

**ONECONNECT FINANCIAL TECHNOLOGY CO., LTD.  
AMENDED AND RESTATED AUDIT COMMITTEE CHARTER**

This Amended and Restated Audit Committee Charter (the “**Audit Committee Charter**”) was adopted by the Board of Directors (the “**Board**”) of OneConnect Financial Technology Co., Ltd., a Cayman company (the “**Company**”) on February 24, 2022, and shall become effective immediately upon the listing of the Company on The Stock Exchange of Hong Kong Limited (“**Hong Kong Stock Exchange**”).

- 1. Purpose; Limitations on Duties.** The purpose of the Audit Committee (the “**Committee**”) is to assist the Board in overseeing the accounting and financial reporting processes of the Company and audits of the financial statements of the Company and to prepare the annual report of the Audit Committee required by applicable United States Securities and Exchange Commission (“**SEC**”) disclosure rules and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**HK Listing Rules**”). In doing so, it is the responsibility of the Committee to provide an open avenue of communication between the Board, management, internal audit department (or other personnel responsible for the internal audit function) and the independent auditors. Among the matters the Committee will oversee are (a) the Company’s accounting and financial reporting processes, (b) the integrity of the Company’s financial statements, (c) the Company’s compliance with legal and regulatory requirements, (d) the independent auditors’ qualifications and independence, (e) the performance of Company’s internal audit, accounting and financial controls and independent auditors, and (f) any other matters falling within the Committee’s authority or responsibility under the applicable laws and regulations.

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. The management is solely responsible for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures that provide for compliance with accounting standards and applicable laws and regulations. The independent auditors are responsible for planning and carrying out a proper audit of the Company’s annual financial statements 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 are not, and do not represent themselves to be, performing the functions of auditors or accountants. As such, it is not the duty or responsibility of the Committee or its members to conduct “field work” or other types of auditing or accounting reviews or procedures or to set auditor independence standards.

The independent auditors for the Company are accountable to the Committee, as representatives of the shareholders. The Committee is responsible for the appointment (subject to stockholder approval in accordance with the Articles), compensation (subject to stockholder approval in accordance with the Articles) and oversight of the work of the independent auditors (including resolving disagreements between management and the independent auditors regarding financial reporting). The Committee has the authority and responsibility to appoint, retain and terminate the Company’s independent auditors (subject to stockholder approval in accordance with the Articles). The Company’s independent auditors shall report directly to the Committee.

2. **Membership; Appointment; Financial Expert.** The Committee will consist of not less than three (3) directors of the Board, each of whom must be an “audit committee independent director” pursuant to SEC rules and shall satisfy the independent requirements of the New York Stock Exchange and Rule 10A-3(b)(1) under the Securities Exchange Act of 1934 (the “**Exchange Act**”) which are set forth in **Annex A** hereto and the independence requirements of the HK Listing Rules.

The members of the Committee will be appointed by and serve at the discretion of the Board. The chairperson of the Committee (the “**Chairperson**”) will be appointed by the Board and shall be an independent non-executive director. Each member of the Committee must be able to read and understand fundamental financial statements, including the Company’s balance sheet, income statement and cash flow statement. In addition, at least one member of the Committee is an “audit committee financial expert” defined in Item 16A of Form 20-F, the requirements for which are set forth in **Annex B** hereto, and has appropriate professional qualifications or accounting or related financial management expertise as required under the HK Listing Rules. Section 13(a) of the Exchange Act requires the Company to disclose whether or not one member of the Committee is an audit committee financial expert.

A former partner of the Company’s existing auditing firm shall be prohibited from acting as a member of the Committee for a period of two (2) years from the date of his ceasing (a) to be a partner of the auditing firm; or (b) to have any financial interest in the auditing firm (whichever is later).

