

TERMS OF REFERENCE

AUDIT AND RISK COMMITTEE

1. POLICY STATEMENT

The Board of Wigton Windfarm Limited (“WWFL” or the “Company”) has established an Audit and Risk Committee (hereinafter called “the Committee”) as a standing committee of the Board. The Committee exercises an independent review function to assist the Board in fulfilling its oversight responsibilities related to financial reporting, internal controls, risk management, and compliance, and to provide an independent and objective assessment of the Company’s financial reporting processes and controls.

2. PURPOSE AND OBJECTIVES

- (a) The purpose of the Audit and Risk Committee is to assist the Board of Directors in fulfilling its oversight responsibilities relating to financial reporting, internal controls, risk management, and compliance.
- (b) The objectives of the Committee include:
 - (i) Monitoring the integrity of the financial statements of the organization;
 - (ii) Reviewing and overseeing the effectiveness of the organization’s internal control systems and risk management processes;
 - (iii) Reviewing and overseeing the effectiveness of the organization’s compliance processes;
 - (iv) Overseeing the work of the internal audit function;
 - (v) Reviewing and recommending the appointment of external auditors;
 - (vi) Reviewing and overseeing the external audit process; and
 - (vii) Reporting to the Board of Directors on the Committee’s activities and any significant issues arising.

3. ROLES AND RESPONSIBILITIES

The Committee shall:

- (a) Ensure all monthly financial reporting timelines are met on required due dates.
- (b) Review, at least annually, the delegated limits of authority and make recommendations to the Board.
- (c) Make recommendations to the Board on the adequacy, efficiency and effectiveness of the risk and internal control structure and systems within the Company; and the independence of the auditors auditing the Company.

- (d) Review and make recommendations to the Board on the Audited Financial Statements that are to be included in the Annual Report of the Company and on the Audit Report to be included in the Annual Report.
- (e) Review and make recommendations to the Board on the quarterly financial statements to be submitted to the Jamaica Stock Exchange (JSE).
- (f) Oversee any internal audit function of the Company.
- (g) Review and make recommendations to the Board on the annual external auditor's report.
- (h) Utilize budgetary provisions made by the Company to enable the Committee to engage specialists and secure training to assist it to adequately fulfil its mandate.
- (i) Review the Company's operational policies, rules and regulations, procedures and any revisions to them to ensure practices are in place to ensure compliance with JSE requirements.
- (j) Review related party transactions and take actions as are appropriate.
- (k) In the case of the Company undergoing any special audit or examination, review and make recommendations to the Board with respect to the report of that audit or examination.
- (l) Assess and mitigate the risks that data collection and processing may raise to individuals, including weighing the risk of the information use against its benefits. Risk assessment also means conducting periodic reviews of the organization's overall privacy program and information uses in light of changes in business models, law, technology and other factors and adapting the program to changing levels of risk.
- (m) Provide transparency to all stakeholders internally and externally about the organization's data privacy program, procedures and protections, data uses, the rights of individuals in relation to their data and the benefits and/or potential risks of data processing. This may also include communicating with relevant data privacy authorities, business partners and third parties about the organization's privacy program.
- (n) Monitor and verify the implementation and effectiveness of the internal privacy program and internal compliance with the overall privacy program, policies, procedures and controls through regular internal or external audits, other monitoring mechanisms and redress plans.
- (o) Implement response and enforcement procedures to address inquiries, complaints, data protection breaches and internal non-compliance and to enforce against acts of non-compliance.
- (p) Perform such other functions as assigned by the Board from time to time.

Risk Assessment and Internal Controls

- (q) Consider the adequacy of risk management and internal controls systems as well as the accuracy of financial reporting through reviewing (inter alia) the:
 - (i) mechanisms for the assessment and management of risk;
 - (ii) plans and results of internal audit activities;
 - (iii) plans and results of external audit activities;
 - (iv) adequacy of managements' response to issues identified by all audit activities; and
 - (v) submission of all regulatory and statutory reports.
- (r) Submit recommendations to the Board on risks that may be accepted by the Company.
- (s) Review, at least annually, WWFL's Strategic Plans.

