



## AUDIT COMMITTEE CHARTER

I. Composition of the Audit Committee (the “Committee”): The Committee shall be comprised of at least three directors appointed by the Board of Directors (the “Board”).

II. Purposes and Function of the Committee:

A. The purposes of the Committee are: To assist the Board in its oversight of (1) the integrity of the Company’s financial statements and the Company’s accounting and financial reporting processes, internal controls and financial statement audits, (2) the Company’s compliance with legal and regulatory requirements, (3) the qualifications and independence of the Company’s independent auditor, and (4) the performance of the Company’s internal audit department and the independent auditor.

B. The function of the Committee is oversight. The management of the Company is responsible for the preparation, presentation and integrity of the Company’s financial statements. Management and the internal audit department are responsible for maintaining appropriate accounting and financial reporting principles, policies, internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The independent auditor is responsible for planning and carrying out audits, reviews and other procedures.

In fulfilling their responsibilities hereunder, it is recognized that members of the Committee are not full-time employees of the Company and all such members are not, and do not represent themselves to be, accountants or auditors by profession or experts in the fields of accounting or auditing. Each member of the Committee shall be entitled to rely on (i) the integrity of those persons and organizations within and outside the Company from which it receives information and (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations absent actual knowledge to the contrary (which shall be promptly reported to the Board).

III. Meetings of the Committee: The Committee should periodically meet separately in conjunction with regularly scheduled in-person meetings with management, the head of the internal audit department, the Chief Compliance Officer and the independent auditor to discuss any matters that the Committee or any of these persons or firms believe should be discussed privately. The Committee may request any officer or employee of the Company, or any advisor or professional engaged by the Company or the Committee, including the Company’s outside counsel or independent auditor, to attend any of its meetings or to meet with any members of, or consultants to, the Committee. Further,



each regularly scheduled meeting will conclude with an executive session of the committee absent members of management.

The members of the Committee shall be appointed by the Board and shall serve for such terms as the Board may determine, or until their earlier resignation, death or removal by the Board. The Board shall designate one member of the Committee to serve as its chairperson. Notice of all meetings shall be given. The chairperson will preside, when present, at all meetings of the Committee. The Committee may also meet by telephone or video conference and may take action by written consent. Each member of the Committee shall have one vote. One-third of the members, but not less than two, shall constitute a quorum. The Committee shall be authorized to take any permitted action only by the affirmative vote of a majority of the Committee members present at any meeting at which a quorum is present, or by the unanimous written consent of all of the Committee members. The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate.

IV. Duties and Powers of the Committee: To carry out its purposes, the Committee shall have the following duties and powers:

- A. With respect to the independent auditor, noting that conclusions of the below mentioned powers would be presented to the full Board:
- i. To be directly responsible for the oversight of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting);
  - ii. To oversee partner and other assignments and to consider whether, in order to assure continuing auditor independence, there should be a regular rotation of the audit firm itself;
  - iii. To review the engagement of the independent auditor to provide any audit or non-audit services consistent with the limitations on such services prescribed by law and pursuant to the Company's Audit and Non-Audit Services Pre-Approval Policy;
  - iv. To review the fees charged by the independent auditor for audit and non-audit services;
  - v. To obtain and review, at least annually, a report from the independent auditor describing: the independent auditor's internal quality-control procedures; any



material issues raised by the most recent internal quality-control review, or peer review, of the independent auditor, or by any review inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the independent auditor, and any steps taken to deal with any such issues;

- vi. To obtain and review information supporting the competence of the audit engagement team to conduct the audit engagement in accordance with relevant professional standards;
- vii. To require that the independent auditor prepare and deliver annually a Statement of Independence (it being understood that the independent auditor is responsible for the accuracy and completeness of this Statement), to discuss with the independent auditor any relationships or services disclosed in this Statement that may impact the objectivity and independence of the Company's independent auditor and to take appropriate action in response to this Statement to satisfy itself of the independent auditor's independence, and to consider whether the independent auditor's provision of permissible non-audit services is compatible with the auditor's independence;
- viii. To inform the independent auditor that the independent auditor is accountable to the Committee and shall report directly to the Committee; and
- ix. To review and evaluate the lead partner of the independent auditor.

**B. With respect to the internal audit department:**

- i. To review the annual internal audit plan and changes thereto and the responsibilities, budget and staffing of the internal audit department, including the appointment and replacement of the head of the internal audit department;
- ii. To advise the head of the internal audit department that he or she is expected to provide to the Committee summaries of audit reports and, as appropriate, the entire audit report to management prepared by the internal audit department and management's response thereto;
- iii. To determine, in conjunction with the Chief Financial Officer, the policies for hiring within the Company's internal audit and finance departments any former employee of the Company's independent audit firm, including adherence to any cooling off period;



