



## **BW Offshore Limited**

### **Terms of Reference for the Audit Committee**

Adopted by the Board on 25 August 2023

#### **Introduction**

1. BW Offshore Limited (the Company) is incorporated in Bermuda and is listed on the Oslo Stock Exchange. The Company owns a number of wholly owned subsidiaries which are incorporated in many different countries throughout the world; the Company and its subsidiaries are together referred to as the Group. The Company has a Board of Directors (the Board), the members of which are all non-executive, and a Company Secretary but otherwise has no employees. The Company has entered into Management Agreements for the purpose of establishing the terms and conditions applicable to the management of the Company and the Group by BW Offshore Singapore Pte Ltd and BW Offshore Norway AS (each the "Manager").

#### **Constitution**

2. The Board of the Company has established an Audit Committee comprising of two or three members of the Board appointed to the Audit Committee by the Board. A majority of the members of the Audit Committee shall be independent of the Company and the Group. At least one of the independent members of the Audit Committee shall have recent and relevant financial experience and with competence in accounting and/or auditing. The Audit Committee members as a whole shall have competence relevant to the sectors in which the Company is operating.
3. The Audit Committee is a sub-committee of the Board and acts as an advisory committee to the Board; it has no executive authority of its own. The Board appoints the Chair of the Audit Committee. The Audit Committee performs the duties specified in these Terms of Reference and those additional duties assigned to it by the Board from time to time. The Audit Committee reports directly to the Board and shall assist the Board in fulfilling its responsibilities concerning the Company and the Group in respect of:
  - i) understanding, assessing and monitoring business risks and financial risks;
  - ii) monitoring annual and interim financial reporting;
  - iii) overseeing internal control, risk management, internal audit and external audit activities;
  - iv) overseeing legal and regulatory compliance
  - v) overseeing compliance with the Company's governance policies;
  - vi) assessing the performance of the Company and the Group's internal control;
  - vii) assessing the performance and independence of the external auditor; and

- viii) initiating investigations in circumstances where there exists a reasonable basis to suspect that the integrity of the Management is compromised. The Audit Committee shall have the prerogative to determine the appropriate course of action and scope of the investigation, in alignment with the best interest of the Company.
- 4. Members of the Audit Committee shall attend Audit Committee meetings, and invite such other persons (including the head of internal audit and external audit lead partner) to attend all or part of any meetings of the Audit Committee as and when appropriate and necessary. The chief financial officer shall attend all meetings of the Audit Committee, and if so requested, the Chair of the Board and the chief executive officer may also attend Audit Committee meetings.
- 5. The Audit Committee shall meet not less than four times per year. The Audit Committee may meet for additional meetings as it so determines. Meetings may be held at geographical locations agreed by the Audit Committee or may meet via a video or telephone conference call. The Audit Committee shall establish its own program of work.
- 6. The Audit Committee shall appoint a member of the Manager's staff as the Secretary of the Audit Committee (the Secretary). The Secretary shall be responsible for making all of the arrangements for the holding of the meetings of the Audit Committee, for arranging for the attendance at the meetings of those employees of the Manager and external parties who are required, by the Chair of the Audit Committee for preparing and issuing the Agendas for the meetings and for issuing the Minutes of the meetings.
- 7. The Board has conferred on the Audit Committee the right to request the attendance of any employee of the Manager who may reasonably be required to provide information in person to the Audit Committee.
- 8. The Board has conferred on the Audit Committee the right to request the Manager to provide it with such information and explanations, books and records, reports and other documentation as it reasonably requires for the discharge of its duties under these Terms of Reference. In discharging its responsibilities, the Audit Committee shall have full access to all books, records and personnel of the Group, as well as the external auditor of the Company.

## **Responsibilities**

### **Monitoring the financial reporting process**

- 9. The Audit Committee should review, at least annually, the systems employed by the Group to ensure compliance with all relevant laws and regulations for financial reporting and should report to the Board any shortcomings and should provide suggestions for improvement.
- 10. The Audit Committee shall monitor the financial reporting process and prepare the Board's review of the financial reporting process. The Audit Committee may submit recommendations or proposals to ensure the integrity of the financial reporting process.
- 11. With due consideration to the Audit Committee's independence, the Audit Committee shall monitor the effectiveness of the Company's and the Group's internal quality control, risk management systems and internal audit regarding the Company's and the Group's financial reporting. The Audit Committee is required to review the systems of internal controls for financial reporting employed by the Group and to advise the Board of any shortcomings therein. This review shall include consideration of the appropriateness of the controls to the business of the Group, the existence of relevant internal control procedures and the effectiveness of these controls in practice.