External Audit

- (t) Review the audit engagement letter, audit plans, timing and scope of the external audit, identifying special areas of concern to the external auditors.
- (u) Review minutes of any oral presentation or written reports made by the external auditors.
- (v) Review the contents of the Management Representation Letter to the external auditors.
- (w) Review the annual audit report and Audited Financial Statements with the external auditors, prior to their recommendation to the Board.
- (x) Review all recommendations of the external auditors and, where appropriate, recommend or ascertain that necessary corrective actions have been taken.
- (y) Review with management, the external auditors and legal officer, any significant litigation, claim, or contingency which could have a material effect on the financial position of the Company.
- (z) Review external auditor's performance within the framework of established policy and review annual audit fees in the context of the plan and scope of the audit and make recommendations to the Board.
- (aa) Recommend to the Board the appointment of external auditors as required by law.
- (bb) Ensure there is mandatory rotation of the engagement partner of the external auditors.
- (cc) Meet annually with the External Auditor, without management, to discuss any matters that the Committee or the External Auditor believes should be discussed privately.

Internal Audit

- (dd) Review and approve the annual audit plan and all major changes to the plan.

- (ee) Review Internal Audit activities and performance relative to plans.
- (ff) Review with the Internal Auditor the internal audit budget.
- (gg) Ensure there are no unjustified restrictions or limitations on the internal audit function.
- (hh) Meet periodically with the Internal Auditor, without management, to discuss any matters that the Committee or the Internal Auditor believes should be discussed privately.
- (ii) Initiate special internal audits, if required.
- (jj) Review the reports prepared by the Internal Auditor and the response or determination of management with respect to any findings or recommendations.
- (kk) Contribute to the performance evaluation of the Internal Auditor.
- (ll) Approve the selection and termination of the Internal Auditor.

4. COMPOSITION

- (a) The Members of the Audit and Risk Committee shall be appointed by the Board and should consist of no less than three (3) members who should all be independent non-executive directors, with at least one, of whom is to be designated as the Chairman.
- (b) The majority of the members of the Committee should be financially literate and at least one member of the Committee should be a qualified accountant registered under the Public Accountancy Act or should have significant, recent and relevant financial, audit and risk management experience and knowledge.
- (c) The Committee Chairman shall be an independent non-executive director. In the absence of the Chairman the remaining members present at the meeting will elect one member to chair the meeting.
- (d) Members will be appointed by the Board and the term of office of members of the Audit and Risk Committee shall be a maximum of five (5) years.
- (e) The Committee should not include the Chairman of the Board.
- (f) The Company Secretary will be the assigned secretary to the Committee. In the absence of the Company Secretary, the Chair of the Committee may make alternate arrangements through the Managing Director for a member of the Company's staff to act as a Secretary to the Committee.
- (g) The Internal Auditor may be invited to Committee meetings.
- (h) The Committee has the power to require any member of staff, including the Managing Director and Finance Manager to attend meetings.

5. MEETINGS

- (a) The Audit and Risk Committee shall meet quarterly and have the authority to convene additional meetings, as may be required. A meeting may be called by the Chairman or by the majority of the members of the Committee.
- (b) Meetings should be held at a time to allow for timely presentation of the quarterly financial report to the Board for approval and submission to the JSE within the timeline stated in the JSE Rules.
- (c) Failure to attend at least three (3) consecutive meetings without providing acceptable reasons to the Committee Chairman, will give rise to a consideration of continued membership.
- (d) The Committee shall determine its own rules and procedures provided they are consistent with the regulations that govern WWFL, generally.
- (e) The Committee may request any member of management or staff to attend Committee meetings or to provide such pertinent information the Committee requests in order to carry out its responsibilities.
- (f) Meeting agendas and documents will be prepared for each meeting and provided at least three (3) working days in advance to the Committee members along with appropriate briefing materials.
- (g) The Committee may form sub-committees for any purpose that it deems appropriate and may delegate to such sub-committees such power and authority as the Committee deems appropriate. No sub-Committee should consist of fewer than two (2) members.
- (h) Senior Management or other persons, whose advice and counsel are sought by the Committee may be invited to meetings to provide such pertinent information as the Committee requests.
- (i) The Committee shall keep written minutes of its meeting, which minutes shall be maintained with the records of the Board.
- (j) Decisions of the Committee will be taken by a simple majority. In the event of equal votes, the chairperson of the Committee will have a second or casting vote.
- (k) An annual report, which speaks to the activities of the WWFL's Audit and Risk Committee, will be included in the Corporate Governance Report of the WWFL Annual Report.
- (l) All Committee members are expected to attend and participate at each meeting in person or electronically via teleconference or video conference.

6. AUTHORITY

The Committee has the authority to conduct investigations into any matters within its scope of responsibility and those matters referred by other Board Committees. In so doing it is empowered to:

- (a) Investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of WWFL.
- (b) Seek any information it requires from any officer or employee of WWFL and such officers or employees shall be instructed by the Board to respond to such enquiries.
- (c) Meet with officers/employees of WWFL for the purpose of furthering its investigations.
- (d) Recommend to the Board that independent counsel, experts and other advisors be retained to advise the Committee and meet with outside counsel, as necessary.
- (e) Provided that the approval of the Board is first obtained, retain outside counsel or other experts to advise the Committee or assist in the conduct of an investigation.

