



**NATIONAL PROPERTY FUND LTD
AUDIT AND RISK COMMITTEE CHARTER**



1. Preamble

1.1 The Audit and Risk Committee (hereinafter referred to as 'the Committee') has been set up, in accordance with the National Code of Corporate Governance, to assist the Board of Directors in fulfilling its fiduciary responsibilities related to corporate accounting, financial reporting practices, quality and integrity of Corporate Reporting, in terms of financial reports, compliance, internal controls, risk management and business ethics.

2. Membership

- 2.1 The Committee shall comprise of at least three (3) members appointed by the Board, the majority of whom shall be independent non-executive directors.
- 2.2 The Board shall appoint a Chairperson who should, as far as possible, be an independent non-executive director. In the absence of the Committee Chairperson, the remaining members present shall elect one of themselves to chair the meeting.
- 2.3 The Chairperson of the Board, the Chief Executive Officer, the Chief Finance Officer as well as any Executive Director shall not be eligible for appointment as Chairperson or member of the Committee.
- 2.4 The Board shall satisfy itself that the Chairperson of the Committee and at least one member of the Committee has relevant financial experience with a professional qualification.
- 2.5 The Board shall have the power to review the composition of the Committee at any time and to fill any casual vacancy.
- 2.6 Only members of the Committee have the right to attend Committee meetings. However, the Committee may invite other persons to attend all or part of any meeting, as deemed necessary and appropriate.

3. Secretary

3.1 The Company Secretary shall act as the Secretary of the Committee.

4. Quorum

4.1 The quorum necessary for the conduct of business shall be **two (2)** members. one of whom shall be an Independent Director.

5. Frequency of meetings

5.1 The Committee shall meet as often as necessary, but not less than four times a year.

6. Attendance of meetings

6.1 Senior officers of the Company shall attend meetings of this Committee whenever their services will be requested by the Committee. Representatives of External Auditors may also be invited to attend a meeting whenever required.

7. Notice of meetings

- 7.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chairperson or any of its members. The Chairperson of the Committee may convene a meeting at the request of the External Auditor, if deemed necessary.
- 7.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed and supporting papers, shall be sent to Committee members and any other attendees prior to the date of the meeting.

8. Minutes of meetings

8.1 The Secretary shall record minutes the proceedings of all Committee meetings, including the names of those present and in attendance.



8.2 The Committee's minutes shall be circulated to the members of the Committee and to the Chairperson of the Board and may also, if the Chairperson of the Committee so decides, be circulated to the other members of the Board.

9. Written Resolutions

9.1 Decisions may also be taken by way of written resolutions either signed by all members of the Committee or approved through electronic means such as facsimile, electronic mail or other similar means of communication.

10. Annual Meeting

10.1 The Chairperson of the Committee shall attend the Annual Meeting of the Company to respond to questions put by shareholders on its activities.

11. Terms of Reference

The Committee shall fulfill the following duties and responsibilities under this Charter:

Financial Statements

- (a) examine and review the quality and integrity of the financial statements of the Company and any other formal announcement relating its financial performance;
- (b) review and report to the Board on significant financial reporting issues and judgements which these financial statements contain, having regard to matters communicated to the Committee by the auditor;
- (c) review and assess where necessary:
 - (i) the consistency of, and any changes to, significant accounting policies;
 - (ii) compliance with International Financial Reporting standards and legal requirements;
 - (iii) the methodology used to account for significant or unusual transactions where different approaches are possible;
 - (iv) whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements taking into account the views of the External Auditor;
 - (v) the clarity and completeness of disclosures in the financial reports and the context within which statements are made;
 - (vi) all material information presented with the financial statements, such as the business review and the corporate governance statements relating to the audit and to risk management; and
 - (vii) the basis on which the Company has been determined a going concern.
- (d) review the content of the annual report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders and other stakeholders to assess NPFL's performance, business model and strategy.
- (e) where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its observations to the Board.

External Audit

- (a) consider and make recommendation to the Board and the Shareholders approval at the Annual Meeting, on the appointment, re-appointment and removal of the External Auditor;
- (b) oversee the relationship with the External Auditor including (but not limited to):
 - (i) recommendations on their remuneration, including fees for both audit and non-audit services; and



- (ii) approval of their terms and engagement, including any engagement letter issued at the start of each audit and the scope of the audit.
- (c) meet with the external auditor as and when required and at least once a year without management being present to discuss the auditor's remit and any issues arising from the audit;
- (d) review and approve the annual audit plan;
- (e) review the findings of the audit with the External Auditor;
- (f) review any representation letter(s) and other documents requested by the External auditor; and
- (g) review the management letter and management's response to the Auditor's findings and recommendations.

Internal Audit (if any)

- (a) recommend the appointment and termination of contract or employment any Internal Auditor;
- (b) ensure that the Internal Auditor has direct access to the Chairperson of the Board and to the Chairperson of the Committee and is accountable to the Committee;
- (c) review and assess the annual internal audit work plan;
- (d) receive report on the results of the internal auditor's work on a periodic basis.
- (e) review and monitor management's responsiveness to the Internal Auditor's findings and recommendations (if any); and
- (f) monitor the effectiveness of the Company's internal audit function in the context of its overall risk management system.

Internal Controls and Risk Management Systems

- (a) monitor the adequacy and effectiveness of NPFL's systems of internal control, including internal financial control and business risk management and maintain effective internal control systems;
- (b) review the risk philosophy, strategy, and recommended policies;
- (c) ensure compliance with such policies and overall risk profile;
- (d) ensure appropriate methodologies and systems are in place to identify and adequately assess and manage operational risks; and
- (e) ensure that a business risk assessment and enterprise risk assessment are carried out, as and when required.

Compliance, Whistleblowing and Fraud

- (a) review the adequacy and security of arrangements made for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action where necessary;
- (b) review the procedures for detecting fraud;
- (c) review the systems and controls for the prevention of bribery and receive reports on non-compliance;
- (d) review regular reports from the Internal Auditor and keep under review the adequacy and effectiveness of NPFL's compliance function; and
- (e) review significant transactions not directly related to the Company's normal business as the Committee might deem appropriate.



12. Reporting responsibilities

- 12.1. The Committee Chairperson shall report to the Board on its proceedings.
- 12.2 The Committee shall make such recommendations to the Board as it may deem appropriate on any area within its Terms of Reference.

13. Remuneration

- 13.1. Members shall be paid such fees, in respect to their appointment on the Committee, as shall be recommended by the Board and ratified or approved by Shareholders. Such fees shall be in addition to any other remuneration payable to Directors in general.

14. Business Conduct

- 14.1 monitor the implementation of the Company's Code of ethics;
- 14.2 review any statements on business conduct and ethical standards or requirements for the organisation and assisting in developing such standards and requirements;
- 14.3 ensure compliance with the requirements of the articles of association; laws and regulations of any other applicable statute and of controlling bodies;
- 14.4 identify any violations of ethical conduct; and
- 14.5 make recommendations on any potential conflict of interest or questionable situations of a material nature.

15. Other matters

The Committee shall:

- 15.1 have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required;
- 15.2 work in consultation with all other Board Committees;
- 15.3 request, at its own discretion, other employees of the Company to attend any meeting or part of a meeting; and
- 15.4 arrange for periodic reviews of its own performance and, when required, review its Charter to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

16. Authority

- 16.1 The Committee shall be authorized by the Board to:
 - (a) to conduct any investigations appropriate to fulfilling its duties;
 - (b) seek any information it may require from any employee of the Company in order to perform its duties; and
 - (c) obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference.