



<b>Gwest Corporation Limited Policy Document</b>	
<b>Policy</b>	<b>Audit and Compliance Committee Terms of Reference</b>

1. **Mandate**

The Audit and Compliance Committee (“the Committee”) shall be responsible for assisting the Board of Directors of Gwest Corporation Ltd (the “Company”) in fulfilling its responsibility to oversee the:-

- i) Reliability and integrity of the Company’s accounting principles and practices, financial statements and other financial reporting systems,
- ii) Performance of the internal audit functions of the Company;
- iii) Risk management functions and processes of the Company;
- iv) Qualifications, independence and performance of the external auditors of the Company;
- v) System of internal controls and procedures over financial reporting and disclosure established by Management and reviewing their effectiveness; and
- vi) Company’s compliance with legal and regulatory requirements.
- vii) Assist the Board in fulfilling its duties and oversight responsibilities relating to:
  - the Company’s compliance with applicable laws, tax and company filing requirements and regulations including the Ministry of Health’s Nursing Homes Registration Act 1934 (Section 3, Revised Edition 2004),
  - the Company’s Code of Conduct Policy.
- viii) The Committee shall review matters concerning or relating to the Code of Conduct, and compliance with the requirements of Ministry of Health’s Nursing Homes Registration act 1934 (Section 3, Revised Edition 2004).
- ix) The Committee shall make regular reports to the Board regarding these responsibilities (the “Compliance Related Duties”).

## 2. Composition

The Committee shall be appointed by the Board of Directors of the Company and shall comprise no more than 5 (five) nor less than 3 (three) members all of whom shall be non-executive directors who are financially literate. At least two-thirds of the number of members of the Audit Committee should be independent, and meet the Independent Director requirements as set out in the Corporate Governance Guidelines and the PSOJ Jamaica Corporate Governance Code 2021. In addition, independent members of the Committee should not maintain business and close personal relationships with Management. A Committee member other than in his or her capacity as a Committee member, Board member or member of any other Board committee shall not accept directly or indirectly any consulting, advisory or other compensatory fee from the Company or any subsidiary thereof or be an “affiliated person” (as defined by the Jamaica Companies Act 2004 as amended) of the Company or any subsidiary thereof. . The Board shall appoint one of the independent members as Chairman and at least one member of the Committee shall be an *Audit Committee **Financial Expert***, that is, a person with the following attributes:

- i) An understanding of Financial Statements and applicable International Financial Reporting Standards (IFRS);
- ii) The ability to assess the general application of IFRS in connection with accounting for estimates, accruals and reserves;
- iii) Experience in preparing, auditing, analysing, or evaluating Financial Statements that present accounting issues of a breadth and level of complexity generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company’s Financial Statements, or experience actively supervising one or more persons engaged in such activities;
- iv) An understanding of internal controls and procedures for financial reporting;
- v) An understanding of Audit Committee functions.

The Board is required to disclose to the Jamaica Stock Exchange (JSE) whether at least one member of the Audit Committee is an Audit Committee Financial Expert as described above.

However, the designation of a member of the Committee as an audit committee financial expert does not impose duties, obligations, or liability greater than that borne by a member of the Committee without the designation.

The members of the Committee may be removed, with or without cause, by a majority vote of the Board

### 3. **Responsibilities**

The duties of the Committee shall include the following:

#### *Audit Related Duties*

##### (A) Financial Reporting

- i) To review and approve for publishing in the keeping with the rules of the JSE and the Jamaican Companies Act, the annual audited financial statements and the quarterly interim unaudited financial statements and such other reports, transactions or matters as the JSE may determine and as the Committee sees fit and recommend the same for adoption by the Board of Directors;
- ii) To review the Company's operating, financial and accounting policies and practices;
- iii) To review significant accounting and reporting issues, including recent professional and regulatory pronouncements and major judgemental areas, and their impact on financial reports.

In discharging its duties for reviewing financial statements and reporting, the Committee does not provide any expert or special assurance as to financial statements concerning compliance with laws, regulations or international financial reporting standards ("IFRS"). It is the responsibility of the Company's management to prepare consolidated financial statements that are complete and accurate and in accordance with IFRS, and it is the responsibility of the external auditor to audit those financial statements. The Committee's responsibility in this regard is one of oversight and review.