- iv. Review the activities and organizational structure of the internal audit function, as well as the qualifications of its personnel;
  - v. Annually, review and recommend changes (if any) to the internal audit charter; and
  - vi. Periodically review, with the internal audit director, any significant difficulties, disagreements with management, or scope restrictions encountered in the course of the function's work.
- C. With respect to financial reporting principles and policies and internal audit controls and procedures:
- i. To advise management, the internal audit department and the independent auditor that they are expected to provide to the Committee a timely analysis of significant financial reporting issues and practices;
  - ii. To consider any reports or communications (and management's and/or the internal audit department's responses thereto) submitted to the Committee by the independent auditor, including reports and communications related to:
    - a. deficiencies noted in the audit in the design or operation of internal controls;
    - b. consideration of fraud in a financial statement audit;
    - c. detection of illegal acts;
    - d. the independent auditor's responsibility under generally accepted auditing standards;
    - e. significant accounting policies;
    - f. management judgments and accounting estimates;
    - g. adjustments arising from the audit;
    - h. other material written communications between the independent auditor and management;



- i. the responsibility of the independent auditor for other information in documents containing audited financial statements;
  - j. disagreements with management;
  - k. consultation by management with other accountants;
  - l. major issues discussed with management prior to retention of the independent auditor;
  - m. difficulties encountered in performing the audit, including any restrictions on the scope of the auditor's activities or on access to requested information, any accounting adjustments that were noted or proposed by the auditor but were "passed" (as immaterial or otherwise), any significant communications between the audit team and the audit firm's national office respecting auditing or accounting issues presented by the engagement, and any "management" or "internal control" letter issued, or proposed to be issued, by the auditors to the Company;
  - n. the independent auditor's judgments about the quality of the entity's accounting principles; and
  - o. reviews of interim audit procedures conducted by the independent auditor.
- iii. To meet with management, the head of the internal audit department and/or the independent auditors:
- a. to review the scope of the annual audit;
  - b. to review the audited financial statements;
  - c. to review the adequacy of disclosures about changes in internal control over financial reporting;
  - d. to review any significant matters arising from any audit or report or communication, whether raised by management, the internal audit



- department or the independent auditor, relating to the Company's financial statements;
- e. to review the form of opinion the independent auditor proposes to render on the audited consolidated financial statements;
  - f. to review major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of significant control deficiencies or material weaknesses;
  - g. to review analyses prepared by management and/or the independent 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 GAAP methods on the financial statements;
  - h. to review such other matters with the independent auditor as are required by relevant professional standards and applicable rules and regulations;
  - i. to review the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, if any, on the financial statements of the Company; and
  - j. to review compliance and risk management practices with respect to taxes, including the identification and reporting of uncertain tax positions and risks related to significant changes in tax regulations.
- iv. To review with the Company's General Counsel any significant legal, compliance and regulatory matters that may have a material effect on the financial statements, including material notices to or inquiries received from governmental agencies;
  - v. To review, at least annually, management's risk management policies with respect to risk assessment and management's action plans to mitigate such risks, including the major financial risk exposures; and



- vi. To review, with management, the company's finance function, including its organization and quality of personnel.

D. With respect to reporting and recommendations:

- i. To meet with management and, in the case of the annual audited financial statements, the independent auditor, to review the Company's annual audited and quarterly financial statements, as well as to review the Company's specific disclosures to be made in "Management's Discussion and Analysis" and to determine whether the annual audited financial statements should be included in any of the Company's financial reporting to investors;
- ii. To review the contents of press releases, if any, or other similar disclosures to the Company's debt investors, prospective investors, clients and vendors, reflecting financial information;
- iii. To review disclosures made by the principal executive officer and the principal financial officer of: (a) material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize, and report financial data; and (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal controls;
- iv. To review, with the independent auditor, all related-party transactions and the identification of, accounting for and disclosure of such relationships; and
- v. To establish procedures for: (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the Company, as set forth by the Whistleblower Policy, of concerns regarding questionable accounting or auditing matters and allegations of violations of the Foreign Corrupt Practices Act.

E. With respect to the Committee:

- i. To review this Charter at least annually and recommend any changes to the Board;



- ii. To maintain minutes and records of, and report its activities to the Board on a regular basis and to make such recommendations with respect to the above and other matters as the Committee may deem necessary or appropriate; and
    - iii. To review annually the performance of the Committee.
  - F. With respect to the Board, to review with them any issues that arise with respect to (i) the quality or integrity of the Company's financial statements, (ii) the performance and independence of the Company's independent auditors or (iii) the performance of the Company's internal audit function.
- V. Resources and Authority of the Committee: The Committee shall have the resources (at the Company's expense) and authority appropriate to discharge its responsibilities, including the authority to engage independent auditors for special audits, reviews and other procedures and to retain special counsel and other experts or consultants; the Committee shall also be provided funding for ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
- VI. General: In performing their responsibilities, members of the Committee are entitled to rely in good faith on information, opinions, reports or other materials prepared or presented by:
  - A. One or more members of management or other employees of the Company who the Committee members believe to be reliable and competent as to the matters involved;
  - B. Legal counsel, independent auditors or other third parties as to matters which, in the reasonable opinion of the Committee members, are within the professional or expert competence of such third party; and
  - C. Another committee of the Board as to matters within the purview of such committee which, in the reasonable opinion of the Committee members, merit confidence.