7. REPORTING RESPONSIBILITIES

- (a) The Committee shall report to the Board of Directors after each meeting. A written report, outlining the Committee's activities, findings and related recommendations, shall be submitted to the Board through the Chairman of the Committee, at the following Board Meeting.
- (b) The Committee shall also prepare an annual report on its work and this report should be a subset of the Corporate Governance Report in the WWFL Annual Report.

8. QUORUM

The Committee's quorum will be fifty percent (50%) of its membership plus 1. 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. A member participating in a meeting by electronic means shall be counted for the purposes of a quorum.

9. COMMITTEE SECRETARY AND MINUTES

- (a) The Secretary to the Committee shall be the Company Secretary who shall appoint a recording Secretary to take the Minutes of the meetings.
- (b) The Committee Secretary is required to:
 - (i) circulate the notices and minutes of the Committee meetings;

- (ii) distribute to Committee members, three (3) working days prior to the meetings of the Committee, all agenda of meetings, reports and/or related documents which are prepared for consideration by the Committee;
 - (iii) maintain the records of the Committee's meetings; and
 - (iv) undertake such other duties as may be assigned by the Committee.
- (c) The Audit and Risk Committee shall keep detailed records of its meetings and such records shall be made available to the Board, as required.

10. REMUNERATION

The Company shall make provision for remuneration of Committee Members in line with the Board of Director's compensation policy.

11. COMMITTEE DEVELOPMENT AND EVALUATION

- (a) The Committee's financial literacy will be periodically assessed, and an appropriate development plan identified to improve skills, when required.
- (b) The Committee will ensure that members receive continuing education on current accounting, financial and treasury reporting standards and practices.
- (c) An annual evaluation of the performance of the Committee and individual members will be done taking into consideration the Committee's goals and objectives established at the beginning of the fiscal year.

12. DECLARATION OF INTERESTS

- (a) Where any Committee Member has an interest in any matter, transaction or arrangement being discussed or determined by the Committee, the Committee Member so affected shall declare his/her interest to the Committee and the details of the interest are to be recorded by the Committee Secretary.
- (b) The Committee Member who has an interest shall not participate in the deliberations on the particular matter or exert any influence on the voting on the resolution in respect of the matter, transaction or arrangement, and shall excuse himself from the discussions by leaving the room in respect of those interests during the period of discussion of the matter. The Committee Member shall not be counted for the quorum of the meeting and if that Committee Member votes, it shall not be recorded as valid or otherwise.

13. CONFLICT OF INTEREST

- (a) Where there is a conflict of interest, the Committee Member so affected shall declare his/her interest to the Committee and the details of the conflict are to be recorded by the Committee Secretary.

- (b) The Committee Member who has a conflict of interest shall not participate in the deliberations on the particular matter or exert any influence on the voting on the resolution in respect of the transaction and will excuse himself from the discussions in respect of those interests during the period of discussion of the matter.

14. CONFIDENTIALITY OF COMMITTEE INFORMATION

All information received by the Committee is confidential and is the property of WWFL and cannot be disclosed to parties outside of the Company without prior approval of the Board.

15. AUTHORITY TO ENGAGE ADVISORS

The Committee may engage outside advisors as it deems appropriate and necessary to assist it in the effective discharge of its functions.

16. ACCESS OF INTERNAL & EXTERNAL AUDITORS

- (a) The Audit and Risk Committee is authorized to review internally and externally generated complaints and concerns regarding internal operations, controls, general policy and procedure which have been brought to the attention of management.

- (b) The Internal Audit function should report directly to the Committee while maintaining an administrative reporting relationship with the Managing Director. The External Auditors shall have direct access to the Committee at any time. Either auditor shall have the right to contact the Committee Chairman to request a special meeting.

17. RESPONSIBILITY OF MANAGEMENT

The management of WWFL is directly responsible for the Company’s accounting, financial operational and administrative processes, including the organization and maintenance of appropriate internal controls designed to safeguard assets, and establishing the reliability of accounting, financial, operational and administrative information and ensuring adherence to approved policies.

18. REVIEW AND ASSESSMENT OF TERMS OF REFERENCE

The Committee will review and assess the adequacy of its Terms of Reference at least every two (2) years and request the Board’s approval for proposed changes.

DOCUMENT CONTROL

<i>Version</i>	<i>Date</i>	<i>Date Approved by Board</i>	<i>Area Changes made</i>
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