

**TCP INTERNATIONAL HOLDINGS LTD.**

**CHARTER OF THE AUDIT COMMITTEE  
OF THE BOARD OF DIRECTORS**

**Adopted as of June 25, 2014 (as amended through August 4, 2016)**

**I. Purpose of the Committee**

The purpose of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of TCP International Holdings Ltd. (the “Company”) is to provide assistance to the Board in fulfilling its legal and fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting, internal control and legal compliance functions of the Company and its subsidiaries, including (a) assisting the Board’s oversight of (i) the integrity of the Company’s financial statements, (ii) the Company’s compliance with legal and regulatory requirements, (iii) the Company’s independent auditors’ qualifications and independence, and (iv) the performance of the Company’s independent auditors and the Company’s internal audit function; (b) deciding whether to recommend to the shareholders of the Company that they should appoint the Company’s independent auditors, and to pre-approve all audit, audit-related and other services (if any) to be provided by the independent auditors; (c) prepare the disclosure required by Item 407(d)(3)(i) of Regulation S-K; and (d) preparing the report required to be prepared by the Committee pursuant to the rules of the Securities and Exchange Commission (the “SEC”) for inclusion in the Company’s annual proxy statement. The Board may amend or terminate this Charter at any time.

**II. Composition of the Committee**

The Committee shall consist of three or more directors as determined from time to time by the Board, each of whom the Board has determined has no material relationship with the Company and each of whom is otherwise “independent” under the rules of the New York Stock Exchange (“NYSE”) and Rule 10A-3(b)(1) of the Securities and Exchange Act of 1934 (each such director, an “Independent Director”).

No director may serve as a member of the Committee if such director serves on the audit committee of more than two other public companies, unless the Board determines that such simultaneous service would not impair the ability of such director to effectively serve on the Committee. Any such determination must be disclosed in the Company’s annual proxy statement.

The members of the Committee, including the chairperson of the Committee (the “Chairperson”), shall be designated by the Board, *provided* that if the Board does not so designate a Chairperson, the members of the Committee, by a majority vote, may designate a Chairperson.

Any vacancy on the Committee shall be filled by the Board in accordance with the terms of the Company’s Amended and Restated Articles of Association and Organizational Regulations, as have been and may, from time to time, be amended and/or restated (the “Articles of Association” and “Organizational Regulations,” respectively). No member of the Committee shall be removed except by the Board in accordance with the terms of the Company’s Articles of Association and Organizational Regulations.

Each member of the Committee must be “financially literate,” as such qualification is interpreted by the Board in its business judgment, or must become financially literate within a reasonable period of time after his or her appointment to the Committee. In addition, at least one member of the Committee must have “accounting or related financial management expertise” as the Board interprets such qualification in its business judgment, and must be designated by the Board to be the “audit committee financial expert,” as defined by the SEC pursuant to the Sarbanes-Oxley Act of 2002 (the “SOX Act”).

### **III. Procedures and Meetings of the Committee**

The Committee shall fix its own rules of procedure, which shall be consistent with applicable law, the Articles of Association, the Organizational Regulations and this Charter and which may be fixed orally and modified from time to time as the Committee deems appropriate. The Chairperson or a majority of the members of the Committee may also call a special meeting of the Committee. The Committee shall meet as often as it determines necessary to carry out its duties and responsibilities, but no less frequently than once every fiscal quarter. The Committee, in its discretion, may ask members of the Company’s management team or others to attend its meetings (or portions thereof) and to provide such pertinent information as the Committee requests. The Committee should meet separately on a periodic basis with (i) management, (ii) the director or other supervisor of the Company’s internal auditing department or other person responsible for the internal audit function, and (iii) the Company’s independent auditors, in each case to discuss any matters that the Committee or any of the above persons or firms believe warrant Committee attention.

A majority of the members of the Committee present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum.

The Committee may meet in executive session outside the presence of the Company’s management.

