



Trellis Housing
Finance Limited

INTERNAL AUDIT CHARTER AND TERMS OF REFERENCE

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| HEAD OF INTERNAL AUDIT AND COMPLIANCE

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A. INTRODUCTION:

Internal Audit is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of the Trellis Housing Finance Limited (THFL). The Internal Audit department shall assist THFL in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's governance, risk management, internal control.

B. ROLES AND RESPONSIBILITIES:

The Internal Audit department is established by the Board of Directors, Audit Committee, or highest level of governing body (hereafter referred to as the Board Audit Committee - BAC). The Internal Audit department's responsibilities are defined by the BAC as part of their oversight role.

C. PROFESSIONALISM:

The Internal Audit department will govern itself by adherence to The Institute of Internal Auditors' mandatory guidance including the definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (Standards). This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the Internal Audit department's performance.

The Institute of Internal Auditors' Practice Advisories, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations. In addition, the Internal Audit department will adhere to THFL's Internal Audit policy and the Internal Audit department's standard operating procedures manual.

D. AUTHORITY:

The Internal Audit department, with strict accountability for confidentiality and safeguarding records and information, is authorized full, free, and unrestricted access to any and all of THFL's records, physical properties, and personnel pertinent to carrying out any engagement. All employees are requested to assist the Internal Audit department/ team in fulfilling its roles and responsibilities. The Internal Audit department will also have free and unrestricted access to the Board.

E. ORGANIZATION:

The Head of Internal Audit/ Chief Audit Executive will report functionally to the Board Audit Committee and administratively (i.e. day to day operations) to the Chief Executive Officer.

The Board Audit Committee will:

- I. Approve the internal audit charter.
- II. Approve the risk-based internal audit plan.
- III. Approve the internal audit budget and resource plan.
- IV. Receive communications from the Head of Internal Audit/ Chief Audit Executive on the Internal Audit department's performance relative to its plan and other matters.
- V. Approve decisions regarding the appointment and removal of the Head of Internal Audit/ Chief Audit Executive.
- VI. Approve the remuneration of the Head of Internal Audit/ Chief Audit Executive.
- VII. Make appropriate inquiries of management and the Head of Internal Audit/ Chief Audit Executive to determine whether there is any inappropriate scope or resource limitations.

The Head of Internal/ Chief Audit Executive will communicate and interact directly with the Board, including in executive sessions and between Board meetings as appropriate.

F. INDEPENDENCE AND OBJECTIVITY:

The Internal Audit department will remain free from interference by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair internal auditor's judgment.

Internal auditors will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

The Head of Internal Audit/ Chief Audit Executive will confirm to the BAC, at least annually, the organizational independence of the Internal Audit department.

G. RESPONSIBILITY:

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organization's governance, risk management, and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the organization's stated goals and objectives. This includes:

- Evaluating risk exposure relating to achievement of the organization's strategic objectives.
- Evaluating the reliability and integrity of information and the means used to identify, measure, classify, and report such information.
- Evaluating the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the organization.
- Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- Evaluating the effectiveness and efficiency with which resources are employed.
- Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.
- Monitoring and evaluating governance processes.
- Monitoring and evaluating the effectiveness of the organization's risk management processes.
- Evaluating the quality of performance of external auditors and the degree of coordination with internal audit.
- Performing consulting and advisory services related to governance, risk management and control as appropriate for the organization.
- Reporting periodically on the Internal Audit department's purpose, authority, responsibility, and performance relative to its plan.
- Reporting significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the Board.
- Evaluating specific operations at the request of the Board or management, as appropriate.

H. INTERNAL AUDIT PLAN:

At least annually, the Head of Internal Audit/ Chief Audit Executive will submit the Internal Audit Plan to senior management (For information only) and to the BAC for review and approval. The internal audit plan will consist of a work schedule as well as budget and resource requirements for the next fiscal/calendar year. The Head of Internal Audit/ Chief Audit Executive will communicate the impact of resource limitations and significant interim changes to senior management and the Board.

The internal audit plan will be developed based on a prioritization of the audit universe using a risk-based methodology, including input of senior management and the Board. The Head of Internal Audit/ Chief Audit Executive will review and adjust the plan, as necessary, in response to changes in the organization's business, risks, operations, programs, systems, and controls. Any significant deviation from the approved internal audit plan will be communicated to senior management and the Board through periodic activity reports.

I. REPORTING AND MONITORING:

A written report will be prepared and issued by the Head of Internal Audit/ Chief Audit Executive or designee following the conclusion of each internal audit engagement and will be distributed as appropriate. Internal audit results will also be communicated to the Board.

The internal audit report may include management's response and corrective action taken or to be taken in regard to the specific findings and recommendations. Management's response, whether included within the original audit report or provided thereafter (i.e. within thirty days) by management of the audited area should include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented.

