



AUDIT AND FINANCE COMMITTEE CHARTER



Charter Information

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1 Introduction

Caribbean Assurance Brokers Limited (CAB) is a company registered under the Companies Act of Jamaica, licensed by the Financial Services Commission (FSC) and listed on The Jamaica Stock Exchange (JSE) Junior Market.

Rule 504 (2) (b) of the JSE Junior Market requires that “The Board of Directors shall act with due diligence, skill and care to establish an Audit Committee and a Remuneration Committee, each of which, has a majority of independent non-executive directors as its members.”

Appendix 1 to the Rules further states that the Audit Committee is “responsible for reviewing and recommending for approval the Audited Financial Statement of the Junior Market Company”.

In furtherance of the JSE mandate and in keeping with the requirements of the FSC and prudent corporate governance practice, the Board of CAB has established an Audit and Finance Committee (AFC)

2 Purpose

The Audit and Finance Committee (AFC) assists the Board of Directors in fulfilling its statutory and governance oversight responsibilities in the areas of audit and finance.

The AFC acts to ensure that CAB adheres to its Corporate Governance mandate in specific areas including accounting policies, internal controls, accounting systems and procedures, as well as financial reporting practices.

The Committee evaluates and monitors the adequacy of, and compliance with, internal controls pursuant to statutory requirements, Board Policy, applicable accounting standards and internal policy.

The AFC provides a critical service to the Board by bringing pertinent information raised by internal and external audits to their attention. The committee reports directly to the Board on its assessment of CAB’s financial, operational and administrative accountability and provides advice and guidance on financial policy matters.

3 Duties of the AFC

3.1 Audit

1. Assess CAB's policies and programs regarding the adequacy, efficiency and effectiveness of internal controls over existing and/or new enterprise, accounting, financial reporting, internal control structure, co-operation and administration systems of the Company and thereafter advise the Board.
2. Review the internal audit policies and procedures and comment on their operational effectiveness.
3. Review and assess the adequacy of CAB's e risk management systems.
4. Review the internal auditor's reports and recommendations concerning the adequacy of internal controls, accountability and transparency and satisfy the Board and itself that CAB's management explains, addresses and resolves the issues raised.
5. Receive and review timely results of investigations, including management's response, from the internal auditor and external auditor on any financial irregularity or serious breach.
6. Review all audit plans, particularly the annual audit plan, and schedules of the internal and external auditors, including the extent to which the planned audit scope can be relied upon to detect weaknesses in internal control, serious breaches, fraud or other illegal acts.
7. Conduct an annual assessment of the independence of the auditors auditing the Company.
8. At least every three years, conduct a thorough assessment of the functioning of the external auditor in their capacity. The main conclusions of this assessment shall be communicated to the Board so it may evaluate the nomination for the reappointment of the external auditor.
9. Review the external auditor's management letter and the administrative response to that letter and ensure that the recommendations are implemented where appropriate. Where the recommendations from the external auditor are not implemented, the Committee should determine whether this is acceptable.
10. Review CAB's financial and operational policies, rules and regulations, procedures and any revisions to them to ensure that practices are in place to achieve compliance.
11. Meet with the internal auditors, when deemed necessary, to identify any problems encountered by the auditors, any restrictions on their work, and the cooperation received in the performance of their duties.

12. Review and advise the Board on the findings or report of any special audit or examination of CAB.
13. Review and advise the Board on the Annual External Auditor's Report. The AFC is responsible for reviewing and recommending the audited financial statement for approval by the Board.
14. Review and advise the Board on the financial statements that are to be included in the annual report of CAB.

3.2 FINANCE

1. Review the quarterly financial statements prepared for submission to the JSE Junior Market and recommend to the Board for approval.
2. Review the Management Discussion and Analysis (MDA) prepared by Management for submission to the JSE and recommend it to the Board for approval.
3. Review the quarterly financial position of the Company and make recommendations to the Board on Asset Liability Management (ALM) issues, including liquidity management.
4. Review the overall financial performance of the Company, including its different lines of business, products and services and make recommendations to the Board.
5. Review investment plans and recommend them for approval.
6. Review the annual budget and financial plans and recommend to the Board for approval.

4 Operations of the Committee

4.1 Overview of the Operations

- The Manager, Accounts & Finance and Internal auditor shall attend all meetings of the AFC. Non-executive Board members who are not appointed members of the AFC, have the right to attend.
- The Company Secretary shall act as Secretary of the AFC and is responsible for ensuring that proper and detailed records of all meetings are maintained. The records shall be available to the external auditor and any examiner of a listed company during any external audit or examination.

