

**TEAM, INC.**

**Charter of the**

**Audit Committee of the Board of Directors**

**November 2016**

**Purpose**

The primary purpose of the Audit Committee (the “Committee”) of Team, Inc. (the “Company”) is to assist the Board of Directors (the “Board”) in fulfilling its oversight responsibilities. The Committee does so by:

1. Maintaining free and open communication between the Board, the Company’s independent auditor, the Company’s internal audit (“Audit Services”) and the Company’s management (“Management”);
2. Working with a firm of independent registered public accountants (“Independent Auditor”) in preparing the audit statements and monitoring the independence of the Independent Auditor;
3. Reviewing the financial statements and other financial information provided by the Company to the Securities and Exchange Commission or released to the public;
4. Reviewing the Company’s systems of internal controls regarding financial reporting, accounting, legal compliance and ethics that the Company’s management and the Board have established;
5. Overseeing the Company’s internal auditing, accounting and financial reporting processes generally.

Consistent with these functions, the Committee should encourage continuous improvement of, and should foster adherence to, the Company’s policies, procedures and practices at all levels.

**Committee Membership and Authority**

1. The Committee shall be comprised of three or more members, each of whom is a member of the Board and satisfies the director independence requirements of any stock exchange on which the Company’s stock is listed and Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and shall be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee.
2. Each member of the Committee must be able to read and understand fundamental financial statements, including the Company’s balance sheet, statement of operations (income statement) and statement of cash flows. Committee members may enhance their

familiarity with finance and accounting by participating in educational programs conducted by the Company or by an outside organization.

3. At least one member of the Committee shall have sufficient accounting or related financial management expertise to qualify as “financially sophisticated” under the rules of any stock exchange on which the Company’s stock is listed, and if possible as an “audit committee financial expert” under Item 401(h) of Regulation S-K under the Securities Act of 1933.
4. The members of the Committee shall be appointed, and may be replaced, by majority vote of the Board. Each member shall serve until that member’s successor is duly elected and qualified, or until that member’s earlier resignation or replacement.
5. The Board shall designate a Chairperson of the Committee from among the members of the Committee. The Committee Chairperson shall chair all regular sessions of the Committee and set the agendas for meetings of the Committee.
6. To the extent permitted by law, by the Company’s bylaws, and by the requirements of the exchange on which the Company’s stock is traded, the Committee may designate one or more Subcommittees of one or more members of the Committee and delegate matters and powers to the Subcommittee(s) or to other individuals. Any delegation of authority does not absolve the Committee of its responsibilities under this Charter.
7. In discharging its duties and responsibilities, the Committee is empowered to investigate any matter relating to its duties and responsibilities, and shall have full access to all books, records, facilities, personnel, and Management of the Company.
8. The Committee shall have sole authority, at the Company’s expense and without further approval of the Board, to retain and terminate such outside legal, accounting, consulting, or other outside advisors as the Committee deems advisable, and the Company shall promptly pay for the fees and costs of such advisors according to its normal business practices.
9. The Committee shall determine, and the Company shall pay, the Committee’s ordinary administrative expenses necessary or appropriate to carry out its duties.

### **Meetings**

1. The Committee shall meet at least once quarterly, or more frequently as circumstances dictate. Any member of the Committee may call meetings of the Committee.
2. As part of its job to foster open communication, the Committee should meet at least annually with Management, Audit Services, and the Independent Auditor in separate sessions to discuss any matters that the Committee or any of these groups believe should be discussed privately.

3. In addition, the Committee or its Chair should meet with the Independent Auditor, Management and should review the regular internal reports to management (or summaries thereof) prepared by the internal audit function, as well as management's response, and meet with the internal audit function on a regular basis.

### **Responsibilities and Powers**

The Committee's responsibilities and powers shall be:

- A. To serve as the Company's primary point of contact with and overseer of its Independent Auditor, and provide an open avenue of communication among the Independent Auditor, the Company's financial and senior management, and the Board.
- B. To review and appraise the audit performed by the Independent Auditor.
- C. To provide functional oversight to internal audit.
- D. To monitor the Company's financial reporting process and internal control system.
- E. To prepare the Committee's report to be included in the Company's annual report and proxy statement, as required by the Exchange Act and any other applicable laws, rules and regulations.

In fulfilling these responsibilities and powers, the Committee shall:

### **Oversight of the Company's Financial Statements and Disclosures**

1. Prior to the audit, discuss with Management, the Independent Auditor and Audit Services the scope of the audit.
2. Review and discuss with Management and the Independent Auditor the Company's audited annual financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."
3. Review all reports from the Independent Auditor pursuant to applicable laws, rules and regulations.
4. Although, Management is responsible for determining that the financial statements are accurate, complete and in accordance with generally accepted accounting principles and has responsibility for establishing controls over financial reporting, the Audit Committee shall review annually all critical accounting policies and practices to be used, including:
  - A. All alternative treatments of financial information within generally accepted accounting principles that have been discussed with Management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the Independent Auditor; and

- B. Other material written communications between the Independent Auditor and Management, such as any management letter or schedule of unadjusted differences.
5. Recommend to the Board, based on the reviews and discussions described above, whether the financial statements should be included in the Annual Report on Form 10-K.
  6. Review and discuss with Management and the Independent Auditor the Company's financial statements prior to the filing of the quarterly report on Form 10-Q and prior to release of earnings. The Chair of the Committee may represent the entire Committee for purposes of this review.
  7. Review and discuss with the Independent Auditor, Management and Audit Services any major issues regarding the Company's internal control over financial reporting and its accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles and internal control or the effect of regulatory and accounting initiatives, as well as the officer certifications required to be filed with each of the Company's reports on Forms 10-Q and 10-K.
  8. Review and discuss the Company's disclosure controls and procedures with the Independent Auditor, Audit Services and Management.
  9. Consider the judgments of the Independent Auditor about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.

#### Oversight of the Independent Auditor

10. Directly appoint and retain or terminate, when appropriate, the Independent Auditor, who shall report directly to the Committee. In its capacity as a committee of the Board, the Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditor, and for the resolution of disagreements between Management and the Independent Auditor.
11. Approve in advance all audit engagement fees and terms of all audit services to be performed by the Independent Auditor. The Committee's approval of the audit engagement shall be deemed to be a pre-approval of the audit service.
12. Establish policies and procedures for the engagement of the Independent Auditor to provide permissible non-audit services, which shall include pre-approval of all permissible non-audit services to be provided by the Independent Auditor.
13. Obtain and review, at least annually, a report by the Independent Auditor describing:
  - A. The Independent Auditor's internal quality-control procedures;
  - B. Any material issues raised by the Independent Auditor's most recent internal quality-control review or peer review, or by any inquiry or investigation by

governmental or professional authorities within the preceding five years, respecting one or more independent audits carried out by the Independent Auditor;

- C. Any steps taken to deal with any such issues; and
  - D. All relationships between the Independent Auditor and the Company.
14. Review and evaluate annually the qualifications, performance and independence of the Independent Auditor and the lead partner of the Independent Auditor, including whether the Independent Auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the Independent Auditor's independence. This evaluation shall take into account the opinions of Management and the internal auditors.
  15. Oversee the regular rotation of the lead partner of the Independent Auditor at least every five years as required by law and evaluate the Independent Auditor annually for both audit quality and price.
  16. Establish policies for the hiring of employees or former employees of the independent auditor.
  17. Meet periodically and separately with the Independent Auditor, Audit Services and Management to review and discuss the adequacy and effectiveness of the internal control over financial reporting of the Company (with particular emphasis on the scope and performance of the internal audit function).

#### Oversight of the Internal Audit Function

18. Periodically meet with Audit Services to discuss internal controls, the completeness and accuracy of management's financial statements and any other operations, accounting and auditing matters as deemed necessary by the Committee.
19. Review internal reports, or summaries thereof, prepared by Audit Services and delivered to management.
20. Review and approve the appointment or change to the senior employee of Audit Services.
21. In consultation with Management and the Independent Auditors review the scope of the Annual Audit Plan as prepared by Audit Services.

#### Process Improvement

22. Establish regular and separate systems of reporting to the Audit Committee by each of Management, the Independent Auditor and Audit Services regarding any significant judgments made in Management's preparation of the financial statements and the view of each as to appropriateness of such judgments.

23. Establish and periodically review procedures for (a) receiving, handling, processing and retaining complaints received by the Company regarding accounting, internal accounting controls or audit matters, and (b) the confidential, anonymous submission of legitimate concerns by employees of the Company regarding any questionable accounting or auditing matters.
24. Following completion of the annual audit, review separately with each of Management, Audit Services, and the Independent Auditor any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to requested information.
25. Review any significant disagreement among Management and the Independent Auditor in connection with the preparation of the financial statements.
26. Review with the Independent Auditor, Management, and Audit Services the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented. (This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee.)

#### Ethical and Legal Compliance

27. Prepare the Committee's report to be included in the Company's annual report and proxy statement, as required by the Exchange Act and any other applicable laws, rules and regulations.
28. Review, with Management and the Company's counsel, the Company's compliance with its code of ethical conduct related to accounting, internal accounting controls, auditing matters, and securities trading policies by Company personnel, and advise the Board regarding the Company's compliance.
29. Review, with the Company's counsel, any legal matter that could have a significant impact on the Company's financial statements, the Company's compliance policies and any material reports, inquiries or correspondence received from regulators or government agencies which raise material issues regarding the Company's financial statements or accounting policies.
30. Perform any other activities consistent with this Charter, the Company's Bylaws and governing law, as the Committee or the Board deems necessary or appropriate.

#### Review and Evaluation

31. Conduct at least annually an evaluation of the Committee's performance to determine whether it is functioning effectively.
32. Review and reassess the adequacy of this Charter at least annually, and recommend changes to the Board as conditions dictate.

33. Report regularly to the Board with respect to the Committee's performance of its responsibilities under this Charter.

**Amendment**

This Charter and any provision contained herein may be amended or repealed by the Board.