Following each of its meetings, the Committee shall deliver an oral report on the meeting to the Board at the Board meeting next following such Committee meeting, including a description of all actions taken by the Committee at the meeting. The Committee shall keep written minutes of its meetings, which minutes shall be maintained with the books and records of the Company.

#### **IV. Duties and Responsibilities of the Committee**

In carrying out its duties and responsibilities, the Committee's policies and procedures should remain flexible, so that it may be in a position to react or respond to changing circumstances or conditions. The following duties and responsibilities shall be within the authority of the Committee, consistent with and subject to applicable law and rules and regulations promulgated by the SEC, NYSE or any other applicable regulatory authority:

##### **A. Selection, Evaluation and Oversight of the Auditors**

Subject to and within the limits of applicable law the Committee shall have the following duties and responsibilities with respect to the selection, evaluation and oversight of the Company's auditors:

(a) To be directly responsible for proposing to the General Meeting of shareholders the election, and to be directly responsible for the compensation, retention and oversight of the work of any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attestation services for the Company, and each such registered public accounting firm must report directly to the Committee (the registered public accounting firm engaged for the purpose of preparing or issuing an audit report for inclusion in the Company's Annual Report on Form 10-K is referred to herein as the "independent auditors");

(b) To review and, in its sole discretion, approve in advance the Company's independent auditors' annual engagement letter, including the proposed fees contained therein, as well as all audit and, as provided in the SOX Act and the SEC rules and regulations promulgated thereunder, all permitted non-audit engagements and relationships between the Company and such independent auditors (which approval should be made after receiving input from the Company's management, if desired). Approval of audit and permitted non-audit services will be made by the Committee or by one or more members of the Committee as shall be designated by the Committee or the Chairperson and the persons granting such approval shall provide an oral report of such approval to the Committee at the next scheduled meeting;

(c) To review the performance of the Company's independent auditors, including the lead partner and reviewing partner of the independent auditors, and, in its sole discretion, make recommendations regarding the replacement or termination of the independent auditors when circumstances warrant;

(d) To obtain at least annually from the Company's independent auditors, and review, a 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 any governmental or professional authority, 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);

The Committee should present its conclusions with respect to the above matters, as well as its review of the lead partner and the reviewing partner of the independent auditors, and its views on whether there should be a regular rotation of the independent auditors, to the Board, which may take the form of an oral report.

(e) To evaluate the independence of the Company's independent auditors by, among other things:

- (i) monitoring compliance by the Company's independent auditors with the audit partner rotation requirements contained in the SOX Act and the rules and regulations promulgated by the SEC thereunder;
- (ii) monitoring compliance by the Company of the employee conflict of interest requirements contained in the SOX Act and the rules and regulations promulgated by the SEC thereunder;
- (iii) engaging in a dialogue with the independent auditors to confirm that (A) audit partner compensation is consistent with applicable SEC rules and (B) there are no undisclosed relationships or services that may impact the objectivity and independence of the independent auditors; and
- (iv) ensuring that the independent auditors prepare and deliver annually an auditors' statement contemplated by the Public Company Accounting Oversight Board's Rule 3526 as it may be modified, supplemented or superseded (it being understood that the independent auditors are responsible for the accuracy and completeness of this statement), and discussing with the

independent auditors any relationships or services disclosed in this statement that may affect the quality of audit services or the objectivity and independence of the Company's independent auditors;

(f) Instruct the Company's independent auditors that they are ultimately accountable to the Company, the Company's shareholders and as the case may be to the Company's creditors.

***B. Oversight of Annual Audit and Quarterly Reviews***

The Committee shall have the following duties and responsibilities with respect to the oversight of the Company's annual audit and quarterly reviews:

(a) To review and discuss with the independent auditors their annual audit plan, including the timing and scope of audit activities, and monitor such plan's progress and results during the year;

(b) To review with management, the Company's independent auditors and the director or other supervisor of the Company's internal auditing department, the following information which is required to be reported by the independent auditor:

- (i) all critical accounting policies and practices to be used;
- (ii) all alternative treatments of financial information that have been discussed by the independent auditors and management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors;
- (iii) all other material written communications between the independent auditors and management, such as any management letter and any schedule of unadjusted differences; and
- (iv) any material financial or non-financial arrangements of the Company which do not appear on the financial statements of the Company;

