

## 1. OBJECTIVE OF CHARTER

- 1.1 This Charter sets out the structure, role and responsibilities of the Audit and Risk Committee (“the Committee”) of Clean Seas Seafood Limited (“Clean Seas Seafood” or “the Company”).
- 1.2 The Committee is appointed and authorised by the Board of Directors of the Company (“the Board”), to assist the Board in fulfilling certain of its statutory, fiduciary and regulatory responsibilities.
- 1.3 In particular, the Committee is to undertake the functions of the Audit committee as set out in Recommendation 4.1 of the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations (ASX Principles).
- 1.4 The authority of the Committee is sourced from:
  - a. the Company’s Constitution;
  - b. this Charter; and
  - c. separate Board delegations, resolutions and approvals granted to it from time to time.
- 1.5 The primary role of the Committee pursuant to this Charter is to assist the Board of Directors in the effective discharge of its responsibilities for:
  - a. financial and corporate reporting;
  - b. internal control structures;
  - c. internal (or equivalent) audit functions;
  - d. external audit functions; and
  - e. risk management systems, with a particular focus on economic, environmental, social sustainability, cyber and health safety risks.
- 1.6 The Committee is entitled to receive certain information and to request management to conduct certain investigations and carry out certain projects. On the basis of the information it receives, the Committee makes recommendations to the Board.
- 1.7 This Charter forms part of a broader corporate governance framework, consisting of the Clean Seas Seafood Constitution, Board Charter, the Remuneration and Nomination Committee Charter, Clean Seas Seafood corporate governance policies and the law.

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## 2. COMMITTEE STRUCTURE AND COMPOSITION

### 2.1 Membership

- a. The Committee shall consist of no less than three (3) Non-Executive Directors. The majority of the Committee must be independent.
- b. Members of the Committee will be determined by the Board and changed at the discretion of the Board.
- c. Independence of members of the Committee will be considered in accordance with the Company’s policy on independence of directors.

### 2.2 Chair

The Committee Chair:

- a. is appointed by the Board;
- b. must be independent; and
- c. must not be the Chair of the Board.

### 2.3 Expertise

- a. Each member of the Committee must be appropriately financially literate (as such qualification is interpreted by the Board in its business judgment), and accordingly have a working familiarity with basic finance and accounting practices and have an understanding of risk management strategies.
- b. At least one member of the Committee must be a "financial expert." A financial expert is regarded by the Board as a person who, as a result of education and experience as a public accountant, auditor, principal financial officer or principal accounting officer of a company has a detailed understanding of financial statements and AIFRS.
- c. Between them, members of the Committee should have the necessary technical knowledge and a sufficient understanding of the industry in which the entity operates, to be able to discharge the Committee’s mandate effectively.

### 2.4 No fees other than as Director/member of Committee

A Director who sits on the Committee cannot receive fees from Clean Seas Seafood other than in the capacity as a director or member of a Committee of the Board unless the Board determines that the fees are not material to the independence or judgment of the Director as a member of the Committee.

### 2.5 Other rules and regulations

In appointing the members of the Committee, the Board will have regard to the ASX Principles, the Australian Securities Exchange Listing Rules and the Corporations Act 2001 (Cth).

### 2.6 Committee Secretary

The Company Secretary, or such other person that the Clean Seas Seafood Board may nominate, will act as Secretary to the Committee and advise on governance matters.

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### 3. ROLE

3.1 The primary function of the Committee pursuant to this Charter is to:

- a. assist the Board of Directors in fulfilling its corporate governance and oversight responsibilities by reviewing and monitoring:
  - the adequacy of Clean Seas Seafood’s financial and corporate reporting principles and policies, controls and procedures;
  - the integrity and reliability of Clean Seas Seafood’s financial and corporate statements;
  - whether the Company’s financial statements reflect the understanding of the committee members of, and otherwise provide a true and fair view of, the financial position and performance of the Company;
  - the effectiveness of the systems of internal control and risk management including the policies and procedures for identifying, assessing, monitoring and managing material business risks encompassing but not limited to credit, market, liquidity and funding, operational and compliance risks;
  - the work of the internal audit function (or those persons or service providers performing an equivalent function);
  - the external auditors’ qualifications, performance and independence;
  - the adequacy of practices and procedures with respect to the Company's compliance with legal and regulatory requirements and actual compliance with these laws and regulations; and
- b. make recommendations to the Board in relation to the appointment of the external auditor, internal auditor (or equivalent) and approving their remuneration and the terms of their engagement.

3.2 The Committee has no executive powers with regard to its recommendations and does not relieve the Board of its responsibilities in these matters.

### 4. RESPONSIBILITIES – EXTERNAL AUDITOR

*The Committee is responsible for:*

- 4.1 Managing, on behalf of the Board, the relationship between the Company and the external auditor including resolving any disagreements between the external auditor and management;
- 4.2 Meeting privately with the external auditors on a regular basis to confirm that information is readily accessible and that the information it is receiving is not subject to bias.
- 4.3 Evaluating the expertise and experience of potential auditors and recommending to the Board the party to be proposed to shareholders for approval.
- 4.4 Recommending to the Board the terms of engagement, remuneration (including the fees charged for audit and review services), and re-tendering parameters for the external audit engagement.

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- 4.5 In accordance with established guidelines, undertaking an annual review and evaluation of the external auditor’s independence, objectivity, effectiveness, and performance and the extent of compliance with the agreed annual audit plan.
- 4.6 Determining categories of non-audit services that may be provided by the external auditor in the context of all consulting services bought by the Company, providing pre-approval or otherwise of all permitted non-audit services and ensuring appropriate disclosure is made to shareholders of all non-audit services provided by the external auditor.
- 4.7 Reviewing and providing oversight of audit reports prepared and issued by the external auditor on Clean Seas Seafood’s financial and corporate statements and activities.
- 4.8 Considering and reviewing reports prepared by the external auditor on critical accounting policies, all alternative treatments of financial information permitted under the Australian equivalents to International Financial Reporting Standards (AIFRS), other relevant written communication between the external auditor and management and ensuring that any significant findings and recommendations are received, discussed and acted upon on a timely basis.
- 4.9 Monitoring and reviewing any restrictions on audit scope, access to management or access to information being placed on the external auditor or any other difficulties encountered by the auditor.
- 4.10 Monitoring and reviewing the five-year rotational arrangements of the external auditor’s engagement and review partners.
- 4.11 Ensuring that the lead auditor attends the Company’s Annual General Meeting and participates as necessary.
- 4.12 Ensuring the Company has appropriate policies regarding the hiring of external audit firm personnel for senior positions after they have left the audit firm.

## **5. RESPONSIBILITIES – INTERNAL AUDIT (OR EQUIVALENT) AND INTERNAL CONTROL ENVIRONMENT**

- 5.1 The Company’s integrated risk management system and internal control environment are subject to an extensive audit regime delivered both internally and via external accreditation agencies and key customers.
- 5.2 The Committee receives regular briefings from management which provide an overview of:
  - a. the robustness of the internal control systems management has implemented to identify, assess, monitor and manage risk;
  - b. the adequacy of computer systems and applications and the contingency plans for processing financial information in the event of a systems breakdown; and
  - c. the internal audit type activities which are conducted throughout the Company, including details of related audit plans, strategies and breadth of activities.

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- 5.3 The Committee reviews and assesses the above and reports to the Board with the view to:
- a. providing an appropriate level of assurance re the efficiency and effectiveness of corporate policies and internal control procedures for identifying, assessing, monitoring and managing material business;
  - b. ensuring the adequacy of management’s response to material internal control improvement recommendations and ensuring that any significant findings and recommendations are received, discussed and acted upon on a timely basis;
  - c. evaluating and monitoring the Company’s exposure to fraud and corruption and approach to managing conflicts of interests, public interest disclosures and other ethical issues
  - d. evaluating whether management is setting the appropriate “control culture” by communicating the importance of internal control and the management of risk so that employees have an understanding of their related risk management roles and responsibilities; and
  - e. identifying any gaps in risk management systems that may be more appropriately met by the introduction of a more formalised internal audit function.
- 5.4 In the event that an internal auditor is appointed, the function will be performed by a firm other than the external auditor. The Committee’s duties with respect to that role (and without limiting its scope) will encompass selection, remuneration, internal audit plan scope determination and assessment, report review, performance evaluation and replacement.

