

## **AUDIT COMMITTEE CHARTER**

### **1. Purpose**

The Audit Committee (the “Committee”) assists the Board of Directors (the “Board”) in the performance of its oversight function over the Company’s financial reporting process, systems of internal control, internal and external audit processes and compliance monitoring procedures. It is also primarily responsible for the appointment, re-appointment or removal of the external auditor.

### **2. Membership and Quorum**

The Committee shall consist of at least three (3) non-executive directors, all of whom must be capable of exercising independent judgment and have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing, and finance. The Chair of the Audit Committee shall be an Independent Director and should not be the Chairman of the Board or of any other committees.

At its meetings, three (3) directors shall be sufficient to constitute a quorum. All decisions or resolutions of the Committee must have the affirmative vote of at least three (3) members of the Committee.

### **3. Duties and Responsibilities**

The Committee shall meet at as often as possible to:

- a. provide oversight to the Corporation’s Financial Reporting and Control and Internal and External Audit Functions;
- b. set up the Internal Audit Division and appoint the Internal Auditor or engage a third-party service provider of audit functions as well as the Independent External Auditor, determine audit fees and any issues of resignation or termination of auditors. Both internal and external auditors shall report directly to the Committee;
- c. investigate any matter within its terms of reference, and shall be granted full access to and cooperation by Management and full discretion to invite any director or executive officer to attend its meetings;
- d. review the effectiveness of the Corporation’s internal controls, including financial, operational and compliance controls, and risk management;
- e. review and approve the audit scope and frequency of the Annual Internal Audit Plan;
- f. discuss the nature and scope of the audit with the external auditor before the audit commences;
- g. review reports of Internal and external auditors and regulatory agencies, where applicable and ensure that management is taking appropriate measures and corrective actions in a timely manner in addressing control and compliance functions with regulatory agencies;
- h. review the quarterly, half year and annual financial statements before submission to the Board;

- i. coordinate, monitor and facilitate compliance with existing laws, rules and regulations;
- j. evaluate and determine non-audit work by the external auditor and review the non-audit fees paid to the external auditor, if any;
- k. establish and identify the reporting line of the Chief Audit Executive/Internal Audit Head so that the reporting level allows the Internal Audit activity to fulfill its responsibilities. The Chief Audit Executive/Internal Audit Head shall report directly to the Audit Committee and to the President. The Committee shall ensure that the Internal Auditors shall have free and full access to all the company's records, properties and personnel relevant to the Internal Audit activity and that the Internal Audit activity should be free from interference in determining the scope of internal auditing examinations, performing work, and communicating results; and shall provide a venue for the Committee to review and approve the Annual Internal Audit Plan.
- l. provide oversight to Management's activities in managing investments, credit, market, liquidity, operational, legal and other risks of the Corporation;
- m. address all issues and concerns from the auditors expeditiously and effectively to avoid the possibility of their having to render a qualified or adverse opinion, including substantive and significant disclaimers;
- n. ensure that no revisions to the company's financial statements are necessary for reasons other than mandated changes in accounting practices;
- o. jointly with the Risk Oversight Committee, certify in behalf of the Board of Directors as to the adequacy of the Corporation's internal controls and risk management system;
- p. ensure that the external auditor is selected on the basis of a fair and transparent tender process, is credible, competent, has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions and has adequate quality control procedures;
- q. conduct regular meetings and dialogues with the external audit team without anyone from management present; and
- r. ensure that, should the external auditor not be rotated, the lead audit partner is rotated every five (5) years.

#### **4. Assessment**

The Committee's performance shall be evaluated by assessing its charter, the composition of the Committee, the number of meetings, the duties and responsibilities of the Committee and the performance of each individual member.