

## **SUMMERSET GROUP HOLDINGS LIMITED AUDIT COMMITTEE CHARTER**

### **1. Constitution**

- 1.1 The Audit Committee shall be a committee of the Board established by the Board.

### **2. Objectives**

- 2.1 The objectives of the Committee are to assist the Board of Directors in fulfilling its oversight responsibilities for the:
  - 2.1.1 integrity of the company's financial statements;
  - 2.1.2 company's compliance with legal and regulatory requirements as they relate to financial reporting;
  - 2.1.3 internal control environment;
  - 2.1.4 internal audit and external audit functions;
  - 2.1.5 independent external auditor's qualifications and independence;
  - 2.1.6 performance of the company's external auditors; and
  - 2.1.7 performance of the company's internal auditors.

### **3. Membership**

- 3.1 Membership of the Committee shall comprise members of the Board appointed by the Board.
- 3.2 The Chairman of the Committee shall be appointed by the Board from the independent non-executive members of the Committee and must not be the Chairman of the Board. Without limiting the requirement that the Chairman of the Committee shall be an independent, non-executive Director, the Chairman of the Committee must also not otherwise have a long-standing association with the company's external audit firm as a current, or retired, audit partner or senior manager at the firm. The Chairman of the Committee will generally be perceived to be independent for this purpose if there has been a period of at least 3 years between previously being employed by the external audit firm and serving as Chairman of the Committee.
- 3.3 The People and Culture Committee of the Board will recommend Committee members and the Committee Chairman to the Board for appointment.
- 3.4 The number of members of the Committee shall be not less than three. The Chairman of the Board may be a member of the Committee.
- 3.5 All members of the Committee must be non-executive.
- 3.6 A majority of the members of the Committee must be independent.
- 3.7 Each member of the Committee must be financially literate, and at least one member must have an accounting or financial background.

3.8 The term of each member will be determined by the Board through annual review.

#### 4. Secretarial and Meetings

4.1 The secretary of the Committee shall be appointed by the Board.

4.2 A quorum of members of the Committee shall be two members.

4.3 Reasonable notice of meetings and the business to be conducted shall be given to the members of the Committee and all other members of the board.

4.4 Meetings shall be held as often as the Committee determines necessary, but not less than four times per year.

4.5 Annually, or more regularly as decided by the Committee, the Committee shall meet in the absence of management at any time with the external auditor.

4.6 The external auditor shall have unrestricted access to the Committee and its Chairman.

4.7 The Committee will meet prior to completion of the interim and annual financial statements. Minutes of the discussions and agreed actions/recommendations are to form part of the Committee minutes to be communicated to the Board.

4.8 Meetings may be held in person or by telephone or video conference or in any other manner that the Committee agrees.

4.9 All directors are entitled to attend meetings of the Committee. On a standing invitation, meetings will be attended by:

4.9.1 the Chief Financial Officer and Chief Executive Officer;

4.9.2 a representative of the external auditor when deemed necessary by the Committee;

4.9.3 The inhouse Internal Audit Manager and a representative of the internal auditor when deemed necessary by the Committee;

4.9.4 other persons as deemed necessary for the business of the meeting.

#### 5. Responsibilities

The Committee will carry out the following responsibilities:

##### 5.1 Financial Reporting

5.1.1 Review the company's interim and full year financial statements and recommend to the Board for approval.

5.1.2 Oversee key aspects of the company's interim and full year financial result presentations and media releases.

5.1.3 Review significant accounting and reporting issues and understand their impact on the financial statements. These issues include:

- Complex or unusual transactions and highly judgmental areas;
- Major issues regarding accounting principles and financial statement presentations, including any significant changes in the company's selection or application of accounting principles;
- The effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the company.

- 5.1.4 Review analyses prepared by management and/or the independent external auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative methods on the financial statements.
- 5.1.5 Review with management and the external auditors the results of the audit, including any findings from the audit. This review will include any restrictions on the scope of the independent external auditor's activities or on access to requested information, and any significant disagreements with management.
- 5.1.6 Review any disclosures made by the Chief Executive Officer and the Chief Financial Officer about deficiencies in the design or operation of internal controls or any fraud that involves management or other employees who have a significant role in the company's internal controls.

## 5.2 Internal Control

- 5.2.1 Consider the effectiveness of the company's internal control system, including information technology security and control.
- 5.2.2 Understand the scope of external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.
- 5.2.3 Understand and have involvement in setting the scope for any internal audit programme run in-house or by a third party internal audit provider.

## 5.3 Internal Audit

- 5.3.1 Agree and approve the proposed annual internal audit plan to achieve internal audit objectives and any changes made during the year to that plan.
- 5.3.2 Agree the scope and review the internal auditors' proposed audit plan and approach for each review.
- 5.3.3 Review the performance of the internal audit function, by assessing the reports provided by the internal auditor (in-house or third party) against the requested scope i.e. has the internal auditor addressed the areas raised by the Committee.
- 5.3.4 A separate Internal Audit Charter exists for establishing the purpose, authority and responsibilities of Summerset's Internal Audit function.