3. **Secretary.** The company secretary of the Company or such other duly appointed representative shall be the secretary of the Committee. The secretary of the Committee must ensure that full minutes are kept of all meetings.
4. **Specific Responsibilities and Duties.** The Board delegates to the Committee the express responsibility and authority to:

#### 4.1 Independent Auditors.

- (a) **Selection and Fees.** Be responsible for the appointment, compensation, retention and evaluation of the independent auditors, whereby the appointment, compensation and termination shall be subject to stockholder approval in accordance with the Articles. The Committee shall be responsible for the oversight of the work of the independent auditors (including resolution of disagreements between management and the independent auditors regarding financial reporting and any questions of the resignation or dismissal of the independent auditors) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company and, where appropriate, the termination and replacement of such firm (subject to stockholder approval in accordance with the Articles). Such independent auditors shall report directly to and be ultimately accountable to the Committee. The Committee has the ultimate authority to approve all audit engagement fees and terms, with the costs of all engagements borne by the Company.

- (b) **Audit Team.** Review and monitor the experience, objectivity, independence and qualifications of the senior members of the independent auditors' team and the effectiveness of the audit process in accordance with the applicable standards.
- (c) **Scope of Audit.** Review, evaluate and approve the annual engagement proposal of the independent auditors (including discussion with the independent auditors before the audit commences regarding the proposed nature, scope and approach of the annual audit and the reporting obligations).
- (d) **Lead Audit Partner Review, Evaluation and Rotation.** Review and evaluate the lead partner of the independent auditors, monitor compliance by the Company's independent auditors with the audit partner rotation requirements contained in the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated by the SEC thereunder.
- (e) **Pre-Approval of Audit and Non-Audit Services.** Pre-approve all auditing services and all non-audit services permitted to be performed by the independent auditors, and to consider whether the performance by the outside auditors of non-audit services is compatible with maintaining the independence of the outside auditors. Such pre-approval may be given as part of the Committee's approval of the scope of the engagement of the independent auditors or on an engagement-by-engagement basis or pursuant to pre-established policies. In addition, the Committee shall develop and implement policy on engaging an external auditor to supply non-audit services. The authority to pre-approve non-audit services may be delegated by the Committee to one or more of its members, but such member's or members' non-audit service approval decisions must be reported to the full Committee at the next regularly scheduled meeting. The Company shall disclose in its annual reports (and periodic reports, if any) required by Section 13(a) of the Exchange Act any approval of non-audit services during the period covered by the applicable report. The independent auditors shall not be retained to perform the non-audit functions prohibited by applicable law and the rules of the SEC. A list of prohibited non-audit functions, as defined in Section 10A(g) of the Exchange Act, is set forth in **Annex C** hereto. For this purpose, "external auditor" includes any entity that is under common control, ownership or management with the auditing firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the auditing firm nationally or internationally. The Committee shall report to the Board, identifying and making recommendations on any matters where action or improvement is needed.
- (f) **Statement from Independent Auditors.** At least annually, obtain and review a statement from the independent auditors (it being understood that the independent auditors are responsible for the accuracy and completeness of such report) describing:
  - (i) the independent auditors' internal quality-control procedures;
  - (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the independent auditors, and any steps taken to deal with any such issues; and

- (iii) all relationships between the independent auditors and the Company (including a description of each category of services provided by the independent auditors to the Company and a list of the fees billed for each such category);
- (g) **Statement of Fees from Independent Auditors.** The independent auditors shall submit to the Committee annually a formal written statement of the fees billed in each of the last two fiscal years for each of the following categories of services rendered by the independent auditors:
  - (i) the audit of the Company's annual financial statements or services that are normally provided by the independent auditors in connection with statutory and regulatory filings or engagements;
  - (ii) assurances and related services, not included in clause (i) that are reasonably related to the performance of the audit or review of the Company's financial statements, in the aggregate and by each service;
  - (iii) tax compliance, tax advice and tax planning services, in the aggregate and by each service; and
  - (iv) all other services rendered by the independent auditors, in the aggregate and by each service.
- (h) **Hiring Policies.** Set clear hiring policies for employees and former employees of the independent auditors. At a minimum, these policies shall provide that any registered public accounting firm may not provide audit services to the Company if the chief executive officer, chief financial officer, controller, chief accounting officer or any person serving in an equivalent capacity for the Company was employed by the registered public accounting firm and participated in the audit of the Company within one year of the initiation of the current audit.
- (i) **Review Problems.** Review with the independent auditors any audit problems or difficulties the independent auditors may have encountered in the course of its audit work, and management's responses, including: (i) any restrictions on the scope of activities or access to requested information and (ii) any significant disagreements with management and management's responses to such matters.
- (j) **Material Communications.** Discuss with the independent auditors any communications between the audit team and the independent auditors' national office regarding auditing or accounting issues that the engagement presented.
- (k) **Accounting Adjustments.** Discuss with the independent auditors any accounting adjustments that were noted or proposed by the independent auditors but were "passed on" (as immaterial or otherwise).
- (l) **Internal Audit Function.** Discuss with the independent auditors the responsibilities, budget and staffing of the Company's internal audit function, and ensure coordination between the internal and independent auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing with the Company, and to review and monitor its effectiveness.

