

PORTLAND JSX LIMITED

AUDIT COMMITTEE – TERMS OF REFERENCE

1. Purpose

The Audit Committee (Committee) has a particular role to act independently of the executive to ensure that the interests of shareholders are properly protected in relation to financial reporting and internal control. It provides oversight of good fiscal discipline, financial reporting, timely disclosure and listing compliance.

2. Membership

- 1) Membership of the Committee shall be appointed by the Board and shall be made up of at least three members, the majority of whom shall be independent non-executive directors.
- 2) Only members of the Committee have the right to attend committee meetings but other individuals including members of management and external advisers may be invited to attend for all or part of any meeting as and when appropriate.
- 3) The members of the Committee shall serve for such term or terms as the Board may determine or until earlier resignation or death. Appointments may be extended by the Board provided the directors continue to meet the criteria for membership of the Committee. The board may remove any member of the Committee with or without cause.
- 4) The Board shall appoint the committee chairman. In the absence of the committee chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting. The Board Chairman shall not be chairman of the Committee.

3. Secretary

The company secretary or their nominee shall act as the secretary of the Committee.

4. Quorum

The quorum necessary for the transaction of business shall be two (2). A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

5. Meetings

The Committee shall meet twice in each year and at such other times as the committee chairman shall require.

6. Notice of Meetings

Committee meetings shall be summoned by the secretary of the Committee. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors, no later than five (5) working days before the date of the meeting. Supporting papers shall be sent to committee members and to other attendees as appropriate, at the same time.

7. Minutes of Meetings

- 1) The secretary of the Committee shall minute the proceedings and resolutions of all committee meetings, including the names of those present and in attendance or otherwise.
- 2) Minutes of committee meetings shall be circulated promptly to all members of the Committee and once agreed, to all members of the Board, unless a conflict of interest exists.

8. Annual General Meeting

The committee chairman shall attend the annual general meeting prepared to respond to any shareholder questions on the Committee's activities and matters within the scope of the audit committee's responsibilities.

9. Duties

A. External Audit

The Committee shall:

- 1) Have responsibility for the oversight of the external audit process and recommend their appointment, re-appointment and removal
- 2) Oversee the selection process for new auditors and if an auditor resigns the committee shall investigate the issues leading to this and decide whether any action is required.
- 3) Approve the remuneration of the external auditor, whether fees for audit or non-audit services, and ensure that the level of fees is appropriate to enable an adequate audit to be conducted
- 4) Approve their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit
- 5) Seek to ensure co-ordination with the activities of the internal audit function
- 6) Meet the external auditor at least once a year, without management being present to discuss their remit and any issues arising from the audit.
- 7) Review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement

- 8) Review the findings of the audit with the external auditors. This shall include but not be limited to the following:
 - (a) A discussion of any major issues which arose during the audit
 - (b) Any accounting and audit judgments
 - (c) Levels of errors identified during the audit
- 9) Review any representation letter(s) requested by the external auditor before signing and the management letter and management's response to the auditor's findings and recommendations.
- 10) Develop and implement a policy on the supply of non-audit services by the external auditor, if any.

B. Financial Reporting

The Committee shall:

- 1) Review and advise the Board on the financial statements that are to be included in the Annual Report
- 2) Review and advise the Board on the annual external auditor's report

C. Risk Management

- 1) Oversee and the Board on the current overall risk exposures of the Company and future risk strategies.
- 2) Evaluate measure and monitor all risks to which the Company is exposed and identify gaps or overlaps in risk coverage and put in processes to ensure seamless systems of risk management.
- 3) Advise on proposed strategic transactions including acquisitions or disposals, ensuring that a due diligence appraisal of the proposition is undertaken, focussing in particular on risk aspects and implications for the risk appetite and tolerance of the Company.

D. Securities Trading/Conflicts of Interests

- 1) Ensure compliance with the provisions of the Securities Act and the JSE Rules on trading in the Company's securities by directors and senior executives.
- 2) Monitor insider trading by directors, senior executives and other employees by the unauthorised use of the Company's information and impose appropriate sanctions.
- 3) Enforce policies and procedures to identify, manage and disclose conflicts of interest.
- 4) Ensure directors with conflicts of interest do not attend and vote at meetings where transactions are being discussed, or exert any influence on the voting on any resolution in respect of those transactions.
- 5) Identify, review, approve and monitor all related party transactions to ensure that they are appropriate and in the best interest of investors and other stakeholders and that interests in such transactions are disclosed to the Company.
- 6) Review and identify any related party transactions that may have a material impact on the stability or solvency of the Company and take the necessary action to mitigate any potential negative impact.

E. Bribery/Corruption

- 1) Take a proactive approach to fraud risk management and adequately assess and respond to fraud risk to ensure minimal negative impact on the Company's reputation and shareholder value.
- 2) Review and monitor the risks of bribery and corruption or other criminal conduct and take appropriate steps to ensure procedures are in place to prevent or reduce such risks.

F. Cyber Risk Management

Provide oversight of strategic and operational cyber risks and ensure comprehensive risk assessment processes are established to identify and prioritise the protection of crucial information assets of the Company.

10. Whistle-blowing and Fraud

The Committee shall review the arrangements for the company's employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. It shall also ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action. The Committee shall also review the Commission's procedures for detecting fraud.

11. Reporting Responsibilities

The committee chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

12. Other Matters

The Committee shall:

- 1) Have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required.
- 2) Give due consideration to relevant laws and regulations and the requirements of the Jamaica Stock Exchange Rules
- 3) Be responsible for co-ordination of the internal and external auditors
- 4) Oversee any investigation of activities which are within its terms of reference and act for internal purposes as a court of last resort.
- 5) At least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

13. Authority

The Committee is authorized by the Board to:

- 1) Seek any information it requires from any employee, consultant and other providers of services in order to perform its duties
- 2) Obtain such outside legal or other independent professional advice at the cost of the company as it shall consider, in its discretion, to be appropriate to the exercise of its powers.
- 3) To call any employee to be questioned at a meeting of the Committee as and when required

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