

# Audit Committee Charter

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Miclyn Express Offshore Limited

Adopted by the Board on 19 February 2010  
[Amended by the Board on 17 August 2012 and 24 February 2017]

# Committee Charter

## 1. Membership of the Committee

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The Committee must consist of:

- only non-executive directors;
- an independent chair, who is not chair of the Board; and
- a minimum of 3 members of the Board.

The Board may appoint additional non-executive directors to the Committee or remove and replace members of the Committee by resolution. Members may withdraw from membership by written notification to the Board.

Non-committee members, including members of management and the external and internal auditors may attend meetings of the Committee at the invitation of the Committee chair.

It is intended that all members of the Committee should be financially literate and have familiarity with financial management and at least one member should have relevant qualifications and experience (ie be a qualified accountant or other finance professional with experience of financial and accounting matters).

The Company Secretary shall be the secretary of the Committee.

## 2. Administrative matters

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### 2.1 Meetings

The Committee will meet as often as the Committee members deem necessary in order to fulfill their role. However, it is intended that the Committee will normally meet two times a year in Singapore, except where the Chair determines otherwise.

### 2.2 Quorum

The quorum is at least 2 members.

### 2.3 Convening and notice of meeting

Any member may, and a Company Secretary must upon request from any member, convene a meeting of the Committee. Notice confirming date, time, venue and agenda shall be given to each Committee member either at the member's advised address or via electronic means to the last notified email address. However, there is no minimum notice period and acknowledgement of receipt of notice by all members is not required before the meeting may be validly held.

### 2.4 Rights of access and authority

The Committee has rights of access to management and to auditors (external and internal) without management present, and rights to seek explanations and additional information from both management and auditors. Whilst the internal audit function reports administratively to senior management, it is acknowledged that the internal auditors also report directly to the Committee.

The Committee may seek the advice of the Company's auditors, solicitors or such other independent advisers as to any matter pertaining to the responsibilities of the Committee, as the Committee may require.

## **2.5 Minutes/Resolutions**

Minutes of meetings of the Committee must be kept by the Company Secretary and, after approval by the Committee chair, be presented at the next Board meeting. All minutes and formal resolutions of the Committee must be entered into a minute book maintained for that purpose and be open at all times for inspection by any director.

## **2.6 Reporting**

A copy of the minutes of the Committee meeting will be included in the Board papers for the Board meeting next following a meeting of the Committee.

The Committee chair will, if requested, provide a brief oral report as to any material matters arising out of the Committee meeting. All directors may, within the Board meeting, request information from members of the Committee.

# **3. Role & Responsibilities**

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## **3.1 Purpose**

The Committee's purpose is to assist the Board in the effective discharge of its responsibilities in relation to the financial reporting and disclosure processes; internal controls, the internal and external audit functions, oversight of the effectiveness of the systems of internal control and risk management, financial risk management including hedging and funding.

## **3.2 External Audit**

The following provides an overview of the Committee's role in relation to external audit in order to fulfill its recommendatory responsibilities to the Board:

- 3.2.1 Review and make recommendations to the Board on the procedures for selection and appointment of the external auditors and for the rotation of external audit engagement partners.
- 3.2.2 Make recommendations to the Board in relation to the appointment (including the termination of an engagement), compensation, the terms of engagement and other contractual terms of the external auditors.
- 3.2.3 Approve the scope of the external audit for the Board's approval.
- 3.2.4 Review and make recommendations to the Board on the effectiveness of the annual audit, placing emphasis on areas where the Committee or the external auditors believe special attention is necessary.
- 3.2.5 Review and make recommendations to the Board on the performance, independence and objectivity of the external auditors.

- 3.2.6 Develop and recommend for approval by the Board, the implementation of the Company's policy on the engagement of the external auditor to supply non-audit services and ensure compliance with that policy.
- 3.2.7 Provide advice to the Board as to whether the Committee is satisfied that the provision of non-audit services is compatible with the general standard of independence, and an explanation of why those non-audit services do not compromise audit independence, in order for the Board to be in a position to make any statements required by the applicable laws, governmental regulations and accounting standards.

### **3.3 Internal Audit**

The following provides an overview of the Committee's role in relation to internal audit in order to fulfill its recommendatory responsibilities to the Board:

- 3.3.1 Review the results and effectiveness of the internal audit programs and the performance and objectivity of the internal audit function, including whether the internal auditors are adequately resourced and co-ordinated with the external auditor. Monitor the independence of the internal audit programs from the external auditors and management. Review the outcomes and recommend approval by the Board of the internal audit program.
- 3.3.2 Review and recommend for approval by the Board the appointment and dismissal of internal auditor.

