

# OCEAN WILSONS

## HOLDINGS LIMITED

**Ocean Wilsons Holdings Limited (the “Company”)**

**Audit and Risk Committee**

**Terms of Reference**

**Revised and Approved 6 November 2024**

### **1. Constitution and Purpose**

The Audit and Risk Committee (“the Committee”) is constituted by the Board of Directors with the purpose of assisting the Board in meeting its responsibilities for ensuring that the Company’s internal controls, risk management, financial reporting and audit responsibilities are implemented and adhered to. The Committee is responsible for overseeing the Company as a whole as well as the individual subsidiary Ocean Wilsons (Investments) Limited, Ocean Wilsons Overseas Limited and OW Overseas (Investments) Limited.

### **2. Membership and Attendance**

- 2.1** The Committee shall be comprised of at least two members, all of whom shall be independent non-executive Directors. At least one member shall have recent and relevant financial experience, and the Committee shall have competence relevant to the sector in which the Company operates. The Chair of the Board shall not be a member of the Committee.
- 2.2** Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chair of the Audit and Risk Committee.
- 2.3** Committee members may be reappointed as long as they continue to remain independent, and that individual Director performance and participation remains appropriate.
- 2.4** Only members of the Committee have the right to attend Committee meetings. However, other Directors are welcome to attend unless there is a matter which would make the attendance inappropriate. The Chief Operating and Financial Officer, the audit committee of Wilson Sons Holding Brasil S.A. (“Wilson Sons”) and representatives of the external auditor may be invited to attend all or part of any meeting as and when appropriate.
- 2.5** The Board shall appoint the Committee Chair who should be an independent non-executive Director. In the absence of the Committee Chair and/or an appointed deputy at a Committee meeting, the remaining members present shall elect one of themselves to chair the meeting.

### **3. Secretary**

The Company Secretary shall act as Secretary of the Committee and ensure that the Committee receives information and papers in a timely manner to ensure full and proper consideration is given to matters.

### **4. Quorum**

The quorum necessary for the transaction of business shall be two members, both of whom must be independent non-executive Directors. 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. Frequency of Meetings**

- 5.1 The Committee shall meet at least four times a per year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.
- 5.2 The Committee may hold meetings by telephone, videoconference or using any method of electronic communication and may take decisions without a meeting by unanimous written consent, when the Committee Chair considers this to be necessary or desirable.
- 5.3 Outside of the formal meeting programme, the Committee Chair will maintain a dialogue with key individuals involved in the Company's governance, including the Board Chair, the Chief Operating and Financial Officer, the Chair of Wilson Sons' audit committee and the lead partner of the external auditor.

## **6. Notice of Meetings**

Meetings of the Committee shall be summoned by the Secretary of the Committee or the Chief Operating and Financial Officer at the request of the Committee Chair or any of its members, or at the request of the lead partner of the external auditor.

## **7. Minutes of Meetings**

- 7.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance. In the absence of the Secretary, the Committee may appoint any of its members to act as Secretary for that meeting.
- 7.2 The Secretary shall ascertain, at the beginning of each meeting that quorum has been met and the existence of any conflicts of interest and minute them accordingly.
- 7.3 Minutes of Committee meetings shall be circulated to all members of the Committee and the Chair of the Board and once agreed, to all other members of the Board, unless it would be inappropriate to do so.

## **8. Annual General Meeting**

The Committee Chair shall attend the Annual General Meeting and be prepared to respond to any shareholder questions on the Committee's activities.

## **9. Responsibilities of the Committee Chair**

The responsibilities of the Committee Chair are to:

- 9.1 Foster an open, inclusive and where appropriate, challenging discussion;
- 9.2 Ensuring the Committee receives accurate, high quality, timely and clear information necessary to perform its tasks and is devoting sufficient time and attention to matters within its remit;
- 9.3 Report to the Board on the Committee's activities; and
- 9.4 In consultation with the Chair of the Company, engage with shareholders on significant matters related to the areas of responsibility of the Committee.