- The Committee shall ensure that the latest statement on the financial performance of CAB and the financial statements to be filed with the JSE are presented to the Board of Directors at the relevant meetings.
- A copy of the minutes of each meeting of the Committee shall be sent to each Committee member in a timely manner.
- The Committee shall assume any other responsibilities that may be delegated from time to time by the Board of Directors.
- To preserve the Independence of the AFC's Internal Audit function, management, through the CEO, must first submit suggestions and recommendations concerning changes in internal audit personnel (whether through suspension, termination, transfer or resignation) to the AFC who will subsequently send the committee's recommendations to the Board for review and final decision.
- All regular and special audit or examination reports submitted to the CEO shall be simultaneously copied to the Chairman of the AFC.

4.2 Composition

The Board of Directors shall appoint the members of the Committee and determine the Chairman in accordance with the Rules of the JSE Junior Market, acceptable corporate governance practices and any applicable legislation. The Committee will comprise of at least four (4) members, the majority of whom shall be independent, non-executive directors.

The Board may also appoint an external member to the Committee who possesses specialized accounting and audit skills and experience. The Board will appoint the members of the Committee with due regard to the provisions in any applicable legislation.

The following members of the Management Team are required to attend the meetings of the Committee:

- i) The CEO
- ii) The Manager, Accounts & Finance
- iii) The Internal Auditor

The Committee may invite any team member or any other individual to attend a meeting of the Committee as they deem appropriate.

4.3 Duration/Term

The term of office for members of the AFC shall be a maximum of three (3) years. The tenure shall not exceed the duration of the appointing Board. Members are appointed by the Board of Directors and are eligible for reappointment by the Board.

4.3.1 Removal or Resignation

If a member of the Committee retires, is removed, or resigns from the Board or from their position within the Company, the Board may appoint a successor director. If the member was an employee of the Company, the new officer appointed to that specific position shall become a member of the Committee.

4.4 Secretary

The Company Secretary or their designate shall serve as the Secretary to the Committee

4.5 MEETINGS

4.5.1 Frequency

The Committee shall meet monthly or at any other frequency stipulated by the Board of Directors or the rules of the JSE. Meetings shall be scheduled by the Committee Chairperson and the Secretary, or at the request of a Committee member and/or as circumstances dictate.

4.5.2 Calling the Meeting and Notice

A notice of each meeting, confirming the date, time, venue and agenda, must be forwarded to each member of the Committee at least five working days before the meeting date. The notice for members shall include relevant supporting documents for the agenda items to be discussed.

4.6 Report to the Board

The Committee Chairperson or their delegate will report to the Board following each meeting. The Committee will also report to the Board on the matters set out in Section Three (3) of this charter.

The Committee Chairperson or their delegate will prepare a report on the matters outlined in Section three (3), which may include:

- Requirements set by any listing rules, legislations, regulatory bodies or other regulatory requirements; or
- Proposals for inclusion in the Company's Annual Report.

4.7 Minutes

Minutes of the proceedings and decisions of Committee meetings shall be kept by the Secretary. After the Committee Chairperson has given preliminary approval of the minutes, the Secretary will distribute them to all Committee members. The minutes, agenda and supporting documents will be made available to any director upon request to the Secretary, provided that no conflict of interest exists.

4.8 Quorum and Voting

A quorum shall comprise the majority of the members of the Committee, with at least one member being a Board member. In the absence of the Chairperson, the Deputy Chairperson will preside over the meeting. If both the Chairperson and the Deputy Chairperson are absent, the members present will elect one of their number to serve as Chairperson for the meeting.

On matters requiring a vote by the Committee, each member will have one vote, and the Chairperson shall have the casting vote.

4.9 Remuneration

The Company shall provide remuneration for Committee members in accordance with the Board of Directors and Executive Management's Compensation Policy.

4.10 Confidentiality of Information

All information received by the Committee is confidential, the property of the Company and may not be disclosed to parties outside of the organization without prior approval from the Board.

4.11 Conflict of Interest

In the event of a conflict of interest, the affected Committee member shall declare their interest to the Chairperson and the details of the conflict shall be recorded by the Company Secretary.

The Committee member with the conflict of interest shall not participate in the deliberations on the specific matter and must excuse themselves from discussions related to that interest during the period of deliberations.

5 Authority of the Committee

5.1 Advice

The Committee may access professional advice from employees within the Company and from appropriate external advisors. The Committee may meet with these external advisors without the presence of management.

5.2 Authority to Engage Advisors

The Committee has the authority, with approval from the Board, to engage legal counsel, HR advisors, or other experts on terms and conditions that the Committee deems reasonably appropriate, in accordance with the Procurement Policy and Procedures.

5.3 Power to Summon Employees

Except under special circumstances, the Committee has the authority to require any member of CAB staff to attend meetings through the CEO. The Committee may report any staff member who fails to attend such meeting[s] without reasonable excuse to the CEO for further action.

6 Review

The Committee will conduct an annual review of this Charter to ensure it remains aligned with the current processes and guidance of the Directors and Executive Management. The Board must approve any amendments to the Charter resulting from the review.