

## **Audit Committee Charter – BPPL Holdings PLC-Group**

### **1. Purpose**

To assist the Board of Directors (“Board”) of BPPL Holdings Company PLC (“the Company” or “BPPL”) in fulfilling its oversight responsibilities for;

- preparation, presentation and adequacy of disclosures in the financial statements, in accordance with the Sri Lanka’s Accounting Standards;
- compliance with financial reporting requirements, Companies Act and other applicable regulations;
- ensure that the Company’s internal controls and risk management procedures are adequate;
- assessing the Company’s ability to continue as a going concern in the foreseeable future;
- performance of the Company’s internal audit function;
- process to identification, monitoring and management of significant business / financial risks and
- Independence and performance of the Company’s external audit.

### **2. Authority**

The Audit Committee in carrying out its duties is empowered to recommend to the Board to commission investigations into any matters within its scope of responsibility. It is empowered to:

- Seek any information it requires from the Management and staff (all of whom are directed to cooperate with the Committee's requests) or external parties.

The Committee shall also have authority, with notice to the Chairman of the Board, to engage outside legal, accounting and other advisors as it deems necessary or appropriate.

The Committee shall be given the resources and assistance necessary to discharge its responsibilities, including appropriate funding, as determined by the Committee, unrestricted access to Company personnel and documents and the Company’s independent auditors.

### **3. Composition**

The Audit Committee will be appointed by the Board of Directors by passing a board resolution and will consist of non-executive directors a majority of whom shall be independent. One Independent Non-Executive Director shall be appointed chairman of the Committee by the Board of Directors.

Unless otherwise determined by the audit committee, the Chief Executive Officer and the Chief Financial Officer of the Company shall attend audit committee meetings.

The Chairman or one member of the Committee should be a member of a recognized professional accounting body.

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### **4. Secretary**

The company secretary, shall act as the secretary of the Committee.

### **5. Meetings**

The Committee will meet at least on a quarterly basis prior to the Board meetings in the month, with sufficient time to report on the results to the Board. The Committee or the Board of Directors has the authority to call upon with additional meetings, as the circumstances require.

The Committee will invite representatives from the Management, internal & external auditors, actuaries, or others to attend meetings and provide pertinent information, as necessary. It will also hold private meetings where necessary.

Meeting agendas will be prepared and provided in sufficiently advance time to members, along with appropriate briefing materials. Minutes of meetings will be prepared by the Secretary to the Committee and signed by the Chairman with the consent of other members before circulating to the Board.

### **6. Quorum**

The quorum necessary for the transaction of business shall be constituted by a majority of the members of the Committee.

### **7. Annual General Meeting**

The chairman of the Committee shall attend the Annual General Meetings of the Company and be prepared to respond to any questions from shareholders on the Committee's activities.

### **8. Responsibilities**

The Committee will carry out the following responsibilities.

#### **8.1 Financial Reporting**

- Reviews with the consultation of external auditors and the Management where necessary, significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and other applicable accounting and financial reporting requirements.
- Reviews with the Management and external auditors the results of the audit, including any difficulties encountered.

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- Reviews the external auditor’s report on the financial statement and any supplementary report (e.g. Management Letter) outlining the findings, observations, and recommendations with the responses of the Management, and the status of any action plans.
- Reviews the Annual and Interim Financial Statements with the Management, and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting and disclosure policies, in particular the Sri Lanka Accounting Standards (SLFRS/LKAS) and other accounting and financial reporting guidelines. Consult external auditors or any other party where necessary.
- Recommends the adoption of the Annual and Interim Financial Statements to the Board.

Meet periodically with the Company’s independent auditors (in private, as appropriate) to review their reasoning in accepting or questioning significant decisions made by management in preparing the financial reports;

- To review any audit problems or difficulties and any supplementary report (e.g. Management Letter) outlining the findings, observations, and recommendations with the responses of the Management, and the status of any action plans;
- To review any outstanding disagreements with management that would cause them to issue a non-standard report on the Company’s financial statements;
- To examine the appropriateness of the Company’s accounting principles (including the quality, not just the acceptability, of accounting principles) and the clarity of disclosure practices used or proposed;
- To determine if any restrictions have been placed by management on the scope of their audit; and discuss any other matters the Committee deems appropriate

### **8.2 Risk Management and Internal Control**

- Exercises oversight over the processes to ensure that the Company’s internal controls are adequate, to meet the requirements of the Sri Lanka Auditing Standards.
- Understands the scope of internal and external auditors' review of risk management and internal control systems, and obtain reports on significant findings and recommendations, if any, together with the responses of the Management.
- Based on the work performed, report to the shareholders on an annual basis the effectiveness of the internal control and risk management practices of the Company over financial reporting.

### **8.3 Internal Audit**

- Reviews with the Management and the internal auditor the plans, activities, scope, reporting requirements, etc., of the internal audit function and approve the same.
- Reviews findings and recommendations by the internal auditors together with the Management responses.

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- Reviews the performance of Internal Auditors and make recommendations to the Board of Directors on their appointment, reappointment, or rotation if necessary. Also, the Committee shall recommend to the Board the terms of engagement and remuneration of the Internal Auditors when the service is outsourced.

### **8.4 External Audit**

- Reviews the external auditor’s proposed audit scope and plan, including coordination of audit effort with internal audit, and its audit quality control/assurance processes.
- Reviews the performance of external auditors and make recommendations to the Board of Directors on their appointment, reappointment, or rotation if necessary.
- Recommend to the Board, the terms of engagement and remuneration of the external auditors.
- Where the external auditors are to be rotated/changed, recommend to the Board the tendering process, including the process for evaluating the proposals, and recommend to the Board the selection decision.
- Reviews and confirm the independence of the external auditors by obtaining written statements from the auditors on relationships between the auditors (individuals, the audit firm or its network of firms) and the Company, including non-audit services, discussing the relationships and the firm’s own internal procedures (including internal rotation policies) for maintaining the independence of its staff.
- Sets the principles relating to provision of non-audit services by the external auditor, if any.
- As part of the routine meeting agenda, meet separately with the external auditors to discuss any matters that the Committee or auditors believe should be discussed privately.

### **8.5 Compliance and Litigation**

- Reviews the effectiveness of the Company’s system for monitoring compliance with any applicable laws and regulations and the results of the Management's investigation and follow-up of any instances of non-compliance.
- Reviews the findings of any examinations by regulatory agencies and any auditor observations on compliance.
- Obtains regular updates from the Management regarding compliance matters, including results of investigations of identified or alleged non-compliance if any.

### **8.6 Reporting Responsibilities**

- Reports to the Board of Directors annually, about Committee activities, issues, and related recommendations, confirming that all responsibilities outlined in this charter have been carried out.
- Reviews any other reports the Group release that relates to the Committee’s responsibilities.
- Tables the minutes of the meetings of the Committee in Board Meetings.

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### 8.7 Other Responsibilities

- Commissions and oversees special investigations relating to risk management, internal control, and compliance as needed.
- Reviews and assess the adequacy of the Committee charter annually, requesting Board approval for proposed changes, and ensure appropriate disclosures about the Committee's membership.

### 9. Document Change History

Version Number	Date	Conducted by	Approved by	Description on Changes
01	1 <sup>st</sup> December 2022	Audit Committee	Board of Directors	Revision of the Audit Committee Charter