## 5.4 External Audit

- 5.4.1 Review the external auditors' proposed audit scope and approach.
- 5.4.2 Review the external auditors' proposed scope and approach to checking the clerical accuracy of non-GAAP profit measures.
- 5.4.3 Approve the external audit terms of engagement and audit fee.
- 5.4.4 Monitor the independence and review the performance of the external auditors, and exercise final approval on the appointment or discharge of the auditors. In performing this review, the Committee will at least annually, obtain and review a report by the independent auditor describing:
  - the firm's internal quality-control procedures;
  - any material issues, if any, raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and
  - all relationships between the independent auditor and the company (to assess the auditor's independence).
- 5.4.5 Review and approve non-audit services performed by the external auditor in accordance with the External Audit Independence Policy.
- 5.4.6 Review the External Audit Independence Policy on a regular basis.
- 5.4.7 Take into account the opinions of management.

- 5.4.8 Review and evaluate the lead partner of the independent auditor.
  - 5.4.9 Ensure the rotation of the key audit partner every five years and other audit partners every seven years, and consider whether there should be regular rotation of the audit firm itself.
  - 5.4.10 Set clear hiring policies for employees or former employees of the independent auditors.
  - 5.4.11 On a regular basis, meet separately with the external auditors to discuss any matters that the Committee or auditors believe should be discussed privately.
  - 5.4.12 Determine annually whether a review or audit of the interim financial statements by the external auditors is required.
- 5.5 Compliance with Financial Accounting Matters
- 5.5.1 Review the effectiveness of systems for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.
  - 5.5.2 Establish procedures for:
    - The receipt, retention, and treatment of complaints received by the company regarding accounting, internal accounting controls, or auditing matters; and
    - The confidential, anonymous submission by employees of the company of concerns regarding questionable accounting or auditing matters.
  - 5.5.3 Review the findings of any examinations by regulatory agencies, and any auditor observations.
  - 5.5.4 Review the process for communicating the code of conduct to company personnel, and for monitoring compliance therewith.
  - 5.5.5 Obtain regular updates from management and company legal counsel regarding compliance matters.
- 5.6 Reporting Responsibilities
- 5.6.1 Regularly report to the Board about Committee activities and issues that arise with respect to the quality or integrity of the company's financial statements, the company's compliance with legal or regulatory requirements, the performance and independence of the company's independent auditors.
  - 5.6.2 Provide an open avenue of communication between the external auditors and the Board.
  - 5.6.3 Review any other reports the company issues that relate to committee responsibilities.
- 5.7 Other Responsibilities
- 5.7.1 Perform other activities related to this Charter as requested by the Board.
  - 5.7.2 Institute and oversee special investigations as needed.
  - 5.7.3 Review the Treasury Policy and recommend for confirmation by the Board.
  - 5.7.4 Review and assess the adequacy of the Committee Charter annually, requesting Board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
  - 5.7.5 Confirm annually that all responsibilities outlined in this Charter have been carried out.

## 6. Authorities

- 6.1 The Committee has authority to conduct or authorise investigations into any matters within its scope of responsibility. It is empowered to:
  - 6.1.1 Appoint, compensate, and oversee the work of the external audit firm employed by the organisation to conduct the annual audit.
  - 6.1.2 Resolve any disagreements between management and the auditor regarding financial reporting.
  - 6.1.3 Pre-approve all auditing and permitted non-audit services performed by the company's external audit firm.
  - 6.1.4 If applicable, appoint, compensate, and oversee the work of the internal audit firm employed by the organisation to conduct the internal audit programme.
  - 6.1.5 Retain independent counsel, accountants, or others to advise the Committee or assist in the conduct of any investigation.
  - 6.1.6 Seek any information it requires from employees, all of whom are directed to cooperate with the Committee's requests, or external parties.
  - 6.1.7 Meet with company officers, external auditors, or outside counsel, as necessary.
- 6.2 The Committee may delegate authority to subcommittees, including the authority to pre-approve all auditing and permitted non-audit services, providing that such decisions are presented to the full Committee at its next scheduled meeting.
- 6.3 On other matters requiring a decision, the Committee will make recommendations to the Board. The Committee does not have the power or authority to make a decision in the Board's name or on its behalf, except as specifically allowed for above.

## 7. Review of the Committee

- 7.1 The Committee will undertake an annual self-review of its objectives and responsibilities and the extent to which they have been achieved and/or discharged. Such objectives and responsibilities and their attainment will also be reviewed by the Board and any other person the Board considers appropriate.

## 8. Reporting Procedures

- 8.1 The proceedings of all meetings will be minuted. Minutes are to be tabled at the next Board meeting.
- 8.2 After each meeting the Chairman will report the Committee's recommendations and findings to the Board.
- 8.3 The minutes of all Committee meetings will be circulated to all members of the Board and extracts from the minutes will be made available to the Chief Financial Officer, and to such other persons as the Board directs.