The Internal Audit department will be responsible for appropriate follow-up on engagement findings and recommendations. All significant findings will remain in an open issues file until cleared.

The Head of Internal Audit/ Chief Audit Executive will periodically report to senior management and the Board on the Internal Audit department's purpose, authority, and responsibility, as well as performance relative to its plan. Reporting will also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the Board.

J. QUALITY ASSURANCE AND IMPROVEMENT PROGRAM:

The Internal Audit department will maintain a quality assurance and improvement program that covers all aspects of the Internal Audit department. The program will include an evaluation of the Internal Audit department's conformance with the Definition of Internal Auditing and the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the Internal Audit department and identifies opportunities for improvement.

The Head of Internal Audit/ Chief Audit Executive will communicate to senior management and the Board on the Internal Audit department's quality assurance and improvement program, including results of ongoing internal assessments and external assessments conducted at least every five years.

K. APPROVAL AND SIGN OFF

Approved this _____ day of _____.

Head of Internal Audit/ Chief Audit Executive

Chairman of the Board / Audit Committee

Chief Executive Officer



Trellis Housing
Finance Limited

**TERMS OF REFERENCE FOR
THE BOARD AUDIT
COMMITTEE**

The primary objective of the Board Audit Committee (BAC) at Trellis Housing Finance Limited (THFL) is to assist the Board to discharge its fiduciary responsibilities of overseeing the regulatory, operational, financial, and other inherent risks within business processes, accounting and financial reporting practices within the company. The BAC shall review the quality of the Company's accounting and finance function, financial reporting and regulatory and internal controls. The Audit Committee shall also assist in overseeing and appraising the quality of the audits conducted both by the Company's internal and external auditors.

A. COMPOSITION OF THE BOARD AUDIT COMMITTEE

The Board Audit Committee (BAC) shall be appointed by the Board of Directors ("Board") from among their number and shall consist of not less than two members (minimum one independent director), all of whom must be non-executive directors, with one being independent director and chair of the committee.

- i. All members of the BAC shall be financially literate and at least one member must be, a member of the accounting professional body; or should meet the SECP criteria.
- ii. The Chairman of the BAC shall be elected from among the members of the Committee, who is not the Chairman of the Board and shall be an independent director.
- iii. In the event of any vacancy in the BAC resulting in the non-compliance of the criteria as stated in clause (i), (ii) and (iii) above, the Board shall within three months, appoint such number of new members as may be required to fulfill the requirements.
- iv. No alternate director shall be appointed as a member of the BAC.
- v. No former audit partner of the Company's external auditors shall be appointed as member of the BAC unless he/she has observed a cooling-off period of at least two years before being appointed as a member of the BAC.
- vi. Roles and responsibilities of the chairman Board Audit Committee:
- vii. The Chairman is responsible for ensuring the overall effectiveness and independence of the Audit Committee.
- viii. He shall engage on a continuous basis with Chief Executive Officer, Head of Internal Audit/ Chief Audit Executive, Chief Financial Officer and external auditors in order to be kept informed of matters affecting the Company.
- ix. The Chairman of the Audit Committee (or in his absence, members of the Audit Committee) shall attend the Annual General Meeting of the Company and be available to answer questions relating to the Audit Committee's activities.

B. QUORUM AND PROCEDURES OF MEETINGS

The BAC quorum and procedure of meetings is defined as follows:

- i. Meetings shall be held not less than four times in a financial year, although additional meetings may be called at any time by the Chairman upon the request of the external or internal auditors or at the Chairman's discretion.
- ii. The quorum of meeting of the Audit Committee shall consist of not less than two (2) members; the majority of members present must be independent directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from among the members present.
- iii. The Head of Internal Audit/ Chief Audit Executive shall act as Secretary of the Audit Committee.
- iv. The Audit Committee may, as and when deemed necessary, invite other Board members, senior management personnel, representative(s) of the external auditors and internal auditors and external independent professional advisers to attend the meetings.
- v. The Audit Committee shall meet with the external auditors, without the presence of executive Board members and management personnel, at least twice in a financial year and whenever necessary.
- vi. Minutes of each meeting shall be kept at the registered office and distributed to each member

of the Audit Committee and also to the other members of the Board. The minutes of the Audit Committee meeting shall be signed by the Chairman of the said meeting or by the Chairman of the next succeeding meeting. The Chairman shall orally report on the proceedings of each Audit Committee meeting to the Board at the next Board meeting following the Audit Committee meeting.

C. CIRCULAR RESOLUTION

A resolution in writing signed or approved by letter, telefax or other written electronic communications by the majority of the members who are sufficient to form a quorum, shall be valid and effectual as if it had been passed at a meeting. All such resolutions shall be forwarded or otherwise delivered to the Secretaries and shall be recorded by the Secretaries in the minutes book. Any such resolution may consist of several documents in like form, each signed by one or more members.

