

THE ROTHERS GROUP

INTERNAL AUDIT CHARTER

I. PURPOSE

The purpose of the Internal Audit Department is to provide an independent and objective appraisal of the operations and internal control systems of The Rotherers Group (the “Company”) in a manner designed to add value to its business and improve its performance. In order to fulfill its purpose, the Internal Audit Department uses a systematic, disciplined approach to evaluate and improve the effectiveness of the Company’s risk management, internal control, and governance processes. This approach assists Company management as well as the Board of Directors in the effective discharge of their responsibilities.

II. AUTHORITY AND INDEPENDENCE

Internal Audit activities for the Company are the responsibility of the Internal Audit Department headed by the Internal Audit Director. To provide for the independence of the Internal Audit Department, the Internal Audit Director reports functionally to the Audit Committee of the Board of Directors (“Audit Committee”) and organisationally to the Chief Financial Officer. The Audit Committee reviews the qualification, performance, and objectivity of the internal auditors, including the Internal Audit Director, and advises in their appointment or replacement. The Internal Audit Department shall maintain a staff of sufficient size and experience to fulfill its responsibilities.

In reporting to the Audit Committee, the Internal Audit Director provides reports to the full Audit Committee and, to preserve independence, meets privately on a regular basis with the Audit Committee and its Chair without members of management or the independent auditor present. To maintain its independence, the Internal Audit Department will have no operating responsibility or authority over any of the departments or areas that it audits. The Internal Audit Department will have unrestricted access to all Company records, personnel, property, and activities. Without limiting the foregoing, the Internal Audit Department shall have full and direct access to the Company’s Chief Financial Officer as necessary to carry out its responsibilities.

III. RESPONSIBILITIES AND SCOPE OF WORK

A. Scope of Work

The scope of work of the Internal Audit Department is to ensure the integrity and reliability of the Company’s financial reporting and to determine whether the organisation’s operational risk management, internal controls, and governance processes, as designed and represented by management, are adequate and operating effectively. In order to accomplish this, the Internal Audit Department and its Director are responsible for developing and executing a comprehensive audit programme for the evaluation of:

- 1) the reliability and integrity of financial reporting and management information and the means used to identify, measure, classify, and report such information;

- 2) the controls established by management to ensure compliance with the policies, plans, procedures, laws, and regulations that could have a significant impact on operations and reports, and whether the Company is in compliance;
- 3) the means of safeguarding the Company's resources and assets and, as appropriate, verifying the existence of such assets; and
- 4) Company policies and plans to ascertain whether results are consistent with established objectives and goals and appraising the policies and plans relating to the activity or function under audit review.

B. Internal Audit Function

The Internal Audit Department's coverage is Company-wide. As part of its coverage, the Internal Audit Department is authorised to review any activity necessary for it to provide an assessment of the Company's risk management, internal control, and governance processes. Generally, these audit assurance activities include:

- 1) Developing and executing a comprehensive audit programme for the evaluation of Company operations and management controls;
- 2) Reporting on the results of internal audit examinations, including recommendations for improvement; and
- 3) Evaluating management's response to internal audit findings and conducting follow-up reviews to ensure that corrective action was adequate to address the findings.

Specifically, the Internal Audit Department and its Director are responsible for:

- 1) Developing and implementing an annual Internal Audit Plan using appropriate risk-based methodology, considering risks or control concerns identified by management and the Audit Committee, and submitting the annual Internal Audit Plan to the Audit Committee for review;
- 2) Aiding in the creation of a budget for the Internal Audit Department that enables the Department to execute fully the annual Internal Audit Plan and fulfill all of its other responsibilities, and submitting the budget to the Audit Committee for review;
- 3) Conducting internal audits in accordance with Company policies and procedures, following relevant professional standards for internal auditors;
- 4) Issuing written audit reports to responsible managers and other relevant personnel that set forth audit findings and recommendations;
- 5) Authorising the publication of reports on the results of audit examinations, including recommendations for improvement;
- 6) Reporting as necessary to the Audit Committee and senior management regarding any significant audit deficiencies, including suspected fraud;
- 7) Ensuring that responsible managers and other relevant personnel create written management action plans in response to written audit reports;
- 8) Following-up on outstanding issues with management action plans created in response to audit reports to ensure that management is addressing significant risks and deficiencies within an acceptable time frame;

- 9) Coordinating with the Company's independent auditor to determine areas in which Internal Audit Department can assist and complement the work of the independent auditor. The Internal Audit Director will meet with the independent auditor to review audit plans and ensure that there is no duplication of functions.

C. Management Controls

The Internal Audit Department is intended to assist management of the Company with the effective discharge of their responsibilities. To accomplish this, the Internal Audit Department is responsible for:

- 1) Reviewing organisations within the Company to determine whether they are effectively and efficiently carrying out their functions of controlling, planning, organising, and directing in accordance with management instructions, policies, and procedures, and in a manner consistent with the Company's mission;
- 2) Assisting management in its assessment of the effectiveness of the Company's disclosure controls and procedures; and
- 3) Assisting management in its assessment of the effectiveness of the Company's internal controls over financial reporting;
- 4) Assisting management and the Audit Committee in evaluating the effectiveness of the Company policies and procedures for risk assessment and management, as well as the Company's plans to monitor, control, and minimise such risks;
- 5) Reviewing and reporting on Company (including foreign subsidiaries and affiliated entities) compliance with applicable accounting and legal requirements contained in the Company's Code of Ethics; and
- 6) Conducting special examinations at the request of Chief Financial Officer and the Audit Committee of the Board of Directors.

IV. AUDIT COMMITTEE REPORTING

In addition to periodically submitting to the Audit Committee for review a proposed Internal Audit Plan, the Internal Audit Department also shall report all material findings and recommendations to the Audit Committee. In this regard, the Internal Audit Director shall report at least quarterly to the Audit Committee regarding the activities of the Internal Audit Department, including reporting on:

- 1) Significant internal audit findings and corresponding management action plans, as well as the Internal Audit Department's evaluation of management's action plan;
- 2) Follow-up activities by the Internal Audit Department to ensure that management has taken appropriate action with respect to significant audit findings;
- 3) Whether audit activities have been directed toward the highest exposure risk and toward increasing efficiency, economy, and effectiveness of operations;
- 4) Coordination efforts between the Internal Audit Department and the independent auditor to avoid duplication of work;
- 5) Annual Internal Audit Plan completion status, including any recommended changes to the annual Internal Audit Plan;
- 6) Any unwarranted restrictions on the authority of the Internal Audit Department or on access to the Company's activities, records, property, or personnel;

- 7) The adequacy and effectiveness of Company policies and procedures for risk assessment and management; and
- 8) Compliance by the Company (including its foreign subsidiaries and affiliated entities) with applicable accounting and legal requirements contained in the Company's Code of Ethics.