THE HUB POWER COMPANY LIMITED

Board Audit and Risk Committee

Constitution and Terms of Reference - 2025

Composition of the Committee

The Board Audit Committee (BAC) of The Hub Power Company Limited shall be renamed as the Board Audit and Risk Committee (BARC or the Committee), effective from February 26, 2025. There shall be four members, comprising of non-executive directors, with at least one and preferably majority being independent directors. At least one member must have financial expertise, either through relevant qualifications or professional experience. The Chairman of the Committee shall be an independent director, who shall not be the Chairman of the Board. The Head of Internal Audit shall be appointed as Secretary BAC.

Meeting Attendance

The Chief Executive Officer and Chief Financial Officer shall attend BARC meetings only by invitation of Chairman of audit committee. The Head of Internal Audit and external auditors, represented by engagement partner or in his absence any other partner designated by the audit firm shall attend meetings of the BARC at which issues relating to accounts and audit are discussed. Senior managers may also attend the meetings of the BARC by invitation when matters specific fto their areas of responsibility are discussed.

Independent Meetings

At least once a year, the BARC shall meet the external auditors without the Chief Financial Officer and Head of Internal Audit being present. Also, once a year the BARC shall meet the Head of Internal Audit and other members of the internal audit function without the Chief Financial Officer and external auditors being present.

Meeting Rights

The Chairman of the Board has the right to be 'in attendance' at meetings of the BARC should he so wish. He shall not have the right to vote unless he is also a member ex officio of the BARC.

These arrangements shall be without prejudice to:

- the Head of Internal Audit's right of direct access to the Chairman of the Board;
- the Head of Internal Audit's right of direct access to the Chairman BARC;
- the external auditors' right of direct access to the Chairman BARC.

Meeting Frequency and Reporting

The BARC shall meet as appropriate, but at least once every quarter before the Board meeting, preferably not more than one week before the Board meeting. A quorum shall be three members. After each meeting, Chairman BARC shall report on the proceedings, recommendations and decisions of each meeting to the Board.

BARC meeting shall also be held, if requested by external auditors, Head of Internal Audit or by Chairman BARC.

Minutes Circulation

The secretary BARC shall circulate minutes of the BARC meetings to all members within two weeks and to all directors, and where required to chief financial officer, prior to the next Board meeting:
Provided that where this is not practicable, the BARC Chairman shall communicate a synopsis of the proceedings to the Board and the minutes shall be circulated along with the minutes of the meeting of the Board.

Functions and Responsibilities

The Committee shall have the following functions:

- recommend to the Board the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the Company by the external auditors in addition to audit of its financial statements, measures for redressal and rectification of non-compliances with the Regulations. The Board shall give due consideration to the recommendations of the committee and where it acts otherwise it shall record the reasons thereof;

- determination of appropriate measures to safeguard the Company's assets;

- review the annual and interim (quarterly, half-yearly) financial statements prior to their approval by the Board, focusing on:

    - major judgmental areas;
    - significant adjustments resulting from the audit;
    - going-concern assumption;
    - any changes in accounting policies and practices;
    - compliance with applicable accounting standards;
    - Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 or any updated version thereof, as well as other statutory and regulatory requirements; and
    - all related party transactions.

- review preliminary announcements of results prior to external communication and publication;

- facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);

- review of management letter issued by external auditors and management's response thereto;

- ensuring coordination between the internal and external auditors of the Company;

- review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;

- consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;

- ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;

- review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;

- instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body;

- determination of compliance with relevant statutory requirements;

- monitoring compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 or any updated version thereof, and identification of significant violations thereof;

- review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;

- ensuring any conflict of interest situation involving the Board Chairman, CEO or any director is appropriately addressed;

- monitoring and review of all material controls (financial, operational, compliance);

- ensuring robustness of risk mitigation measures and integrity of financial information;

- overseeing establishment and maintenance of a robust risk framework and ensuring appropriate extent of disclosure of the framework and internal control system in Directors report;

- consideration of any other issue or matter as may be assigned by the Board of Directors; and

- perform any other role under the Code of Corporate Governance Regulations, 2019 or any updated version thereof, as may defined from time to time.

Compliance

BARC shall keep under review legislative and regulatory compliance activities, including the development of appropriate procedures, periodically monitoring the adequacy of compliance arrangements within the Company.

Declaration of Interests

BARC shall manage the declaration of Directors' interests as required by Article 68 of the Articles of Association.