



AUDIT COMMITTEE CHARTER

Title MIL Audit Committee Charter	Prepared by: Adrian Dunkley VP, Compliance and Risk	Version Date April 8, 2019.
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DEFINITIONS

I. DEFINITIONS

In this Charter, unless the context otherwise specifies or requires:

- 1) “Board” means the Board of Directors of the Company;
- 2) “Committee” means Audit Committee of the Company hereinafter referred to;
- 3) “Company” means Mayberry Investments Limited;
- 4) “Supervisor” means the Supervisor of Banks, Financial Holding Companies and Specified Financial Institutions appointed under section 34B of the Bank of Jamaica Act;
- 5) “Independent Director” means a director who is not –
 - a) An employee of the Company or its holding company;
 - b) A person holding 20 per centum or more of the shares of the Company or a connected person in relation to the Company; or
 - c) A party to a significant relationship that, in the opinion of the Board, is inconsistent with that Director being considered as independent of the licensee

COMMITTEE PROPOSAL

II. COMMITTEE PROTOCOL

a. Establishment of Committee

The Committee of the directors is hereby established as a committee of the Board. The existence of the Committee will not preclude management from discussing any related business with the Board.

b. Composition of Committee

The Committee shall be comprised of not less than three directors, the majority of whom shall be independent directors within the meaning of “independence” as defined above.

c. Appointment of Committee Members

Members of the Committee shall be appointed by the Board on the recommendation of the Corporate Governance and Ethics Committee and shall, in the normal course, serve a minimum of three years provided they are eligible board directors. Each member shall meet skill and experience requirements of applicable industry, banking and securities regulation and such additional requirements as may be determined from time to time by the Board on the recommendation of the Corporate Governance and Ethics Committee, however:

- i. At least one member of each committee shall have risk management or accounting expertise;
- ii. Each member shall have financial management expertise or be financially literate, having a working familiarity with basic finance and risk management practices, or must become financially literate within a reasonable period of time after appointment to the Committee;
- iii. Meet skill and experience requirements of applicable industry and securities regulation;
- iv. Meet such additional requirements as may be determined from time to time by the Board.

The Board may fill a vacancy that occurs on the Committee at any time.

d. Chairman and Secretary

The Board will designate one member of the Committee as the Committee Chair. In the absence of the Chairman the Members present shall choose one of their numbers to act as Chair for the meeting. The Committee shall appoint a Secretary who need not be a Director.

e. Meetings

The Committee shall meet quarterly or more frequently as circumstances dictate. The time and place of meetings of the Committee and the procedure at such meetings shall be determined from time to time by the members thereof, provided that:

- i. A quorum for meetings shall be a majority of the members;
- ii. A member may participate in a meeting of the Committee by means of any electronic communication facilities as permit all persons participating in the meeting to hear each other and a member participating in such a meeting by such means is deemed to be present at the meeting;
- iii. Notice of the time and place of every meeting shall be given in writing or by telephone, facsimile, email or other electronic communication to each member of the Committee, at least 72 hours prior to the time fixed for such meeting.
Provisions shall be made for the exceptional emergency meeting, with 24 hours' notice prior to the time fixed for such emergency meeting;
- iv. The affirmative vote of a majority of the members of the Committee participating in any meeting of the committee is necessary for the adoption of any resolution.

The Committee may request any officer or employee of the Company or independent Advisors to attend a meeting of the Committee or to meet with any member of, or Advisors to the Committee.

The Committee is expected to provide an open avenue of communication with members of management relevant to its operation. The Committee may have separate private meetings with the Vice President Compliance and Risk and/or Management to discuss any matters that the Committee or the persons wish to discuss.

f. Reporting to the Board

After every meeting the Committee's Chairperson shall report to the Board on matters reviewed and ratified by them. The Committee shall also submit a report annually to the Board on the work of the committee during the year in carrying out its responsibilities.

g. Review of Mandate

The Committee shall annually:

- i. Review and assess the adequacy of its mandate and, where necessary, recommend changes to the mandate to the Board for approval;
- ii. Be guided by feedback from the Board and its Chairman.

h. Role of Management

Management is responsible for:

- (a) Identifying, assessing and managing the key risks impacting the Company;
- (b) Implement effective internal controls within their area of responsibility;
- (c) Applying effective risk management practices and instilling a risk management culture within the Company;
- (d) Ensuring compliance with regulatory requirements under the respective laws and regulations governing the Company;
- (e) Ensuring persons considered for appointment to Management functions possess the requisite knowledge, skills and experience to fulfil their mandates and that they also meet the standards set by the regulators for persons in such positions.

i. Role of Compliance and Risk

The Compliance and Risk Department is a functional role within the Company supporting Management in independently identifying, assessing, monitoring and reporting on risks across the company to ensure its viability.

