

## **Schedule 5    Audit Committee Charter**

### **1        ROLE, RESPONSIBILITIES AND COMPOSITION OF THE AUDIT COMMITTEE**

#### **1.1     Role and responsibilities**

1.1.1    The Audit Committee prepares the decision-making of the Board regarding the supervision of the integrity and quality of the Company's financial reporting and the effectiveness of the Company's internal risk management and control systems.

1.1.2    The Audit Committee focuses on monitoring the Board in matters including:

- (a)      relations with the internal and external auditors, and compliance with and follow-up on their recommendations and comments;

The internal audit function has sufficient resources to execute the internal audit plan and has access to information that is important for the performance of its work. The internal audit function has direct access to the Audit Committee and the external auditor. Records are kept of how the Audit Committee is informed by the internal audit function.

The internal audit function reports its audit results to the Board and the Audit Committee and informs the external auditor. The findings of the internal audit function includes the following:

- (i)      any flaws in the effectiveness of the internal risk management and control systems;
- (ii)     any findings and observations with a material impact on the risk profile of the Company and its affiliated enterprises; and
- (iii)    any failings in the follow-up of recommendations made by the internal audit function.

- (b)      the Company's funding;

- (c)      the Company's tax policy.

1.1.3    In addition, the Audit Committee carries out the following duties:

- (a)      recommending persons for appointment as senior internal auditor;
- (b)      annually forming a position on how the internal audit function fulfils its responsibility;

The Board discusses the effectiveness of the design and operation of the internal risk management and control systems referred to in Best Practice provisions 1.2.1 through 1.2.3 of the Code with the Audit Committee.

- (c) if the Company does not have an internal audit department, recommending annually to the Board whether adequate alternative measures have been taken. The Board includes the conclusions, along with any resulting recommendations and alternative measures, in the Board's report;
- (d) reporting annually to the Board on the functioning of, and the developments in, the relationship with the external auditor;

The Audit Committee advises the Board regarding the external auditor's nomination for appointment/reappointment or dismissal and prepares the selection of the external auditor. The Audit Committee gives due consideration to the Board's observations during this process. Based on this, among other things, the Board determines its nomination for the appointment of the external auditor to the general meeting.

- (e) submitting a proposal to the Board for the external auditor's engagement to audit the annual accounts;

The Board plays a facilitating role in this process. In formulating the terms of engagement, attention is paid to the scope of the audit, the materiality to be used and the remuneration for the audit. The Board takes the decision on the engagement.

If a new external auditor is to be engaged by the Company the Audit Committee motivates the proposal as referred to in this article. The proposal states at least two options for a possible external auditor to be engaged by the Company and explains the Audit Committee's preferred option. The proposal furthermore states that the decision-making of the Audit Committee in this regard is not influenced by any third party or by any agreement.

- (f) annually discussing the draft audit plan with the external auditor, including:
  - (i) the scope and materiality of the audit plan and the principal risks of the annual reporting identified by the external auditor in the audit plan; and
  - (ii) based also on the documents used to develop the audit plan, the findings and outcome of the audit work carried out on the annual accounts and the management letter;
- (g) determining whether and, if so, how the external auditor is involved in the content and publication of financial reports other than the annual accounts; and

- (h) meeting with the external auditor as often as it considers necessary, but at least once a year, without Executive Directors being present.

1.1.4 The Audit Committee also carries out the following duties:

- (a) monitoring the financial reporting process and drawing up proposals to safeguard the integrity of this process;
- (b) monitoring the effectiveness of the internal control systems, the internal audit function and risk management systems with regard to the Company's financial reporting;
- (c) monitoring the statutory audit of the annual accounts and the consolidated annual accounts;
- (d) assessing and monitoring the independence of the external auditor or the audit firm, as applicable, specifically taking into account the extension of ancillary services to the Company; and
- (e) determining the selection process for the external auditor or the audit firm, as applicable of the Company and the nomination to extend the assignment to carry out the statutory audit.

## **1.2 Composition**

1.2.1 The Board determines the size of the Audit Committee, provided that the Audit Committee consists of at least three members.

1.2.2 More than half of the members of the Audit Committee must be independent pursuant to Best Practice provision 2.1.8 of the Code.

1.2.3 The Senior Non-Executive Director or a former Executive Director cannot serve as chairman of the Audit Committee. The chairman of the Audit Committee must be independent pursuant to Best Practice provision 2.1.8 of the Code.

1.2.4 At least one member of the Audit Committee must have specific expertise in financial reporting and in the reviewing of financial reports.

## **2 MEETINGS AND DECISION-MAKING**

2.1.1 Clause 5 of these Board rules applies equally to the meetings and decision-making of the Audit Committee, provided that:

- (a) meetings of the Audit Committee are attended by the Chief Financial Officer, the internal auditor and the external auditor, unless the Audit Committee determines otherwise; and
- (b) the Audit Committee may decide that, and if so when, the Chief Executive Officer attends its meetings.

### **3 REPORT TO THE BOARD**

- 3.1.1 The Audit Committee reports on its deliberations and findings to the Board. This report includes information on how the duties of the Audit Committee were carried out in the financial year, and also reports on the composition of the Audit Committee, the number of meetings of the Audit Committee and the main items discussed at those meetings.
- 3.1.2 The Audit Committee reports to the Board on its deliberations and findings. This report includes the following information:
- (a) the methods used to assess the effectiveness of the design and operation of the internal risk management and control systems referred to in Best Practice provisions 1.2.1 through 1.2.3 of the Code;
  - (b) the methods used to assess the effectiveness of the internal and external audit processes;
  - (c) material considerations regarding financial reporting; and
  - (d) the way material risks and uncertainties referred to in Best Practice provision 1.4.2 and 1.4.3 of the Code have been analysed and discussed, along with a description of the most important findings of the Audit Committee.
- 3.1.3 In particular, the Audit Committee reports on the results of the annual statutory audit to the Board. This report includes information on how the audit has contributed to the integrity of the financial reporting, and also addresses the role of the Audit Committee in the audit.