- (m) **Management or Internal Control Letters.** Discuss with the independent auditors any “management” or “internal control” letter issued, or proposed to be issued, by the independent auditor to the Company. The Committee shall review any material queries raised by the auditor to the management about accounting records, financial accounts or systems of control and the management’s response. The Committee shall ensure that the Board will provide a timely response to the issues raised in the independent auditor’s “management” letter.
- (n) **Key Representative Body.** Act as the key representative body for overseeing the Company’s relations with the external auditor.

#### 4.2 Financial Reporting.

- (a) **Annual Financials.** Review, monitor and discuss with management and the independent auditors the Company’s annual audited financial statements, accounts and report (including the Company’s disclosures under “Management’s Discussion and Analysis of Financial Condition and Results of Operations”), any unusual or non-recurring items, the nature and substance of significant reserves, the adequacy of internal controls and other matters that the Committee deems material, prior to the public release of such information. Obtain from the independent auditors assurance that the audit was conducted in a manner consistent with Section 10A of the Exchange Act. Recommend to the Board whether the annual audited financial statements should be included in the Company’s Annual Report on Form 20-F.
- (b) **Interim Financials.** Review, monitor and discuss with management and the independent auditors the Company’s interim financial statements, accounts and report (including the Company’s disclosure under “Management’s Discussion and Analysis of Financial Condition and Results of Operations”), the results of the independent auditors’ reviews of the interim financial statements, and other matters that the Committee deems material prior to the public release of such information.
- (c) **Accounting Principles.** Review the Company’s financial and accounting policies and practices, and review with management and the independent auditors major issues regarding accounting principles and financial statement presentations, including any material changes in the selection or application of the principles followed in prior years and any items required to be communicated by the independent auditors in accordance with AICPA Statement of Auditing Standards (“SAS”) 61, including any of the following:
- deficiencies noted in the audit in the design or operation of internal controls;
  - consideration of fraud in a financial statement audit;
  - detection of illegal acts;
  - the independent auditors’ responsibility under generally accepted auditing standards;
  - any restriction on audit scope;

- significant accounting policies;
- significant issues discussed with the national office respecting auditing or accounting issues presented by the engagement;
- management judgments and accounting estimates;
- any accounting adjustments arising from the audit that were noted or proposed by the auditors but were passed (as immaterial or otherwise);
- the responsibility of the independent auditors for other information in documents containing audited financial statements;
- disagreements with management;
- consultation by management with other accountants;
- major issues discussed with management prior to retention of the independent auditors;
- difficulties encountered with management in performing the audit;
- the independent auditors' judgments about the quality of the entity's accounting principles;
- reviews of interim financial information conducted by the independent auditors; and
- the responsibilities, budget and staffing of the Company's internal audit function.

(d) **Judgments.** Review reports prepared by management or by the independent auditors relating to significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including an analysis of the effect of alternative International Financial Reporting Standards ("IFRS") methods on the Company's financial statements and a description of any transaction as to which management obtained an SAS 50 letter. In reviewing these reports before submission to the Board, the Committee shall particularly focus on:

- any changes in accounting policies and practices;
- major judgmental areas;
- significant adjustments resulting from the audit;
- the going concern assumptions and any qualifications;
- compliance with accounting standards; and
- compliance with the HK Listing Rules and other legal requirements in relation to financial reporting.

In connection with paragraph 4.2(d) above:

- members of the Committee shall liaise with the Board, senior management and meet with the Company's auditors at least two (2) times a year; and
  - the Committee shall consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, it shall give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors.
- (e) **Press Releases.** Discuss earnings press releases with management (including the type and presentation of information to be included in earnings press releases), as well as financial information and earnings guidance provided to analysts and rating agencies.
- (f) **Regulatory Developments.** Review with management and the independent auditors the effect of regulatory and accounting initiatives, as well as off-balance sheet structures on the Company's financial statements.