##### (B) Internal Control

- i) To review the Company's system of internal control (including financial, operational, compliance, information systems and risk management) and make recommendations to the Board;
- ii) To meet with the Company's Internal Auditor at least once in every year and more often as required to discuss internal audit reports and other audits conducted of the Company's operations and internal control weaknesses or other observations identified from the same and otherwise to carry out its mandate;
- iii) To meet with the officer or employee of the Company acting in an internal audit capacity and with other members of management to discuss the effectiveness of the internal control procedures established;
- iv) To meet with the Risk Officer of the Company or other officer or employee acting in similar capacity and other members of management as appropriate to review the Company's risk assessment and risk management policies and procedures and the major financial and other risks and exposures affecting the Company and to ensure the monitoring and control of such risks and exposures.

- v) To make recommendations to the Board for the appointment of internal auditors either to be an employee of the company or to contract the services of an external auditing firm and to make recommendations for the remuneration, re-appointment or termination of the appointment of the internal auditor and review and evaluate their performance

(C) External Audit

- i) The Committee shall have authority (to be ratified by the Board) for the appointment, remuneration, re-appointment or termination of the appointment of the independent external auditors and review and evaluate their performance and to consider any issues relating to the resignation of the external auditors. The independent auditor shall report directly to the Committee.
- ii) The Committee shall meet with the independent auditor prior to the audit to discuss and review with the external auditors the scope of their audit.
- iii) To review the external auditors' Management Letter and management's response;
- iv) To review any significant findings made by the external auditors and management's proposed response, and ensure that steps are taken to address these findings;
- v) To consider the independence of the external auditors and any potential conflicts of interest and the effectiveness of the audit process in accordance with applicable auditing standards
- vi) To review policies for the provision of non-audit services by the external auditor. The Committee shall pre-approve all auditing services, internal control related services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor, subject to the de minimis exceptions for non-audit services.
- vii) To oversee the resolution of disagreements between management and the independent auditor regarding financial reporting.
- viii) To meet with the Company's External Auditors and management at least once in every year and more often as required to discuss the Annual Audited Financial Statements and other audits conducted of the Company's operations and the Company's disclosures relating internal controls over financial reporting and identified internal control weaknesses or other observations identified from the same and otherwise to carry out its mandate. The Committee shall review and discuss with management and the independent auditor material related party transactions as defined by Accounting Standards. The Committee also shall review and discuss with the independent auditor the matters required to be discussed by the Institute of Chartered Accountants of Jamaica rules and standards, as may be modified or supplemented. Based on such review and discussion, and based on the disclosures received from, and discussions with, the

independent auditor regarding its independence as provided for below, the Committee shall consider whether to recommend to the Board that the audited financial statements be published to the JSE and general investing public and included in the Company's annual report

(D) Internal Audit

- i) To review the proposed internal audit plan for the coming year and ensure that it addresses key areas of risk and that there is appropriate co-ordination with the external auditor.
- ii) Meet with the Chief Internal Auditor or Designate to discuss any matters that the Committee or internal auditors believe should be discussed;
- iii) To ensure that significant findings and recommendations made by the internal auditors and management's proposed response are received, discussed and appropriately acted on;
- iv) To ensure that the Chief Internal Auditor/Designate has direct access to the Board Chairman and the Committee.

(E) Compliance, Ethics and Related Duties:

- i) The Committee shall meet at least once annually with the Chief Internal Auditor/Designate or management for a report on the Company's ethics and compliance matters including issues that may have a material impact on the Company's financial statements, the financial or enterprise risks of the Company and internal control systems of the Company or compliance issues.
- ii) To review Management reports of any regulatory examinations or audits and correspondence with regulators or government agencies which raise material issues regarding the Company's financial statements, accounting policies and practices, risk management practices or compliance with laws and regulations affecting the businesses within the Company and to ensure that steps are taken to address all weaknesses detected;
- iii) Discuss with the Company's General Legal Counsel matters that may have a material impact on the Company's financial statements or compliance policies;
- iv) The Managing Director or General Manager and the Chief Financial Officer should disclose quarterly to the Committee significant deficiencies that could impact the Company's financial statements and any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls;
- v) To keep abreast of regulatory changes and other emerging issues.

- vi) The Committee shall conduct a reasonable prior review and oversight of all related party transactions required to be disclosed in the financial statements and shall discuss with management the business rationale for and disclosures regarding such transactions.

