



BW Offshore Limited

Terms of Reference for the Audit Committee

Adopted by the Board on 23 August 2021

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, at least one of whom shall have recent and relevant financial experience and with competence in accounting and/or auditing.
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 Chairman 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.
4. Members of the Audit Committee shall have the right to 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 chairman 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 telephone conference call. The Audit Committee shall establish its own program of work.
6. The Audit Committee shall, in consultation with the Manager, 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 Chairman 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.

Responsibilities

9. Review the Terms of Reference at least annually and recommend to the board of directors any necessary amendments.
10. The Audit Committee is required to 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 will so report 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.
11. 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.
12. 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 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.
13. 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.
14. The Audit Committee should review the work of the Internal Auditor, if one has been appointed, 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.
15. 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.
16. 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.

17. The Audit Committee should examine the 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.
18. The Audit Committee shall meet regularly with the External Auditors of the Group and , at least, once per year meet them without the presence of any employees of the Managers. The terms of appointment, the remuneration, competence, independence and professionalism of the External Auditors shall be reviewed annually and the Audit Committee shall report to the Board thereon. The Representation Letter shall be reviewed and the Board advised on its suitability. The Audit Committee will discuss with the External Auditors all areas of their concern or disagreement.
19. The Audit Committee shall, at least annually, examine the schemes in place to cover the Group's retirement benefit obligations and in particular shall determine whether the liabilities of such schemes have been fully provided for either by external funds or by provisions within the Group's Financial Statements.