12. The Audit Committee should review the published Financial Statements of the Group and to advise the Board as to whether they show a true and fair view and have been prepared in accordance with the law and all regulations and standards applicable to the Group and the Company. The Audit Committee reports to the Board in respect of the Financial Statements for each of the four quarters of the year and also in respect of the annual Financial Statements. These reviews shall also encompass all of the information contained in the document to be issued and published by the Company.
13. At least annually the Audit Committee is required to report to the Board whether it considers that the adoption of the Going Concern concept for the preparation of the Financial Statements is appropriate for the Group and the Company.

#### **Monitoring the statutory audit process and informing the Board of the outcome**

14. The Audit Committee shall monitor the statutory audit of the Company and the Group's annual and consolidated financial statements through regular dialogue with the external auditor.
15. The Audit Committee shall review the external auditor's audit report and additional report to the Audit Committee and, where required, discuss the reports with the external auditor including responses from the management related thereto.
16. The Audit Committee shall inform the Board of the outcome of the statutory audit and explain how the statutory audit contributed to the integrity of financial reporting and what the role of the Audit Committee was in that process.
17. The Audit Committee shall oversee and assess the independence of the external auditor and its personnel from the Company and the Group. The Audit Committee shall discuss with the external auditor any threats to such independence and safeguards being applied by the external auditor to mitigate such threats, and receive annually the external auditor's written confirmation of their independence from the Company and the Group.
18. The Audit Committee shall ensure that the external auditor does not provide services that are prohibited under any rules of law relevant to the Company and the Group.
19. The Audit Committee shall approve the provision of permissible non-audit services to be provided by the external auditor after carefully assessing the effects such services may have on the independence of the external auditor, and monitor the proportionate level of audit-services fees of the external auditor.
20. The Audit Committee shall provide the external auditor full access to the Audit Committee, with or without management of the Company present, to report on any and all appropriate matters.

#### **Make recommendations regarding the Company's appointment of external auditor**

21. The Audit Committee shall be responsible for managing the process of selecting the Company's external auditor and making a recommendation for the appointment of the Company's external auditor. The Audit Committee shall undertake an annual evaluation of the external auditor and their work as part of the annual meeting schedule. Such evaluation shall be grounded in a self-assessment conducted collaboratively by both the external auditor and the Management. Subsequent to this assessment, a session shall be convened between the Audit Committee, the external auditor, and the Management, to deliberate and exchange perspectives regarding the outcome of the evaluation.

#### **Other responsibilities**

22. Review the Terms of Reference at least annually and recommend to the Board any necessary amendments.
23. The Audit Committee is required to review the Group's procedures established to ensure that transactions between the Company and/or its subsidiaries on the one side, and any directly or indirectly related company, including but not limited to any company within the BW Group, BW Energy or the BW Ideol group on the other side (Related Party Transactions) are made on arms' length terms. Further, the Audit Committee shall review and discuss with Management and CEO, the Group's compliance with these procedures, including but not limited to, the procedures for obtaining independent third party valuation in the event of non-immaterial Related Party Transactions.
24. The Audit Committee should review the work of the Internal Auditor, if one has been appointed, including approval of the internal audit plan, and advise the Board whether the program of internal audit work is comprehensive and relevant and whether the work undertaken by the Internal Auditor has been completed satisfactorily.
25. The Audit Committee should, at least annually, examine the systems employed by the Group and the Managers for the prevention and detection of fraud. It should review all cases of material fraud detected in each period and the measures taken to combat such attempts in future. The Audit Committee should report to the Board any areas of concern.
26. The Audit Committee should examine the Group's and Manager's systems for identifying areas of material business risk, for measuring their possible impact on the Group and the procedures in place to mitigate the impact of such risks and it shall report to the Board accordingly.
27. The Audit Committee is responsible for examining and exercising oversight of the Group's annual sustainability report. This includes evaluating the efforts made by the Company and the Manager to satisfy external stakeholders' expectations and align with corporate strategy and value creation and report to the Board accordingly.
28. In the course of assessing the Group's sustainability reporting, the Audit Committee' review shall include, but not be limited to;
  - i) monitor the assurance of sustainability reporting;
  - ii) monitor the preparation process of sustainability reporting, including double materiality assessments;
  - iii) monitor the effectiveness of internal control, and risk management systems related to the sustainability financial reporting process; and
  - iv) evaluate the knowledge of climate risks within the Board and Management.
29. The Audit Committee shall, on an annual basis, meet with the Head of Corporate Integrity in a separate meeting to assess, including but not limited to, the compliance, internal audit, and risk policies of the Group, and any other matter naturally linked hereto, in order to identify any existing gaps or pertinent matters that require attention of the Audit Committee or the Board.