### **3.4 Financial Reporting**

The following provides an overview of the Committee's role in relation to financial reporting in order to fulfill its recommendatory responsibilities to the Board:

- 3.4.1 Receive financial reports from management, oversee the Company's financial reporting and disclosure processes and review the reports and outputs of that process (including review of the Company's financial statements for accuracy and to ensure they reflect a true and fair view, as a basis for recommendation to and adoption by the Board).
- 3.4.2 Assist the Board in determining the reliability and integrity of accounting policies and financial reporting, including compliance with laws, regulations and ethical guidelines and disclosure practices.
- 3.4.3 Review financial statements for adherence to accounting standards and policies and other requirements relating to the preparation and presentation of financial results and oversee the financial reports and the results of external audit of those reports (including assessing whether external reporting is consistent with the Committee members' information and knowledge, and is adequate for shareholder needs), as a basis for making recommendations to the Board.
- 3.4.4 Review and make recommendations to the Board on the appropriateness of the accounting policies adopted by management in the composition and presentation of financial reports (or any changes made or contemplated in relation to the Company's accounting policies) and assess the management processes supporting external reporting.
- 3.4.5 Review and make recommendations to the Board on the management processes supporting external reporting, and any complaints or concerns raised internally regarding financial or accounting processes and practices.

### **3.5 Internal Control and Risk Management**

The Committee's purpose with respect to risk management is to act as a recommendatory body to the Board to ensure that:

- a. the Company's ongoing risk management program effectively identifies all areas of potential risk (including financial, business and operational risks);
- b. adequate policies and procedures have been designed and implemented to manage identified risks;
- c. a regular program of audits is undertaken to test the adequacy of and compliance with prescribed policies; and
- d. proper remedial action is undertaken to redress areas of weakness.

The following provides an overview of the Committee's role in relation to the internal control and risk management in order to fulfill its recommendatory responsibilities to the Board:

- 3.5.1 Evaluating and providing recommendations to the Board on the adequacy and effectiveness of the management reporting and control systems used to monitor adherence to policies and guidelines and limits approved by the Board for management of balance sheet risks.
- 3.5.2 Evaluating and providing recommendations to the Board on the adequacy and effectiveness of the Group's financial and operational risk management control systems by reviewing risk registers and reports from management and external auditors.
- 3.5.3 Evaluating and providing recommendations to the Board on the structure and adequacy of the Group's Business Continuity Plans.
- 3.5.4 Evaluating and providing recommendations to the Board on the structure and adequacy of the Group's own insurances on an annual basis.
- 3.5.5 Reviewing and making recommendations to the Board on the strategic direction, objectives and effectiveness of the Group's financial and operational risk management policies.
- 3.5.6 Overseeing and providing recommendations to the Board on the establishment and maintenance of processes to ensure that there is:
  - (i) an adequate system of internal control, management of business risks and safeguard of assets; and
  - (ii) a review of internal control systems and the operational effectiveness of the policies and procedures related to risk and control.
- 3.5.7 Evaluating the Group's exposure to fraud and reporting to the Board on investigations of allegations of fraud or malfeasance.
- 3.5.8 Establish procedures and make recommendations to the Board for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls and auditing matters, and procedures for the confidential, anonymous submission of concerns by employees regarding accounting and auditing matters.

- 3.5.9 Review and make recommendations to the Board on the procedures in place designed to verify the existence and effectiveness of accounting and financial systems and other systems of internal control which relate to financial risk management.

### **3.6. Compliance**

The following provides an overview of the Committee's role in order to fulfill its recommendatory compliance responsibility to the Board:

- 3.6.1 Reviewing and making recommendations to the Board on the Group's main corporate governance practices for completeness and accuracy.
- 3.6.2 Reviewing and making recommendations to the Board on the procedures the Company has in place to ensure compliance with applicable laws and regulations..
- 3.6.3 Reviewing and making recommendations to the Board on the procedures in place to ensure compliance with insider trading laws, continuous disclosure requirements and other best practice corporate governance processes.
- 3.6.4 Advising the Board on the appropriateness of significant policies and procedures relating to financial processes and disclosures and reviewing the effectiveness of the Company's internal control framework.
- 3.6.5 Reviewing and making recommendations to the Board on the Company's policies and culture with respect to the establishment and observance of appropriate ethical standards.
- 3.6.6 Reviewing and discussing with management and the internal and external auditors the overall adequacy and effectiveness of the Company's legal, regulatory and ethical compliance programs, as a basis for making recommendations to the Board.

## **4. Relationship with the external auditor**

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The Committee provides a link between the external auditor and the Board and makes recommendations to the Board in relation to the appointment and removal of the external auditor and to review the terms of its engagement.

## 5. Relationship with the internal auditor

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The Committee assists the Board by:

- a. reviewing the internal auditor's objectives, competence and resourcing (including determining whether the internal audit function is to be provided by an internal or external party provider);
- b. ensuring an appropriate program of internal audit activity is conducted each financial year;
- c. reviewing and monitoring the progress of an internal audit and work program (without the presence of management);
- d. overseeing the coordination of the internal and external audit; and
- e. evaluating and critiquing management's responsiveness to internal auditor's finding and recommendations, as a basis for making recommendations to the Board.

## 6. Review

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The Board will, from time to time, review the membership and Charter of the Committee to determine its adequacy for current circumstances and the Committee may make recommendations to the Board in relation to the Committee's membership, responsibilities, functions or otherwise.