#### 4.3 Internal Audit and Risk Management.

- (a) **Internal Audit and Controls.** Review and approve the internal audit charter, which sets forth the authority and responsibility of the internal audit function. Review the budget, qualifications, activities, effectiveness and organizational structure of the internal audit function, the performance, appointment and replacement of the lead internal auditor, and summaries of material internal audit reports and management's responses. Review major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of control deficiencies. Meet periodically with the internal auditor to discuss the responsibilities, budget and staffing of the internal audit function and any issues that the internal auditor believes warrant the Committee's attention. Discuss with the internal auditor any significant reports to management prepared by the internal auditor and any responses from management. Perform an annual assessment of the internal audit function.
- (b) **Risk Assessment and Risk Management.** Review financial controls, risk management and internal control systems. The Committee shall discuss policies with respect to risk assessment and risk management periodically with the management, internal auditors, and independent auditors, and the Company's plans or processes to monitor, control and minimize such risks and exposures. In discussing with the management, the Committee shall ensure that the management has performed its duty in implementing an effective system, and the discussion shall include the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function.
- (c) **Major Investigation Findings.** Consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and the management's response to these findings.

#### 4.4 Financial Reporting Processes; CEO and CFO Certifications.

- (a) **Internal and External Controls.** In consultation with the independent auditors, the Company's internal auditors and the Company's financial and accounting personnel, review the integrity, adequacy and effectiveness of the Company's financial reporting processes, accounting and financial controls, both internal and external, and elicit any recommendations for the improvement of such internal control procedures or particular areas where new or more detailed controls or procedures are desirable. Ensure that the Company's independent auditors have sufficient access to and time to review such internal control procedures so that the Company may obtain from the independent auditors the Attestation of the Company's Independent Auditor as to the Company's internal controls and procedures in connection with the filing of the Company's Annual Report on Form 20-F and otherwise in accordance with Item 15(c) of Form 20-F.
- (b) **Consider Changes.** Review major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies.
- (c) **Reporting Systems.** Establish regular and separate systems of reporting to the Committee by each of (i) management, (ii) the independent auditors and (iii) the internal auditors regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.
- (d) **Reports from Independent Auditors.** Discuss with and obtain from the independent auditors in connection with any audit, prior to filing the Company's audit report with the SEC, a report relating to the Company's annual audited financial statements including:
  - (i) a description of all critical accounting policies and practices to be used by the Company;
  - (ii) analyses prepared by management and/or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including all alternative treatments of financial information within IFRS that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors;
  - (iii) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles;
  - (iv) major issues as to the adequacy of the Company's internal controls and any specific audit steps adopted in light of material control deficiencies; and
  - (v) all other material written communications between the independent auditors and management, including any management letter or schedule of unadjusted differences.



- (e) **CEO and CFO Certifications.** Discuss with the Chief Executive Officer and the Chief Financial Officer the processes involved in and any material required as a result of the Form 20-F certification process concerning deficiencies in design or operation of internal controls or any fraud involving management or employees with a significant role in the Company's internal controls.

#### **4.5 Legal and Regulatory Compliance.**

- (a) **Related Party Transactions.** Conduct an appropriate review of all proposed related party transactions, including proposed amendments to existing related party transactions. Management of the Company shall not cause the Company to enter into any new related party transaction unless such transaction is approved by the Committee or relates to transactions previously adopted by the Board and approved by the Committee.
- (b) **Reports from Others.** Obtain such reports from management, auditors, the general counsel, tax advisors or any regulatory agency as the Committee deems necessary regarding regulatory compliance, transactions with affiliates, and other legal matters that may have a material effect on the Company's financial statements and the consideration of those matters in preparing the financial statements. Discuss with the Company's outside counsel any legal matters brought to the Committee's attention that could reasonably be expected to have a material impact on the Company's financial statements. Request assurances from management, the internal auditor manager and the independent auditor that the Company's foreign subsidiaries and foreign affiliated entities, if any, are in conformity with applicable legal requirements, including disclosure of affiliated party transactions.
- (c) **Complaints.** Establish and review procedures for the receipt, retention and treatment of complaints received by the Company from Company employees regarding about possible improprieties in financial reporting, accounting, internal controls, or other matters, and the confidential, anonymous submission by Company employees of concerns regarding questionable accounting, auditing and other matters.
- (d) **Others.** Investigate any matter brought to the attention of the Committee that is considered appropriate and is within the scope of its responsibilities, including any matters required by the rules of the SEC to be reported to the Committee by management.

