



by all members of the Committee. Such written consent shall have the same force and effect as if a meeting had been held.

- J. The Committee shall keep a record of its actions. The Chairperson shall cause copies of the same to be distributed to all members of the Board of Directors.
- K. The Committee shall review this policy annually or more frequently as conditions dictate.

### III. FUNCTIONS AND RESPONSIBILITIES

The Committee shall have and perform the following functions:

- A. The Committee performs an oversight role. Its function is not to replace CFC's management, internal audit staff or independent public accountant. The Committee recognizes that CFC's management is responsible for preparing CFC's financial statements and that CFC's Certified Public Accountant (defined below) is responsible for auditing those financial statements. Additionally, the Committee recognizes that CFC's management, including the internal audit staff, as well as the Certified Public Accountant, have more knowledge and information about CFC than do Committee members; consequently, in carrying out its oversight responsibilities, the Committee is not providing any expert or special assurance as to CFC's financial statements or any professional certification regarding the Certified Public Accountant's work.
- B. Certified Public Accountant – The Committee shall nominate, approve, determine the compensation of, evaluate and discharge, when necessary, the independent certified public accounting firm (the "Certified Public Accountant") that will conduct the audit of CFC's books and records on an annual basis. The Committee shall also be responsible for the resolution of disagreements between management and the Certified Public Accountant regarding any financial reporting matters. The Certified Public Accountant shall report directly to the Committee.
  - 1. The Committee will select, by no less than 60 days prior to the end of each fiscal year, the Certified Public Accountant. The Certified Public Accountant selected shall be a top tier company that satisfies all applicable requirements of the Public Company Accounting Oversight Board or other applicable governmental agency.
  - 2. The Committee shall meet with the Certified Public Accountant to discuss the planning and staffing of each annual audit and shall direct the Certified Public Accountant to conduct an audit of the accounting, books and records and financial condition of CFC, as of the end of each fiscal year.
  - 3. The Committee shall ensure the rotation of the lead audit partner every five years.
  - 4. The Committee shall pre-approve all audit, review or attest engagements with the Certified Public Accountant and non-audit services such as tax return reviews and other services that are not prohibited by applicable law ("permissible non-audit services") for CFC and its affiliates, which are

consolidated for financial reporting purposes. Notwithstanding the foregoing, the Committee hereby pre-approves tax compliance and tax planning and advice engagements for CFC and its affiliates provided that the fees of each such engagement are not more than five percent of the total revenues paid to the Certified Public Accountant in the fiscal year when the services are provided and do not impair the Certified Public Accountant's independence. The scope of activities for pre-approved tax planning and advice engagements include the following:

- a. Recommendations as to how to achieve a tax-efficient transaction.
- b. Determination of the detailed steps required to execute the proposed transaction.
- c. Preparation or review of tax-basis calculations, including the review of supporting documentation.
- d. Preparation or review of memoranda summarizing transactions.
- e. Participation in meetings with tax authorities regarding transactions.
- f. Preparation or review of ruling requests filed with taxing authorities regarding transactions.
- g. Identification and resolution of income tax and other compliance issues relating to proposed transactions.

In addition, the Chief Executive Officer ("CEO") shall provide a report to the Board of Directors concerning any such pre-approved services at the next regularly scheduled Board of Directors meeting following such engagement. The Committee delegates the approval of the fee payments for the pre-approved engagements to the CEO and the CEO's designees. The Committee shall cause this pre-approval policy to be disclosed in CFC's periodic reports.

5. At least annually, the Committee shall obtain and review a report by the Certified Public Accountant describing the firm's internal quality control procedures, any material adverse issues raised by the most recent internal quality control review or by any inquiry or investigation by governmental or professional authorities and any steps taken to deal with any such issues, and all relationships between the Certified Public Accountant and CFC.
6. The Committee hereby directs that CFC shall not employ as the chief executive officer, controller, or chief financial officer any employees or former employees of the Certified Public Accountant if they participated in any capacity during the previous audit.
7. At the completion of the annual audit of CFC by the Certified Public Accountant, the Committee shall review with the CEO, Chief Financial Officer ("CFO"), Controller and the Certified Public Accountant:

- a. The company's annual financial statements and related footnotes.
  - b. The Certified Public Accountant's audit of the financial statements and report thereon.
  - c. The Certified Public Accountant's judgments about the quality, not just the acceptability, of CFC's accounting principles as applied in its financial reporting.
  - d. Any significant changes required in The Certified Public Accountant's audit plan.
  - e. Any significant difficulties or disputes with management encountered during the course of the audit.
  - f. Other matters related to the conduct of the audit, which are to be communicated to the Committee as required by law, regulation or professional standards.
  - g. Significant accounting and financial reporting issues, judgments or estimates.
  - h. All critical accounting policies.
  - i. Alternative treatments of financial information within generally accepted accounting principles related to material items that have been discussed with management and the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the Certified Public Accountant.
  - j. Other material written communication between the Certified Public Accountant and management, including, but not limited to, the management letter and the schedule of unadjusted differences.
  - k. The effect of regulatory and accounting initiatives, as well as off-balance sheet structures reported in the financial statements and footnotes of CFC.
8. Audit reports for each fiscal year will be subject to review and acceptance by the Board of Directors and, pursuant to Article XIII, Section 2, of the By-Laws, a written report of the audit will be submitted to the CFC members.
  9. The CFO and Controller shall have responsibility for maintaining day-to-day relationships and coordinating accounting, financial, and auditing matters with the Certified Public Accountant.
  10. The Committee shall review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and

recent professional regulatory pronouncements, and understand their impact on the financial statements.

- C. Internal Audit Function – The Committee shall review and approve the appointment, replacement or dismissal of the Vice President, Internal Audit.
1. Designate a member of management to oversee the Internal Audit function.
  2. Obtain a report from the Vice President, Internal Audit confirming the independence of the internal audit staff.
  3. Review and approve the Internal Audit Charter, internal audit plans and major changes to the internal audit plans.
  4. Review the adequacy of the staffing, budget and organizational structure for internal audit.
  5. Evaluate the performance of the Internal Audit function.
  6. Consider and review with the CEO, management, and the Vice President, Internal Audit:
    - a. Significant Internal Audit findings and management's responses thereto.
    - b. Any difficulties encountered in the course of their audits, including any restrictions on the scope of their work or access to required information.
    - c. The continuing professional education for the year of the internal audit staff.
    - d. The Internal Audit staff's conformance with The Institute of Internal Auditors' Professional Practice Framework consisting of the *International Standards for the Professional Practice of Internal Auditing*, Definition of Internal Auditing and the Code of Ethics.
- D. Review with management, the Certified Public Accountant and the Vice President, Internal Audit: (1) identified significant risks or exposures and assess the steps management has taken to minimize such risk to CFC; (2) the adequacy of the internal control structure; (3) the integrity of the internal and external financial reporting processes; and (4) the adequacy of the cybersecurity controls in place.
- E. Periodically review the organization's fraud risk management program to provide assurance that fraud risks are appropriately identified, assessed, and addressed through preventive and detective internal controls.
- F. Periodically review the adequacy and effectiveness of the company's disclosure controls and procedures and the company's internal control over financial reporting, including any significant deficiencies and significant changes in internal controls with

the Certified Public Accountant and the Vice President, Internal Audit.

- G. Understand the scope of the internal review of internal control over financial reporting and obtain reports on significant findings and recommendations, together with management responses.
- H. Receive and review any disclosure from the company's CEO or CFO made in connection with the certification of the company's quarterly and annual reports filed with the SEC of: (1) significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize, and report financial data; and (2) any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal controls.
- I. Review with the CEO, CFO, Vice President, Internal Audit, and the Certified Public Accountant the coordination of audit effort and the effective use of audit resources.
- J. Review with management and the Certified Public Accountant all 10Qs, 10Ks and other documents, as considered necessary, prior to filing with the SEC, and consider whether they are complete and consistent with the information known to the Committee. Review other published documents containing the company's financial statements, as considered necessary, and consider whether the information contained in these documents is consistent with the information contained in the financial statements and in compliance with applicable law.
- K. Review significant legal matters with the General Counsel.
- L. Corporate Compliance Functions - The Committee shall review with the General Counsel the state of CFC's corporate compliance program, including:
  - 1. CFC's business ethics and conduct program.
  - 2. The process for communicating the Code of Conduct, Ethics Policy and related organizational compliance policies to company personnel and Board of Directors.
  - 3. The process for certification, training and monitoring of employee and Board compliance with the Code of Conduct, Ethics Policy and related organizational compliance policies.
  - 4. Reports from the General Counsel and management regarding breaches of CFC organizational policies, disciplinary actions taken, findings of wrongdoing related to senior management and statistical trend data analysis with respect to allegations and inquiries received by or directed to Corporate Compliance.
  - 5. Reports from the General Counsel regarding significant compliance risks, breaches and the overall effectiveness of the corporation's activities to reasonably ensure compliance with applicable laws, regulations and internal policies.