Risk Management:

- (a) Oversees and manage the enterprise risk management and compliance programme within the Company, including policies and practices designed to ensure the organization's compliance with all applicable legal and regulatory requirements.
- (b) Compliments management's risk management efforts with an enterprise-wide perspective and in so doing identify, monitor and report on any additional risks within the Company by leading enterprise risk management efforts;
- (c) Reviews the effectiveness of controls associated with Company risks, and conducts periodic assessments of the stated controls to determine effectiveness, in conjunction with the Internal Audit function;
- (d) Overseeing the internal audit program, including approval of the annual internal audit plan and review of the independence and authority of its reporting;
- (e) Reviewing and evaluating findings and recommendations from completed audits, including management response and action plans;
- (f) Review and discuss with management and the internal auditors the Company's material contingencies and policies with respect to risk assessment and risk management; and
- (g) Reporting to the board at least annually on the internal audit program

PURPOSE OF THE COMMITTEE & SCOPE OF RESPONSIBILITIES

III. PURPOSE OF THE COMMITTEE & SCOPE OF RESPONSIBILITIES

The purpose of the Committee is to serve as an independent and objective party to monitor the effectiveness of the Company's risk management and internal control system and compliance with applicable laws and regulations. The Audit Committee responsibilities also oversees Management's effectiveness in fostering a strong integrated risk management culture within the Company, to direct and oversee the management of risk ensuring that the company has in place policies and processes to identify and manage the significant risks to which the company is exposed, including compliance with applicable laws and regulations. The Committee must ensure that the origination and management of risks, whether at the transaction, portfolio, or enterprise level, is consistent with the stated Risk Management philosophy, Company specific risk policies and processes, legal and regulatory guidelines, and within Management authorities. The Committee is also responsible for considering in advance, transactions outside of management's delegated authorities, providing oversight of risk exposure within the Company, including but not limited to liquidity constraints, currency & interest rate risk exposures, operational and business risks within the Company. The Committee must understand the significant risks to which the Company is exposed and the policies, procedures and controls used by management to assess and manage these risks. The Committee reviews actions taken by Management to maintain a consistently sound risk profile for the Company, considering the impact on the Company.

The Committee shall:

- i. Oversee management's monitoring of internal controls, compliance with the risk management policies, and adequacy of the risk management framework to risks faced by the Company;
- ii. Review and approve the Company's risk appetite and tolerance statement;
- iii. Review and approve policies and procedures recommended by management, ensuring that policies, standards and procedures are in accordance with regulatory requirements;
- iv. Review on an annual basis the effectiveness of the Company's structure and processes for originating and managing risk;
- v. Review with management and the external auditors, the annual and quarterly financial statements, related policies and assumptions;
- vi. Ensure that the financial statements comply with accounting standards, reflect the understanding of the Committee members of, and otherwise provide a true and fair view of, the financial position and performance of the Company and are not misleading;
- vii. Periodically review with management the effectiveness of the Company's internal controls and risk management systems;

- viii. Obtain on a regular basis reasonable assurance that the Company's risk management policies for significant risks are being managed and adhered to;
- ix. Evaluate, on an annual basis, the effectiveness and prudence of senior management in managing the operations of the Company and the risks to which they are exposed;
- x. Approve delegation of risk limits to management and approve any transactions exceeding those delegated authorities, including but not limited to investments, divestments, acquisitions and derivatives;
- xi. Review reporting on significant risks, including the amount, nature, characteristics, concentration and quality of the investment and overall credit portfolios, as well as all significant exposures to financial and operational risks, through reports on significant risk exposures presented;
- xii. Review and approve at least once a year all investment, financial risk management (liquidity, funding and settlement, interest rate, currency) and capital management policies recommended by Management;
- xiii. Review on a regular basis the liquidity, funding, credit and capital position management processes;
- xiv. Review summary findings from completed internal audits and a progress report on the proposed internal audit plan, with explanation for any deviations from original plan; and
- xv. Review the internal audit function as well as external auditor's independence, objectivity and effectiveness.

DIRECTORS' REPORT

IV. DIRECTORS' REPORT

The Committee shall prepare an annual report of its activities for inclusion in the Directors' Report, which must at a minimum be compliant with applicable laws or rules of applicable securities regulatory authorities.

INDEPENDENT ADVISORS

V. INDEPENDENT ADVISORS

The Committee has the authority to retain such independent Advisors as it may deem necessary or advisable for carrying out its mandate, to set the terms of the retainer, and to terminate any Advisor arrangement. Expenses related to any such engagement shall be paid by the Company.