**4.6 Annual Evaluation of Audit Committee Charter.** Review and reassess the adequacy of this Audit Committee Charter and the performance of the Committee at least annually and recommend any proposed changes to the Board, as appropriate, and publish this Audit Committee Charter as required by applicable law.

**4.7 Other Matters.** Consider other such topics as defined by the Board from time to time.

## 5. Reports to Board, Meetings and Minutes.

- 5.1 Reports and Recommendations.** Regularly report to the Board on the Committee's activities (including those matters set out in paragraph 3 above) and its decisions, as well as its conclusions with respect to the independent auditors, and make appropriate recommendations to the Board.
- 5.2 Executive Sessions.** The Committee shall meet periodically (with such frequency as it determines, but no less than twice a year or at any other frequency as required under any other regulatory requirements applicable to the Company from time to time) with each of the independent auditors, internal auditors (or other personnel responsible for the Company's internal audit function) and management in separate executive sessions to discuss any matters that the Committee or these groups believe should be discussed privately.
- 5.3 Other Meetings.** Other meetings will be with such frequency, and at such times, as the Chairperson, or a majority of the Committee, determines, but no less frequently than once every fiscal quarter. Special meetings of the Committee may be called by the Chairperson and will be called promptly upon the request of any two Committee members. The agenda of each meeting will be prepared by the Chairperson and circulated, if practicable, to each member prior to the meeting date. Unless the Committee or the Board adopts other procedures, the provisions of the Company's articles of incorporation and bylaws, as amended and restated from time to time (collectively, the "**Articles**"), applicable to meetings of Board committees will govern meetings of the Committee.
- 5.4 Notice of Agenda.** The agenda and related documents of a regular meeting shall be delivered to all members of the Committee in a timely manner and at least three (3) days before the date of the meeting (or such other time as the members may agree), and the above arrangement shall be adopted by all of the other meetings as practicable as possible. Notice of the Committee meetings shall be deemed to be duly given to a member if it is given to him/her personally, by word of mouth or given to him/her in writing sent to his/her last known address or any other address given by him/her to the Company or by electronic means by transmitting it to any email address supplied by the member to the Company for this purpose.
- 5.5 Minutes.** Minutes of the Committee meetings should be kept by a secretary duly appointed in accordance with this charter, and the draft and final versions of minutes of the Committee meetings should be circulated to all Committee members for their comment and records respectively within a reasonable period of time. Minutes of the Committee meetings shall record in sufficient detail the matters considered by the Committee members and decisions reached, including any concerns raised by the Committee members and dissenting views expressed.

6. **Resources and Authority.** The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate and approve the fees and other retention terms of special or independent counsel, auditors or other experts and advisors, as it deems necessary or appropriate, without seeking approval of the Board or management.

The Company shall provide for appropriate funding, as determined solely in the Committee's discretion, for payment of compensation to any such persons employed by the Committee and for ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

Where the Board disagrees with the Committee's view on the selections, appointment, resignation or dismissal of the external auditors, the Committee will arrange for the corporate governance report in the annual report of the Company to include an explanation of the Committee's view and the reason why the Board has taken a different view.

