

# AUDIT & RISK MANAGEMENT COMMITTEE CHARTER

PSC INSURANCE GROUP LIMITED ("Company")

## 1. Objectives

The Audit and Risk Management Committee (**Committee**) has been established by the board of directors (**Board**) of the Company. The objectives of the Committee are to:

- assist the Board in discharging its responsibilities relative to the financial reporting process, the system of internal control relating to all matters affecting the Company's financial performance and the audit process;
- assist the Board in monitoring compliance with laws and regulations and the Company's Code of Conduct;
- implement, review and supervise the Company's risk management framework; and
- review the adequacy of the Company's insurance policies.

## 2. Authority

The Committee has authority to conduct or authorise investigations into any matters within its scope of responsibility. It is authorised to:

- retain outside counsel, accountants or other experts, at the expense of the Company, and with the approval of the Board, to advise the Committee or assist in the conduct of any matter;
- seek any information it requires from employees (all of whom are directed to cooperate with the Committee's requests) or external parties; and
- meet with Company officers, employees, external auditor, internal auditor (if any) or outside counsel, as necessary and without management present.

The Committee will make recommendations to the Board on all matters requiring a decision from the Board. The Committee does not have the power or authority to make a decision in the Board's name or on its behalf.

## 3. Membership

Members of the Committee shall comprise members of the Board appointed by the Board.

The number of members of the Committee shall be a minimum of two directors, one of which is to be an independent director. All members of the Committee shall be financially literate and have a sufficient understanding of the industry in which the Company operates. At least one member shall have an adequate accounting or financial background (that is, should be a qualified accountant or other finance professional with experience of financial and accounting matters).

The Board will nominate the Chair of the Committee from time to time. The Committee Chair will be, where practicable, an independent director who is not Chair of the Board.

## 4. Committee Meetings

Meetings shall be held as required but not less than three times a year having regard to the

Company's reporting and audit cycle. Any member of the Committee may request a meeting at any time if they consider it necessary.

A quorum of the Committee will comprise two members, including the Committee Chair. However, all members of the Committee are expected to attend and participate in Committee meetings.

Non-Committee members may be invited by the Committee Chair to attend meetings of the Committee.

Meetings of the Committee may be held or participated in by conference call or similar means, and decisions may be made by circular or written resolution.

Each member of the Committee will have one vote.

The Committee Chair will not have a casting vote. If there is a tied vote, the motion will lapse.

Following each meeting, the Committee Chair will report to the Board on any matter that should be brought to the Board's attention and on any recommendation of the Committee that requires Board approval or action, and provide the Board with sufficient information upon which to make a decision in that regard.

Minutes of meetings of the Committee will be prepared for approval by the Committee and be circulated to the members of the Board.

The Company Secretary will provide such assistance as may be required by the Committee Chair including in relation to preparation of the agenda, minutes or papers for the Committee.

## **5. Responsibilities**

The responsibilities of the Committee are as follows:

### ***Financial statements***

These will include, however not be limited to:

- review the half-yearly and yearly financial statements
- receive and consider in connection with the Company's half-yearly and yearly financial statements letters of representation to the Board in respect of financial reporting and the adequacy and effectiveness of the Company's risk management, internal compliance and control systems and the process and evidence adopted to satisfy those conclusions;
- review the financial sections of the Company's Annual Report and related regulatory filings before release;
- review with management and the external auditors the results of the audit;
- receive from the Company Chief Executive Officer and/or Managing Director and Chief Financial Officer a declaration that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with accounting standards and give a true and fair view of the financial position and performance of the Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively before the Board approves the half-yearly and yearly financial statements;

### ***Internal control***



These will include, however not be limited to:

- monitoring of corporate risk assessment and the internal controls instituted in accordance with the Company's Risk Management Policy;
- review the effectiveness of the Company's internal controls regarding all matters affecting the Company's financial performance and financial reporting, including information technology security and control and assessing need for an internal audit function;

### **External audit**

These will include, however not be limited to:

- determine the selection, appointment and removal of the external auditor and for the rotation of external audit engagement partners;
- review the external auditors' proposed audit scope and approach;
- meet with the external auditor to review reports, and meet separately, at least once a year, to discuss in that regard any matters that the Committee or auditors believe should be discussed privately;
- review of the independence of the external auditors and the appropriateness of any services provided by them to the Company (if any), outside their statutory role;
- for the purpose of removing or appointing external auditors review their performance, including their proposed fees, and if appropriate conduct a tender of the audit. review any proposal for the external auditor to provide non-audit services and consider whether it might compromise the independence of the external auditor;

### **Compliance**

These will include, however not be limited to:

- review the effectiveness of the system for monitoring compliance with laws, licencing conditions and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance;
- review the findings of any examinations by regulatory agencies and authorities;

### **Risk management**

These will include, however not be limited to:

- consider the overall risk management framework and review its effectiveness in meeting sound corporate governance principles and keep the Board informed of all significant business risks;
- review with management the adequacy of the Company's systems for identifying, managing, and monitoring the key risks to the Company in accordance with the Company's Risk Management Policy;
- review any incident involving fraud or other break down of the Company's internal controls in accordance with the Company's Risk Management Policy;

- review any incident involving any break down of the Company's risk management framework in accordance with the Company's Risk Management Policy;
- review the Company's insurance program having regard to the Company's business and the insurable risks associated with its business and inform the Board regarding the same;
- review whether the Company has any material exposure to any economic, environmental and social sustainability risks and if so, develop strategies to manage such risks to present to the Board;

#### **Related party transactions**

These will include, however not be limited to:

- review and monitor related party transactions and investments involving the Company and its directors;

### **6. Reporting Procedures**

The Committee shall maintain direct lines of communication with the external auditors, the Chief Executive Officer, the Chief Financial Officer, the internal auditors (if appointed) and with management generally including those responsible for non-financial risk management.

The Chief Executive Officer and the Chief Financial Officer shall be responsible for drawing to the Committee's immediate attention any material matter that relates to the financial condition of the Company, any material breakdown in internal controls, and any material event of fraud or malpractice.

The Committee shall be provided with copies of all letters between the external auditors and management.

After each meeting, the Chair will report the Committee's recommendations and findings to the Board.

The Chair will present an annual report to the Board summarising the Committee's activities during the year and any related significant results and findings.

### **7. Revisions to this Charter**

The Committee is responsible for reviewing the effectiveness of this Charter and the operations of the Committee. The Committee may recommend to the Board any changes or improvements to this Charter. Any amendments to this Charter must be approved by the Board.