detect, and investigate and subsequent resolution of financial crime;

- AML customer acquisition – classification of customers for purposes of monitoring, customer due diligence (CDD) and enhance due diligence (EDD) performed at take-on, escalation and resolution of CDD and EDD exceptions, identification of PEPs and SIPs;
- ABC due diligence - review for appropriateness of anti-bribery and corruption controls over vendor and other third party selection, related payments and approvals for purchases of goods and services. This will include a review of contracting arrangements and incentives established to intermediaries; and
- Reporting – tracking and preparation of management information, internal reporting of financial crimes compliance matters to local and regional senior management, external reporting to regulators regarding exceptions including suspicious transaction, dealing with confidential helpline reports as well as responding to regulator requests.

If, in the normal course of our audit work, we identify material control weaknesses in areas outside the direct scope of this review, we will investigate it further and bring it to management's attention.

Our duties and responsibilities shall be limited to the scope above.

### 3. Fees

Our fees are based on the degree of responsibility and skill involved and the time required to complete the assignment, plus expenses.

Our fees for the financial crimes audit services will be **USD 6,200 (Six Thousand Two Hundred United States Dollars)** for the year ended December 31, 2017. Any revisions to fees for whatsoever reason will be communicated to you in writing.

Our fees are **inclusive of VAT**, which is currently 18%.

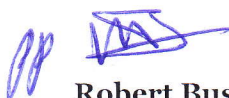
Our business terms require that we bill for our fees as follows;

- 50% of the fee thereon, upon the signing of our engagement letter or before the commencement of the audit,
- 40% upon submission of the draft internal audit report on the financial crimes and
- the final 10% upon presentation and signing of the internal audit report to the board of directors.

Our invoices are due upon presentation.

The timely completion of our work requires the full co-operation of your staff in the provision of records, documentation, other information and explanations relevant to the audit. Estimates of time for completion of the audit are given on the assumption that we receive this co-operation.

Yours faithfully



**Robert Busuulwa**  
**Partner**  
**For and on behalf of Mazars BRJ**

**To Mazars BRJ:**

I hereby confirm that Mazars BRJ is appointed to carry out the financial crimes audit engagement in accordance with the terms set out in this addendum to the engagement letter dated July 20, 2017.

Signed on behalf of **Prudential Assurance Uganda Limited**

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Name

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Designation:

  
**Arjun Malik**  
**Chief Executive Officer**