7. **Rules and Procedures.** Except as expressly set forth in this Audit Committee Charter or the Company's Articles, or as otherwise provided by law or New York Stock Exchange Listed Company Manual, the Committee shall establish its own rules and procedures.
8. **Declaration of Interest.** A member may vote in respect of any contract or proposed contract or arrangement notwithstanding that he may be interested therein and if he does so his vote shall be counted and he may be counted in the quorum at such meeting, provided that such member has declared the nature of his interest at the meeting at which the question of entering into the contract or arrangement is first considered, if he knows his interest then exists, or in any other case at the first meeting after he knows that he is or has become so interested, unless (a) such proposed contract or arrangement would reasonably be likely to affect such members' status as an "Independent Director" as defined under the applicable laws and stock exchange rules, or (b) disqualified by the chairman of the Committee.
9. **Language Version.** This Charter is written in both English and Chinese. In case of any discrepancy between the Chinese version and the English version, the English version shall prevail.
10. **Others.** This Charter is subject to subsequent revision and interpretation by the Board.
11. **Publication.** The Committee should make available this charter to the public, explaining its role and the authority delegated to it by the Board, by including them on the Hong Kong Exchanges and Clearing Limited news website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.ocft.com](http://www.ocft.com)).

## Annex A

### **New York Stock Exchange Listed Company Manual Section 303A.00 – Audit Committee Requirements for Foreign Private Issuers**

Listed companies that are foreign private issuers (as such term is defined in Rule 3b-4 under the Exchange Act) are permitted to follow home country practice in lieu of the provisions of this Section 303A, except that such companies are required to comply with the requirements of Sections 303A.06, 303A.11 and 303A.12(b) and (c).

### **New York Stock Exchange Listed Company Manual Section 303A.02 – Independence Test**

- (a) No director qualifies as “independent” unless the board of directors affirmatively determines that the director has no material relationship with the listed company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the company). Companies must identify which directors are independent and disclose the basis for that determination.
- (b) In addition, a director is not independent if:
  - (i) The director is, or has been within the last three years, an employee of the listed company, or an immediate family member is, or has been within the last three years, an executive officer, of the listed company.
  - (ii) The director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from the listed company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service).
  - (iii) (A) The director is a current partner or employee of a firm that is the company’s internal or external auditor; (B) the director has an immediate family member who is a current partner of such a firm; (C) the director has an immediate family member who is a current employee of such a firm and personally works on the listed company’s audit; or (D) the director or an immediate family member was within the last three years a partner or employee of such a firm and personally worked on the listed company’s audit within that time.
  - (iv) The director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the listed company’s present executive officers at the same time serves or served on that company’s compensation committee.
  - (v) The director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the listed company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company’s consolidated gross revenues.

## **New York Stock Exchange Listed Company Manual Section 303A.06 – Audit Committee**

Listed companies must have an audit committee that satisfies the requirements of Rule 10A-3 under the Exchange Act.

*Commentary: The Exchange will apply the requirements of Rule 10A-3 in a manner consistent with the guidance provided by the Securities and Exchange Commission in SEC Release No. 34-47654 (April 1, 2003). Without limiting the generality of the foregoing, the Exchange will provide companies the opportunity to cure defects provided in Rule 10A-3(a)(3) under the Exchange Act.*

Disclosure Requirement: Please note that Rule 10A-3(d)(1) and (2) require listed companies to disclose reliance on certain exceptions from Rule 10A-3 and to disclose an assessment of whether, and if so, how, such reliance would materially adversely affect the ability of the audit committee to act independently and to satisfy the other requirements of Rule 10A-3.

## **New York Stock Exchange Listed Company Manual Section 303A.07 – Audit Committee Additional Requirements**

- (a) The audit committee must have a minimum of three members.

*Commentary: Each member of the audit committee must be financially literate, as such qualification is interpreted by the listed company's board in its business judgment, or must become financially literate within a reasonable period of time after his or her appointment to the audit committee. In addition, at least one member of the audit committee must have accounting or related financial management expertise, as the listed company's board interprets such qualification in its business judgment. While the Exchange does not require that a listed company's audit committee include a person who satisfies the definition of audit committee financial expert set out in Item 401(h) of Regulation S-K, a board may presume that such a person has accounting or related financial management expertise.*

- (b) In addition to any requirement of Rule 10A-3(b)(1) of the Exchange Act, all audit committee members must satisfy the requirements for independence set out in Section 303A.02.

