

**TERMS OF REFERENCE  
AUDIT COMMITTEE**

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**1. PURPOSE**

The Audit Committee is established as a committee of the Board as required under the Public Bodies Management and Accountability Act.

**2. RESPONSIBILITIES AND OBJECTIVES**

2.1 The Audit Committee shall:<sup>1</sup>

- a. Advise the board on:
  - i. practices and procedures which will promote productivity and the quality and volume of service;
  - ii. the extent to which the objects of the company are being achieved;
  - iii. the adequacy, efficiency and effectiveness of the accounting and internal control structure and systems of the company;
  - iv. the independence of auditors auditing the company.
- b. review and advise the board on the financial statements that are to be included in the annual report of the public body;
- c. oversee any internal audit of the company;
- d. review and advise the board on the annual auditor's report;
- e. where the company is undergoing a special audit or examination, review and advise the board with respect to the report of that audit or examination; and
- f. perform such other functions as are assigned to it by the board.

2.2 The audit committee shall also:

- a. Review the adequacy of these Terms of Reference and the Committee's own effectiveness annually, reporting any proposed changes to the Board for review and approval;
- b. Meet with the external auditors before the audit commences and discuss the nature and scope of the audit, approve terms of engagement, including the engagement letter and the scope of the audit;
- c. Meet with the external auditors post-audit to discuss the audit, including problems and reservations arising from the audit, and any matters the external auditors may wish to discuss;
- d. Review and advise the Board with respect to any special audit or examination;
- e. Review the scope and extent of internal audit, considerations of major findings and ensuring that the internal audit function has adequate resources;
- f. Review status reports from Internal Audit, considering management's response to any major finding and providing support, if necessary, for any follow-up action required;
- g. Ensure the Internal Audit function has full, free and unrestricted access to all records, property and personnel and receives such professional advice necessary to fulfill its agreed objectives;
- h. Monitor compliance with established policies, plans, procedures, laws and regulations; and
- i. Ensure, where they deem necessary, that suitably qualified individuals are appointed by the executive management with specific responsibility to monitor and effect compliance.

**3. MEMBERS' APPOINTMENT PROCESS**

3.1 The Committee Members shall be appointed by the Board of Directors.

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<sup>1</sup> PBMAA (The Public Bodies Management & Accountability Act 2014 S. 9:1-2

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3.2 The Board from time to time may review the composition of the Committee to ensure that members of the Committee have the required skills and capabilities to effectively discharge to their responsibilities, and the appropriate expertise or access to such expertise, to enable them to understand the risks and principles that underpin the preparation of the financial statements and development of project economic analysis.

**4. MEMBERSHIP & COMPOSITION**

4.1 The Committee shall be comprised not less than three (3) members.

4.2 Officers of Petrojam Limited may be called upon to participate in meetings as resource personnel as required. In addition, the Legal Officer, the Group Internal Auditor and Security Advisor shall be invited to attend each meeting.

**5. PRINCIPAL OFFICERS****5.1 Chair**

The Chair of the Audit Committee shall be appointed by the Board of Directors.

**5.2 Secretary**

The secretary of the Committee shall be the Corporate Secretary.

**6. TENURE**

The Audit Committee tenure is two (2) years.

**7. MEETINGS****7.1 Notice**

At least seven (7) days written notice shall be given to each member of the Committee. The notice of meeting shall contain, inter alia, an agenda identifying in reasonable detail the matters to be discussed at the meeting and copies of any relevant papers to be discussed at the meeting.

**7.2 Venue**

The venue shall be at the Corporate Offices of Petrojam Limited, unless otherwise agreed.

**7.3 Frequency**

The Committee shall meet every other month either in person or by electronic means. Additional meetings will be scheduled as necessary to consider matters for approval.

The Committee shall meet at least twice each year with only the external and internal auditors present.

**7.4 Quorum**

A quorum is a majority of committee members established as sixty percent (60%) rounded up to the nearest whole number.

**7.5 Voting**

- i. Only Committee members have the right to vote at meetings.
- ii. Matters arising at any Audit Committee meeting shall be determined by a majority of votes.
- iii. In case of an equality of votes, the Chairman shall have a second or casting vote.

**7.6 Minutes**

The secretary shall be responsible for drafting the minutes of each meeting and circulating them for approval by attending Members. The minutes shall be signed by the Chairman and Secretary after same has been approved by all attending members of the Committee.

**8. ACCOUNTABILITIES**

8.1 The Committee shall make recommendations or submit reports at each Board meeting on the principal activities that have been considered and executed by the Committee to the Board.

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- 8.2 The Committee shall **not** have power to bind the Board unless power to do so in respect of a specific matter is delegated by a resolution of the Board.
- 8.3 The Audit Committee is accountable to the Board of Directors.
- 8.4 The Audit Committee shall keep detailed records of its meetings and such records shall be made available to the external auditor and any examiner of a public body during any external audit or examination.
- 8.5 Except in the abovementioned circumstances, minutes and documents of the Audit Committee are held confidential and not for redistribution by Committee members.
- 8.6 Members of the Committee shall comply with the approved Conflict of Interest and Ethics Guidelines.