**6. RESPONSIBILITIES – FINANCIAL AND CORPORATE REPORTING**

*The Committee is responsible for:*

- 6.1 Receiving from Management, internal audit (or equivalent) and the external auditor a timely analysis of significant financial and corporate reporting issues and practices, including overviews of recent professional and regulatory announcements, and reviewing such analyses and understanding their impact on the Company’s financial and corporate statements.
- 6.2 Evaluating and reviewing the integrity of the Company’s financial and corporate reporting process on behalf of the Board and recommending to the Board for approval the draft financial statements and other related information proposed to be released through the Australian Securities Exchange to shareholders and to the financial community in accordance with the half - yearly and annual reporting cycle.
- 6.3 Review the appropriateness of the accounting judgements exercised by management in preparing the Company’s financial statements;
- 6.4 Reviewing earnings press releases, analyst presentations, disclosure releases to the Australian Securities Exchange and the process by which Management controls the release of such information to the Australian Securities Exchange.

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- 6.5 Reviewing any significant matters arising from the audit, management judgments and accounting estimates, significant changes to the Company’s auditing and accounting principles, controls, procedures and practices with management, internal audit (or equivalent) and the external auditor, paying particular attention to complex and / or unusual transactions such as restructuring charges and derivative disclosures.
- 6.6 Reviewing significant audit adjustments and audit recommendations that have not been adjusted.
- 6.7 Reviewing with the external auditor and management the appropriateness of critical accounting policies and practices adopted, and any changes to them.
- 6.8 Ensuring that the Chief Executive Officer’s and the Chief Financial Officer’s (or equivalent) respective declarations pursuant to Section 295A of the Corporations Act 2001 are adequate and respectively state that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been founded on a sound system of risk management and internal compliance and control which complements the policies adopted by the Board and that the Company’s risk management and internal compliance and control system is operating efficiently and effectively in all material respects.
- 6.9 Ensuring that the Corporate Governance Statement includes disclosure covering governance issues in accordance with the requirements of the regulators.
- 6.10 Assessing the management of non-financial information in financial statements to ensure the information doesn’t conflict with the financial statements.
- 6.11 Reviewing the form of the opinion that the external auditor proposes to render.
- 6.12 Recommending to the Board whether the financial statements should be signed based on the Committee’s assessment of them.

## **7. RESPONSIBILITIES – RISK MANAGEMENT**

*The Committee is responsible for:*

- 7.1 Without limiting its scope, and in accordance with the Company’s Procedures on Oversight and Management of Material Business Risks, the Committee will ensure management has established and operates a business risk management system which is designed to:
  - a. identify, assess, monitor and manage material business risk;
  - b. ensure that significant or material risks are reported to the Board; and
  - c. inform investors of material changes to Clean Seas Seafood’s risk profile.