## Rule 10A-3(b) of the Exchange Act – Listing Standards Relating to Audit Committee

### (1) Independence.

- i. Each member of the audit committee must be a member of the board of directors of the listed issuer, and must otherwise be independent.
- ii. In order to be considered to be independent for purposes of Rule 10A-3(b)(1), a member of an audit committee of a listed issuer that is not an investment company may not, other than in his or her capacity as a member of the audit committee, the board of directors, or any other board committee:
  - A. Accept directly or indirectly any consulting, advisory, or other compensatory fee from the issuer or any subsidiary thereof, provided that, unless the rules of the national securities exchange or national securities association provide otherwise, compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the listed issuer (provided that such compensation is not contingent in any way on continued service); or
  - B. Be an affiliated person of the issuer or any subsidiary thereof.
- iv. Exemptions from the independence requirements.
  - A. For an issuer listing securities pursuant to a registration statement under section 12 of the Act, or for an issuer that has a registration statement under the Securities Act of 1933 covering an initial public offering of securities to be listed by the issuer, where in each case the listed issuer was not, immediately prior to the effective date of such registration statement, required to file reports with the Commission pursuant to section 13(a) or 15(d) of the Act:
    1. All but one of the members of the listed issuer's audit committee may be exempt from the independence requirements of paragraph (b)(1)(ii) of this section for 90 days from the date of effectiveness of such registration statement; and
    2. A minority of the members of the listed issuer's audit committee may be exempt from the independence requirements of paragraph (b)(1)(ii) of this section for one year from the date of effectiveness of such registration statement.
  - B. An audit committee member that sits on the board of directors of a listed issuer and an affiliate of the listed issuer is exempt from the requirements of paragraph (ii)(B) above if the member, except for being a director on each such board of directors, otherwise meets the independence requirements of paragraph (b)(1)(ii) of this section for each such entity, including the receipt of only ordinary-course compensation for serving as a member of the board of directors, audit committee or any other board committee of each such entity.

- C. An employee of a foreign private issuer who is not an executive officer of the foreign private issuer is exempt from the requirements of paragraph (ii) above if the employee is elected or named to the board of directors or audit committee of the foreign private issuer pursuant to the issuer's governing law or documents, an employee collective bargaining or similar agreement or other home country legal or listing requirements.
  - D. An audit committee member of a foreign private issuer may be exempt from the requirements of paragraph (ii)(B) above if that member meets the following requirements:
    - 1. The member is an affiliate of the foreign private issuer or a representative of such an affiliate;
    - 2. The member has only observer status on, and is not a voting member or the chair of, the audit committee; and
    - 3. Neither the member nor the affiliate is an executive officer of the foreign private issuer.
  - E. An audit committee member of a foreign private issuer may be exempt from the requirements of paragraph (ii)(B) above if that member meets the following requirements:
    - 1. The member is a representative or designee of a foreign government or foreign governmental entity that is an affiliate of the foreign private issuer; and
    - 2. The member is not an executive officer of the foreign private issuer.
- (2) **Responsibilities relating to registered public accounting firms.** The audit committee of each listed issuer, in its capacity as a committee of the board of directors, must be directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the listed issuer, and each such registered public accounting firm must report directly to the audit committee.
- (3) **Complaints.** Each audit committee must establish procedures for:
- (i) The receipt, retention, and treatment of complaints received by the listed issuer regarding accounting, internal accounting controls, or auditing matters; and
  - (ii) The confidential, anonymous submission by employees of the listed issuer of concerns regarding questionable accounting or auditing matters.
- (4) **Authority to engage advisers.** Each audit committee must have the authority to engage independent counsel and other advisers, as it determines necessary to carry out its duties.

- (5) **Funding.** Each listed issuer must provide for appropriate funding, as determined by the audit committee, in its capacity as a committee of the board of directors, for payment of:
- (i) Compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the listed issuer;
  - (ii) Compensation to any advisers employed by the audit committee under paragraph (b)(4) of this section; and
  - (iii) Ordinary administrative expenses of the audit committee that are necessary or appropriate in carrying out its duties.