D. AUTHORITY

The Audit Committee shall, in accordance with a procedure to be determined by the Board and at the expense of the Company:

- i. have explicit authority to investigate any matter within its Terms of Reference. It shall have the authority to seek any information it requires from any employee of the Company and all employees are directed to co-operate with any request made by the Audit Committee.
- ii. have full and unrestricted access to any information and documents/resources which are required to perform its duties as well as to the internal and external auditors and senior management.
- iii. have direct communication channels with the internal and external auditors, and with management of the Company, and shall be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other executive directors and employees of the Company whenever deemed necessary.
- iv. obtain external legal or other independent professional advice from relevant parties and to invite them to attend its meeting, if necessary.

Where the Audit Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of SECP regulations, the Audit Committee shall promptly report such matter to SECP or relevant regulatory body.

E. ROLES AND RESPONSIBILITIES OF THE BOARD AUDIT COMMITTEE

The BAC shall review periodically and monitor the implementation of THFL's governance processes and recommended controls. The overall roles and responsibilities of the BAC are defined as follows:

I. Internal Audit Activity

- Ensure that the internal audit function will report directly to the Board Audit Committee.
- Ensure the adequacy of the internal audit scope and plan, functions, competency, resources and budget of the internal audit function and that it has the necessary authority to carry out its work.
- Ensure effectiveness and independence of the internal audit function.
- Review and approve the internal audit charter which defines the purpose, authority and responsibilities of the internal audit department.
- BAC is responsible for any appraisal or assessment of the performance of the internal audit function, including the Head of Internal Audit/ Chief Audit Executive; and the appointment or termination thereof, including the Head of Internal Audit/ Chief Audit Executive and senior staff members of the internal audit department.
- Review the internal and external audit reports together with management's responses to ensure that appropriate and prompt remedial action is taken by management on major deficiencies in controls or procedures that are identified, including compliance and status update of previous audit recommendations.
- Review the findings of internal investigations and related management responses.

II. Risk Management and Internal Control

- Ensure the adequacy and effectiveness of risk management, internal control and governance systems instituted within the Company.
- Review of the company's risk management policy and implementation of the risk management framework.
- Review the appointment or termination of members of the Risk Management Committee.
- Review and provide recommendations on the report of the Risk Management Committee.

III. Related Party Transactions

- Review any and all related party transaction and conflict of interest situations that may arise within the Company, including any transactions, procedures or course of conduct that raises questions on management's integrity.

IV. Allocation under Employees' Share Scheme

- Verification of the allocation of shares or options to ensure compliance with the criteria for allocation pursuant to the share scheme for employees of the Company, if any.
- To oversee the implementation of whistleblowing policy and procedures of the Company.

V. Other Functions

- Any other functions as the Board Audit Committee considers appropriate or as authorized by the Board of Directors.

VI. External Audit

- Review the external auditors' audit plan, nature and scope of their audits, including any changes to the planned scope of the audit plan and to ensure an effective coordination of audit where more than one audit firm is involved.

- Review the external auditors' audit report and their evaluation of the internal controls of the company.
- Oversee the appointment and performance of external auditors, the audit fee and any question of resignation or dismissal including any written explanations before making recommendations to the Board, including to review if there is any reason to believe that the external auditors are not suitable for re-appointment.
- Ensure that adequate assistance is provided by the employees to the external auditors, and resolve any bottlenecks or constraints encountered during the audit work.
- Ensure availability and implementation of relevant policies and procedures to assess the suitability and independence of external auditors, including:
 - i. obtaining written assurance from external auditors confirming they are, and have been, independent throughout the audit engagement in accordance with all relevant professional and regulatory requirements.
 - ii. taking into consideration the competence, audit quality and resource capacity of the external auditors in relation to the audit.
 - iii. assess the nature and extent of non-audit services rendered by the external auditors and their affiliated companies or firms, and the amount of fees paid for such services relative to audit fees.

VII. Financial Reporting

- The quarterly results and the year-end financial statements of the Company for recommendation to the Board for approval, focusing particularly on:
 - changes in or implementation of accounting policies and practices.
 - significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions, and how these matters are addressed.
 - significant adjustments arising from the audit.
 - going concern assumption.
 - compliance with accounting standards and other legal requirements.
- Audit Committee Report and Statement on Risk Management and Internal Control for publication in the Company's Annual Report.

F. TERM OF OFFICE

The term of office and performance of the Board Audit Committee and each of its members shall be reviewed by the Board of Directors of the Company annually to determine whether the Audit Committee and its members have carried out their duties in accordance with their Terms of Reference.

G. REVIEW OF THE TERMS OF REFERENCE

The Board Audit Committee shall review and assess the adequacy of this Terms of Reference on a periodic basis determined by the Board Audit Committee or as and when necessary. Any proposed changes to the Terms of Reference shall be approved by the Board.