(c) To review with management, the Company's independent auditors and, if appropriate, the director or other supervisor of the Company's internal auditing department, the following:

- (i) the Company's annual audited financial statements and quarterly financial statements, including the Company's specific disclosures under "Management's Discussion and Analysis of Financial

Condition and Results of Operations,” and any major issues related thereto;

- (ii) major issues regarding accounting principles and financial statement presentation, including any significant changes in the Company’s selection or application of accounting principles;
- (iii) any 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 analyses of the effects of alternative generally accepted accounting principles methods on the Company’s financial statements; and
- (iv) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company;

(d) To resolve any disagreements between the Company’s independent auditors and management regarding financial reporting;

(e) To review on a regular basis with the Company’s independent auditors any problems or difficulties encountered by the independent auditors in the course of any audit work, including management’s response with respect thereto, any restrictions on the scope of the independent auditor’s activities or on access to requested information, and any significant disagreements with management. In connection therewith, the Committee should review with the independent auditors the following:

- (i) any accounting adjustments that were noted or proposed by the independent auditors but were rejected by management (as immaterial or otherwise);
- (ii) any communications between the audit team and the independent auditor’s national office respecting auditing or accounting issues presented by the engagement; and
- (iii) any “management” or “internal control” letter issued, or proposed to be issued, by the independent auditors to the Company;

**C. *Oversight of the Financial Reporting Process and Internal Controls***

The Committee shall have the following duties and responsibilities with respect to the oversight of the Company’s financial reporting process and internal controls:

- (a) To review:

- (i) the adequacy and effectiveness of the Company's accounting and internal control policies and procedures on a regular basis, including the responsibilities, budget, compensation and staffing of the Company's internal audit function through inquiry and discussions with the Company's independent auditors, management and director or other supervisor of the Company's internal auditing department;
  - (ii) as and when required by the rules of the SEC, the yearly report prepared by management, and attested to by the Company's independent auditors, assessing the effectiveness of the Company's internal control over financial reporting and stating management's responsibility for establishing and maintaining adequate internal control over financial reporting prior to its inclusion in the Company's Annual Report on Form 10-K; and
  - (iii) the Committee's level of involvement and interaction with the Company's internal audit function, including the Committee's line of authority and role in appointing and compensating employees in the internal audit function;
- (b) To review with the chief executive officer, chief financial officer and independent auditors, periodically, the following:
- (i) all 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 information; and
  - (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting;
- (c) To discuss guidelines and policies governing the process by which senior management of the Company and the relevant departments of the Company, including the internal auditing department, assess and manage the Company's exposure to risk, as well as the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures;
- (d) To review with management the progress and results of all internal audit projects, and, when deemed necessary or appropriate by the Committee, direct the Company's chief executive officer to assign additional internal audit projects to the director or other supervisor of the Company's internal auditing department;

(e) To review with management the Company's administrative, operational and accounting internal controls, including any special audit steps adopted in light of the discovery of material control deficiencies;

(f) To receive periodic reports from the Company's independent auditors, management and director or other supervisor of the Company's internal auditing department to assess the impact on the Company of significant accounting or financial reporting developments that may have a bearing on the Company;

(g) To review and discuss with the independent auditors the results of the year-end audit of the Company, including any comments or recommendations of the Company's independent auditors and, based on such review and discussions and on such other considerations as it determines appropriate, recommend to the Board whether the Company's financial statements should be included in the Annual Report on Form 10-K;

(h) To establish and maintain free and open means of communication between and among the Committee, the Company's independent auditors, the Company's internal auditing department and management, including providing such parties with appropriate opportunities to meet separately and privately with the Committee on a periodic basis; and

(i) To review the type and presentation of information to be included in the Company's earnings press releases (especially the use of "pro forma" or "adjusted" information not prepared in compliance with generally accepted accounting principles), as well as financial information and earnings guidance (if any) provided by the Company to analysts and rating agencies (which review may be done generally (i.e., discussion of the types of information to be disclosed and type of presentations to be made), and the Committee need not discuss in advance each earnings release or each instance in which the Company may provide earnings guidance).