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- 7.2 The Company is exposed to a range of risks categories encompassing:
- a. credit risk;
  - b. market risk;
  - c. liquidity risk;
  - d. operational risk, encompassing economic, environmental management (including climate change), social sustainability, health and safety risks;
  - e. taxation, compliance and regulatory risk;
  - f. cyber risk;
  - g. reputation risk; and
  - h. other risks (including non-financial risks).
- 7.3 The Committee’s oversight responsibilities with respect to the above business risks encompass, but are not restricted to, the following:
- a. reviewing and monitoring the risk management framework;
  - b. ensuring there is, and evaluating the effectiveness of, a satisfactory system for monitoring the relevant risk profile, mitigation and management practices;
  - c. ensuring the development and ongoing review of appropriate risk management policies, and
  - d. reviewing whether a sound and effective approach has been followed in establishing the Company’s business continuity planning arrangements, including whether disaster recovery plans have been tested periodically.
- 7.4 The Committee shall receive, as appropriate, reports from management (and report to the Board thereon) concerning:
- a. risk management strategies, principles and policies, processes and controls relating to business, market, credit, financial instruments, operational, liquidity (including capital structuring and capital raising initiatives) and reputational risk in order to oversee these risks;
  - b. changes anticipated in the economic and business environment and other factors relevant to future strategy, in order to monitor them in the context of Clean Seas Seafood's projected business performance;
  - c. regular updates about compliance matters;
  - d. the risk implications of new and emerging risks, organisational change and major initiatives in order to monitor them; and
  - e. the resolution of significant and material risk exposures and risk events, in order to monitor them and if necessary, recommend the approval of them to the Board.

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**8. RESPONSIBILITIES – INSURANCE**

*The Committee is responsible for:*

- 8.1 Reviewing and approving any material new insurance policies, proposed cancellations or variations of existing policies.
- 8.2 Ensuring systems are in place to promptly advise the Committee of any Company or industry related developments (including incidents or claims) which may materially affect Clean Seas Seafood’s insurance program.

**9. RESPONSIBILITIES – WHISTLEBLOWER PROTECTION**

*The Committee is responsible for:*

- 9.1 Ensuring that there are adequate procedures established for the receipt, retention and treatment of complaints (including “whistleblowing” complaints) received by the Company. This is to include a process for confidential anonymous complaints by employees or other stakeholders.
- 9.2 Ensuring procedures are in place to prohibit the Company from firing, demoting or otherwise discriminating against any employee who lawfully provides information to a regulatory body or other nominated party about the Company that the employee reasonably believes may be relevant to a securities fraud investigation or proceeding.
- 9.3 The Chair of the Committee is a person to whom reports may be made under the Company’s Whistleblower Protection Policy.
- 9.4 The Committee is informed of any material incidents reported under the Policy.

**10. RESPONSIBILITIES – CONFLICT OF INTEREST**

*The Committee is responsible for:*

- 10.1 Reviewing and monitoring the propriety of related party transactions.
- 10.2 Investigating possible violations of the Conflict of Interest Policy.

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**11. RESOURCES**

- 11.1 The Committee has unrestricted access to Clean Seas Seafood Executives, to the external auditor and to the internal auditor (or equivalent).
- 11.2 The Committee has the right to full access to all books, records and facilities.
- 11.3 The Committee has the power to direct any special investigations it deems necessary and to obtain professional advice from employees within the Company or from appropriate external advisers.
- 11.4 In particular, the Committee may select, retain, terminate and approve the fees and other retention terms of special or independent legal, accounting or other experts and advisors as it deems necessary or appropriate, without seeking approval of the Board or management.
- 11.5 Costs of external advisers will be borne by the Company

**12. COMMITTEE MEETINGS AND PROCESS**

**12.1 Meetings**

Meetings and proceedings of the Committee are governed by the provisions of Clean Seas Seafood’s Constitution regulating Meetings and proceedings of the Board and Committees of the Board in so far as they are applicable and, to the extent they are not inconsistent with those provisions of this Charter.

**12.2 Frequency**

The Committee shall meet often enough to undertake its role effectively, but not less than four (4) times per calendar year. Additional meetings may be convened as required.

Meetings would normally be held to review the:

- a. results of risk reviews and plans for both the internal (or equivalent) and external audits;
- b. risk management process and performance and the status of policies and procedures including changes to those procedures;
- c. proposed half - yearly profit announcement and financial results prior to the Board approving the announcement and results; and
- d. proposed preliminary annual profit announcements and financial statements prior to the Board approving the announcement and statements.

Any Committee member or Secretary of the Committee may convene a Meeting of the Committee. In addition, the Secretary will convene a Meeting of the Committee if requested to do so by the external auditors.