The Committee shall also:

- vii) Work with management and the Board to develop standards of conduct and corporate ethics policies and procedures to promote compliance with the Corporate Ethics and Compliance as detailed in the PSOJ Jamaica Corporate Governance Code 2021.
- viii) Review, in conjunction with management and the Board, the development of internal systems and controls to carry out the Company's standards, policies and procedures relating to ethics, regulatory and corporate (including legal) compliance.
- ix) Serve as a channel of communication between any ethics, regulatory and/or corporate compliance consultant and the Board.
- x) Review, as appropriate, information relating to the performance of the Ethics and Compliance Programs.
- xi) Consider, in consultation with the Company's external auditor, the Company's and/or the Board's regulatory and/or corporate compliance consultant, the internal auditor, and management, the adequacy and effectiveness of the Company's internal ethics, regulatory or corporate compliance programs, policies and controls.
- xii) Review and oversee the Company's policies and practices regarding environmental and sustainability issues.
- xiii) Take such other actions and perform such other services as may be referred to it from time to time by the Board.
- xiv) The Committee shall at least annually review the Company's data security programs, including cyber security and procedures regarding disaster recovery and critical business continuity, and review the Company's programs and plans that management has established to monitor compliance with data security compliance programs and test preparedness.
- xv) The Committee may conduct special reviews or investigations as it may deem necessary or appropriate to fulfill its responsibilities.
- xvi) The Committee shall (A) annually perform an evaluation of the performance of the Committee, including a review of the Committee's compliance with this Charter; and (B) periodically review and reassess this Charter and submit any material recommended changes to the Board for its consideration.

(F) Other Assigned Functions

To undertake on behalf of the Board such other related tasks pertaining to the Company as the Chairman or the Board may from to time entrust to it.

**4. Continued Education and Self Evaluation**

The Board of Directors should ensure that there are relevant educational programmes either internally or externally for members of the Audit Committee .

The Committee may carry out annual self-examinations aimed at determining whether it has fulfilled its responsibilities. In so doing it may also seek input from the full Board of Directors, Internal and External Auditors.

**5. Secretary**

The Company Secretary or his/her nominee shall act as the Secretary of the Committee and shall keep all minutes of the committee. The Agenda, minutes of previous meetings and papers for the meetings should normally be circulated to the Committee at least five days before the meeting.

**6. Quorum**

The quorum shall be a simple majority of appointed members.

**7. Reports to the Board of Directors**

The Committee Secretary shall circulate the minutes of meetings of the Committee and its sub-committees to all members of the Board.

**8. Authority**

- i) The Committee shall have the right of direct access to, and complete and open communication with, the Company's management and internal and external auditors and may obtain advice from internal legal, accounting or other advisors.
- ii) The Committee may form and delegate authority to sub-committees of its members when appropriate;
- iii) The Committee is authorized by the Board to investigate any activity within these terms of reference with full access to all books, records, facilities and personnel of the Company and is authorized to from time to time obtain outside legal or independent professional advice and to secure the attendance of outsiders with relevant experience and expertise at meetings if it considers this to be necessary;

- iv) In discharging its duties and responsibilities, the Committee may direct that the independent auditors or internal auditors examine or consider a specific matter or area and report to the Committee on the findings of such examination. The Committee may direct that the independent auditors or internal auditors perform supplemental reviews or audits, as the Committee deems desirable.

**9. Annual Review of the Terms of Reference and Activities**

The Committee shall review, at least annually, its terms of reference and its own effectiveness and recommend to the Board any changes it may consider necessary. Where the Committee's monitoring and review activities reveal cause for concern or scope for improvement, it shall make recommendations to the Board on action needed to address the issue or to make improvements.

The Board will review the Committee's activities and its Terms of Reference at least annually. The Board may from time to time make any changes it deems necessary to the Committee's Terms of Reference and issue such guidelines, as it may deem necessary.

**10. Meetings**

The Committee shall meet as often as it determines, but not less frequently than four times annually, including prior to the publishing with the JSE of the Company's quarterly unaudited financial statements and annual audited financial statements. If a quorum shall not be present at any meeting of the Committee, the Committee members present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

The Committee shall meet not less frequently than once annually with management, the internal auditors and the independent auditor to discuss and review the financial statements of the Company including discussing any matter related to internal controls, accounting procedures or processes or any matter deemed material by the Chairman of the Committee or the internal or independent external auditor. The Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor, or any other persons whose presence the Committee believes to be necessary or appropriate, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee.

A special meeting of the Committee shall be convened on the request of the auditor, a member of the Committee, or any director, as the case may be, to consider any matters which the auditor, the member, or director believes should be brought to the Board or members of the Company.

A meeting may be held by means of telephone conferencing, video conferencing, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously and participation in such a meeting shall constitute presence in person at such meeting.



The Committee may invite any member of management to attend the meetings. The following persons are standing invitees to the meetings of the Committee

- Chairman of the Board
- Chief Executive Officer or General Manager
- Chief Financial Officer or any person acting in a similar role
- Internal Auditor
- Representatives of the external auditor of the Company
- Company Secretary (who is also the secretary to the committee)

**Approved by the Board of Directors  
March 2023**