#### ***D. Miscellaneous***

The Committee shall have the following miscellaneous duties and responsibilities:

(a) To establish clear hiring policies by the Company for employees or former employees of the Company's independent auditors;

(b) To meet periodically with the Company's general counsel, and outside counsel when appropriate, to review legal and regulatory matters, including (i) any matters that may have a material impact on the financial statements of the Company and (ii) any matters involving potential or ongoing material violations of law or breaches of fiduciary duty by the Company or any of its directors, officers, employees or agents or breaches of fiduciary duty to the Company;

(c) Prepare the report required by the rules of the SEC to be included in the Company's annual proxy statement;



(d) To consider the results of any review by the Company's independent auditors of the Company's policies relating to the ethical handling of conflicts of interest and review of past or proposed transactions between the Company and members of management as well as policies and procedures with respect to officers' expense accounts and perquisites, including the use of corporate assets and report the results to the Company's Nominating and Corporate Governance Committee;

(e) Review and approve in advance any services provided by the Company's independent auditors to the Company's executive officers or members of their immediate family;

(f) To establish procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;

(g) To report regularly to the Board on its activities, as appropriate. In connection therewith, the Committee should review with the Board any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's independent auditors, or the performance of the internal audit function;

(h) Review the Company's program to monitor compliance with the Company's Whistleblower Policy and determine whether the identity of any person reporting a complaint under the Policy is required to complete the investigation of the complaint and/or whether such complaint is fraudulent; if such complaint relates to an accounting or auditing matter or to illegal conduct, the chairperson of the Committee will be responsible for oversight of the investigation;

(i) The Chairperson of the Committee will be responsible for approving any hardship exemptions made by any person subject to the restrictions and procedures of the Company's Securities Trading Policy who have an unexpected and urgent need to sell Company stock to generate cash other than during a mandatory trading window, unless such transaction is otherwise approved by the Nominating and Governance Committee; and

(j) To perform such additional activities and to consider such other matters, within the scope of its responsibilities, as the Committee or the Board deems necessary or appropriate.

## **V. Delegation of Authority**

The Committee may form subcommittees for any purpose that the Committee deems appropriate and may delegate to such subcommittees such power and authority as the Committee deems appropriate; and *provided further* that the Committee shall not

delegate to a subcommittee any power or authority required by any law, regulation or listing standard to be exercised by the Committee as a whole.

## **VI. Evaluation of the Committee**

The Committee shall, on an annual basis, evaluate its performance. In conducting this review, the Committee shall evaluate whether this Charter appropriately addresses the matters that are or should be within its scope and shall recommend such changes as it deems necessary or appropriate. The Committee shall address such matters that the Committee considers relevant to its performance, and shall be conducted in such manner as the Committee deems appropriate.

The Committee shall deliver to the Board a report, which may be oral, setting forth the results of its evaluation, including any recommended amendments to this Charter and any recommended changes to the Company's or the Board's policies or procedures.

## **VII. Investigations and Studies; Outside Advisers**

In performing its duties and responsibilities, the Committee shall be entitled to rely on the advice, reports and opinions of management, counsel, accountants, auditors and other experts and advisors. 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 or other experts and advisors, as it deems appropriate. The Committee shall receive appropriate funding, as determined by the Committee, from the Company to pay any fees incurred in selecting or retaining any counsel, experts or advisors (including consultants).

## **VIII. COMMUNICATION WITH NON-MANAGEMENT DIRECTORS**

Anyone who would like to communicate with, or otherwise make his or her concerns known directly to the Chairperson, or to the Independent Directors as a group, may do so by addressing such communications or concerns to the Lead Director of the Board of Directors, 325 Campus Drive, Aurora, Ohio, 44202, who will forward such communications to the appropriate party. Such communications may be done confidentially or anonymously.

\* \* \*