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**12.3 Notice**

- a. A notice of each Meeting confirming the date, time, venue and agenda shall be distributed to each member of the Committee, and copied to each other Director, within a reasonable period in advance of each Meeting.
- b. Relevant supporting papers for the agenda items to be discussed will be made available to each member of the Committee via Diligent.

**12.4 Annual program**

- a. The Committee shall develop and agree an annual program which will include formal opportunities for the Committee to meet independently with management, the external auditor and the internal auditor (or equivalent).
- b. The Committee must meet with the external auditor at least once a year without Executive management being present.

**12.5 Quorum**

- a. A quorum will comprise of any two (2) independent Non-Executive Directors.
- b. If the Committee Chair is not present within fifteen minutes after the scheduled time for the commencement of a Meeting, the Committee shall appoint a Committee member as Chair of the Meeting.

**12.6 Attendance**

- a. In addition to the members of the Committee and the Secretary, such Executives and /or external parties as the Chair and members of the Committee think fit may be invited to attend Committee Meetings.
- b. The Chief Executive Officer and Chief Financial Officer shall normally be invited to attend Committee Meetings but will have no voting rights.
- c. The Chair of the Clean Seas Seafood Board shall have a standing invitation to attend Committee Meetings and Directors who are not Committee members are also entitled to attend Committee Meetings.
- d. The external auditor shall normally be invited to attend Committee Meetings where the half yearly and annual financial report are considered by the Committee.

**12.7 Report to the Board**

- a. The Committee will regularly update the Board about Committee activities and make appropriate recommendations. The Chair of the Committee, or delegate, will report to the Board at the Board Meeting next following a Meeting of that Committee, on any matters under consideration by it within the Charter.
- b. At the discretion of the Chair and members of the Committee, any relevant matters deemed to be of major importance should be referred to the Board for its attention.
- c. The Committee will review any reports required by law or listing rules including the disclosure in the Company's Annual Report of the role and activities of the Committee and the reporting against all of ASX Principles.

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**12.8 Minutes**

- a. Minutes of proceedings and resolutions of the Committee shall be kept by the Secretary of the Committee.
- b. Minutes will be given preliminary approval by the Committee Chair
- c. At each Committee Meeting, Committee members will be given copies and confirm the minutes of the previous Meeting.
- d. Minutes are to be included in the papers of the next full Board Meeting after each Committee Meeting.
- e. Minutes, agenda and supporting papers will be made available to every Director providing no conflict of interest exists.

**13.COMMITTEE PERFORMANCE EVALUATION**

- 13.1 The Committee will review its performance and composition at least annually to determine whether it is functioning effectively by reference to current best practice.
- 13.2 The performance evaluation will have regard to the extent to which the Committee has met its responsibilities under this Charter.
- 13.3 The Committee evaluation will be presented to the Board.

**14.REVIEW OF CHARTER**

- 14.1 The Committee will review the contents and the continuing adequacy of this Charter at least annually and make recommendations to the Board as to any changes it considers should be made.
- 14.2 The Charter may be amended by resolution of the Board.

**15. DISCLOSURE**

- 15.1 The Board will make appropriate disclosure to shareholders in the Annual Corporate Governance Statement of the key aspects of this Charter, including explaining any departure from the best practice recommendations set out in the ASX Principles.
- 15.2 This Charter is publicly available on the Company’s website and may be accessed within the Investor page under “Corporate Governance”.

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## 16. BEST PRACTICE GOVERNANCE

- 16.1 In carrying out all of its functions the Committee will have due regard to the provisions of the Australian Securities Exchange Corporate Governance Council Corporate Governance Principles and Recommendations and to the ASX Listing Rules with a view to ensuring that Clean Seas Seafood seeks to adhere to the highest standards of corporate governance.

## 17. WHO TO CONTACT?

- 17.1 Any questions relating to the interpretation of this Charter should be forwarded to the Company Secretary.

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