#### Definitions

- (1) (i) The term *affiliate* of, or a person affiliated with, a specified person, means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified.
- (ii) (A) A person will be deemed not to be in control of a specified person for purposes of this section if the person:
- (1) Is not the beneficial owner, directly or indirectly, of more than 10% of any class of voting equity securities of the specified person; and
  - (2) Is not an executive officer of the specified person.
- (B) Paragraph (e)(1)(ii)(A) of this section only creates a safe harbor position that a person does not control a specified person. The existence of the safe harbor does not create a presumption in any way that a person exceeding the ownership requirement in paragraph (e)(1)(ii)(A)(1) of this section controls or is otherwise an affiliate of a specified person.
- (iii) The following will be deemed to be affiliates:
- (A) An executive officer of an affiliate;
  - (B) A director who also is an employee of an affiliate;
  - (C) A general partner of an affiliate; and
  - (D) A managing member of an affiliate.
- (iv) For purposes of paragraph (i) of this section, dual holding companies will not be deemed to be affiliates of or persons affiliated with each other by virtue of their dual holding company arrangements with each other, including where directors of one dual holding company are also directors of the other dual holding company, or where directors of one or both dual holding companies are also directors of the businesses jointly controlled, directly or indirectly, by the dual holding companies (and, in each case, receive only ordinary-course compensation for serving as a member of the board of directors, audit committee or any other board committee of the dual holding companies or any entity that is jointly controlled, directly or indirectly, by the dual holding companies).



- (2) In the case of foreign private issuers with a two-tier board system, the term *board of directors* means the supervisory or non-management board.
- (3) In the case of a listed issuer that is a limited partnership or limited liability company where such entity does not have a board of directors or equivalent body, the term *board of directors* means the board of directors of the managing general partner, managing member or equivalent body.
- (4) The term *control* (including the terms controlling, controlled by and under common control with) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise.
- (5) The term *dual holding companies* means two foreign private issuers that:
  - (i) Are organized in different national jurisdictions;
  - (ii) Collectively own and supervise the management of one or more businesses which are conducted as a single economic enterprise; and
  - (iii) Do not conduct any business other than collectively owning and supervising such businesses and activities reasonably incidental thereto.
- (6) The term *executive officer* has the meaning set forth in § 240.3b-7.
- (7) The term *foreign private issuer* has the meaning set forth in § 240.3b-4(c).
- (8) The term *indirect* acceptance by a member of an audit committee of any consulting, advisory or other compensatory fee includes acceptance of such a fee by a spouse, a minor child or stepchild or a child or stepchild sharing a home with the member or by an entity in which such member is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary of the issuer.
- (9) The terms *listed* and *listing* refer to securities listed on a national securities exchange or listed in an automated inter-dealer quotation system of a national securities association or to issuers of such securities.

## **Annex B**

### **Definition of “Audit Committee Financial Expert”**

Under Item 16A of Form 20-F, an “audit committee financial expert” should be as a person who has the following attributes:

- an understanding of generally accepted accounting principles and financial statements;
- the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves;
- experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are 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;
- an understanding of internal control over financial reporting; and
- an understanding of audit committee functions.

Under Item 16A of Form 20-F, an “audit committee financial expert” may acquire the attributes required above through:

- education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions;
- experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions;
- experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements; or
- other relevant experience.

Safe Harbor:

- A person who is determined to be an audit committee financial expert will not be deemed an “expert” for any purpose, including without limitation for purposes of section 11 of the Securities Act of 1933 (15 U.S.C. 77k), as a result of being designated or identified as an audit committee financial expert pursuant to Item 16A.
- The designation or identification of a person as an audit committee financial expert pursuant to Item 16A does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the audit committee and board of directors in the absence of such designation or identification.
- The designation or identification of a person as an audit committee financial expert pursuant to Item 16A does not affect the duties, obligations or liability of any other member of the audit committee or board of directors.

## **Annex C**

### **Prohibited Non-Audit Functions for Independent Auditors**

Subject to certain exceptions and qualifications, pursuant to Section 10A(g) of the Exchange Act, the following is a list of non-audit services that independent accountants may not provide to their audit clients:

- bookkeeping or other services related to the accounting records or financial statements of the audit client;
- financial information systems design and implementation;
- appraisal or valuation services, fairness opinions, or contribution-in-kind reports;
- actuarial services;
- internal audit outsourcing services;
- management functions or human resources;
- broker-dealer, investment adviser, or investment banking services;
- legal services and expert services unrelated to the audit; and
- any other service that the Board determines, by regulation, is impermissible.