6. Reports from the General Counsel regarding new laws, regulations and other legal developments that may have a significant impact on CFC's business or risk profile.
- M. The General Counsel will have access to the Chairman of the Audit Committee upon the occurrence of any matter that warrants the Audit Committee's immediate attention.
- N. Meet with the Vice President, Internal Audit, the Certified Public Accountant, and management in separate executive sessions to discuss any matters that the Committee or these groups believe should be discussed privately with the Committee.
- O. Report Committee actions to the Board of Directors with such recommendations as the Committee may deem appropriate.
- P. Establish and maintain procedures for the receipt, retention and treatment of complaints received by CFC regarding accounting, internal accounting control and auditing matters including the confidential, anonymous submission of such complaints by any internal or external parties to the organization.
- Q. Review any complaints that might have been received, including the current status and resolution, if any has been reached.
- R. The Committee is authorized to conduct or authorize investigations into any matters within its scope of responsibilities.
- S. The Committee is authorized to retain independent counsel, accountants, or other advisors to help it fulfill its responsibilities, as it deems appropriate. CFC shall make funds available to the Committee in an amount the Committee deems sufficient to carry out its responsibilities under this Charter.
- T. Perform a formal self-assessment annually to ensure that objectives of this policy and charter are being achieved and to evaluate the Committee's performance.
- U. Provide sufficient opportunity for the Certified Public Accountant to meet with members of the Committee without management present in order to discuss the Certified Public Accountant's evaluation of the adequacy and competency of CFC's financial, accounting and internal auditing personnel and the cooperation that the Certified Public Accountant received during the course of the audit.
- V. Prepare a letter for inclusion in the annual report of CFC that describes the Committee's composition and responsibilities and how they were discharged.
- W. Review the findings of any financial reporting, securities, and tax-related examinations by regulatory agencies.
- X. Monitor the audit committee calendar status reports to ensure that all responsibilities in this policy have been carried out annually.

- Y. Review the adequacy of this policy annually or more frequently as conditions dictate.
- Z. The Committee will perform such other functions as required by law, the Company's charter or CFC's bylaws, or as otherwise directed by the Board of Directors.

IV. AUTHORITY DELEGATED TO AUDIT COMMITTEE CHAIR & VICE CHAIRS

The Audit Committee hereby authorizes the Audit Committee Chairs to receive the management representation letters on behalf of the entire Audit Committee to satisfy the Certified Public Accountant's communication requirement.

V. BOARD ESTABLISHMENT OF POLICY

The Board of Directors established an Operating Review Committee at its meeting March 10, 1971, (page 12 of Minutes), and changed the name of the Committee to Operating Review and Audit Committee at its meeting December 13, 1978, (page 15 of Minutes) to include responsibilities concerning internal audit activities.

Amendments

May 1973 (720.4)	October 2000	December 2010
December 1978 (720.4)	July 2001	May 2011
May 1981 (720.4)	December 2001	December 2011
November 1982 (720.4)	May 2003	March 2012
August 1983 (720.4)	February 2004	December 2012
September 1986 (720.6)	May 2004	December 2014
June 1993 (720.6)	December 2004	December 2015
April 1995 (720.6)	December 2005	May 2018
July 1995 (720.6)	May 2007	December 2018
February 1996	February 2008	July 2019
July 1997	December 2008	December 2021
March 1999	December 2009	December 2022

APPROVED: Bruce Vitosh  
President