## **10. Duties**

The duties of the Committee are to:

### **10.1 Financial Reporting**

- 10.1.1 Monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports, preliminary announcements and any other formal statements relating to its financial performance, and review and report to the Board on significant financial reporting issues and

judgements which those statements contain having regard to matters communicated to it by the external auditor;

10.1.2 Review and challenge where necessary:

10.1.2.1 The application of significant accounting policies and any changes to them;

10.1.2.2 The methods used to account for significant or unusual transactions where different approaches are possible;

10.1.2.3 Whether the Company has adopted appropriate accounting policies and made appropriate estimates and judgements, taking into account the external auditor's views on the financial statements;

10.1.2.4 The clarity and completeness of disclosures in the financial statements and the context in which statements are made;

10.1.2.5 All material information presented with the financial statements, including the strategic report and the corporate governance statements relating to the audit and to risk management; and

10.1.2.6 Any other statements requiring Board approval which contain financial information first, where to carry out a review prior to Board approval would be practicable and consistent with any prompt reporting requirements under any law or regulation including the Listing Rules, including the statement of going concern and viability statement.

10.1.3 Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, report its views to the Board.

## 10.2 Narrative Reporting

Where requested by the Board, review the content of the annual report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy and whether it confirms the Board's statement in the annual report on these matters that is required under the UK Corporate Governance Code.

## 10.3 Internal Controls and Risk Management

10.3.1 Maintain and review the Company's Risk Register;

10.3.2 Advise the Board on the likelihood and the impact of principal risks materialising, and the management and mitigation of principal risks to reduce the likelihood of their incidence or their impact;

10.3.3 Consider anti-bribery and anti-corruption policies and controls;

10.3.4 Review and approve the statements to be included in the annual report concerning internal control, risk management, including the assessment of principal risks and emerging risks.

## 10.4 Compliance, Whistleblowing and Fraud

10.4.1 Review the adequacy and security of the Company's arrangements for its employees, contractors and external parties to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters, while ensuring that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action; and

- 10.4.2 Review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance.

## **10.5 Internal audit**

- 10.5.1 Review and consider the need for an Ocean Wilsons Holdings Limited internal audit function and make a recommendation to the Board; and
- 10.5.2 Explain the reasons for the absence of such a function in the relevant section of the annual report when applicable.

## **10.6 External Audit**

- 10.6.1 Consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of the Company's external auditor;
- 10.6.2 Develop and oversee the selection procedure for the appointment of the external audit firm in accordance with the UK Corporate Governance Code and any applicable regulatory requirements, ensuring that all tendering firms have access to all necessary information and individuals during the tendering process;
- 10.6.3 If an external auditor resigns, investigate the issues leading to this and decide whether any action is required;
- 10.6.4 Oversee the relationship with the external auditor, including:
  - 10.6.4.1 The approval of their remuneration, including both fees for audit and non-audit services, and ensuring that the level of fees is appropriate to enable an effective and high-quality audit to be conducted;
  - 10.6.4.2 The approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
  - 10.6.4.3 Assessing annually the external auditor's independence and objectivity, taking into account relevant law, regulations, and other professional requirements and the Company's relationship with the external auditor as a whole, including any threats to the external auditor's independence and the safeguards applied to mitigate those threats including the provision of any non-audit services; and
  - 10.6.4.4 Satisfying itself that there are no relationships between the external auditor and the Company (other than in the ordinary course of business) which could adversely affect the external auditor's independence and objectivity.
- 10.6.5 Agree with the Board a policy on the employment of former employees of the Company's external auditor, taking into account the legal requirements, and monitor the application of this policy;
- 10.6.6 Monitor the level of fees paid by the Company to the external auditor compared to the overall fee income of the firm, office and partner and assess these in the context of relevant legal, professional and regulatory requirements guidance;
- 10.6.7 Evaluate the risks to the quality and effectiveness of the financial reporting process in the light of the external auditor's communications with the Committee;
- 10.6.8 Develop and recommend to the Board the Company's formal policy on the provision of non-audit services by the external auditor, including prior approval of non-audit services by the Committee

and specifying the types of non-audit service to be preapproved, and assessment of whether non-audit services have a direct or material effect on the audited financial statements;

- 10.6.9 Meet regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and, at least once a year, meet with the external auditor without Management being present, to discuss the external auditor's remit and any issues arising from the audit;
- 10.6.10 Discuss with the external auditor the factors that could affect audit quality and review and approve the annual audit plan, ensuring it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team;
- 10.6.11 Review the findings of the audit with the external auditor, including but not be limited to:
  - 10.6.11.1 A discussion of any major issues which arose during the audit;
  - 10.6.11.2 The external auditor's explanation of how the risks to audit quality were addressed;
  - 10.6.11.3 Key accounting and audit adjustments;
  - 10.6.11.4 The external auditor's view of their interactions with senior Management; and
  - 10.6.11.5 Levels of errors identified during audit.
- 10.6.12 Review any representation letter(s) requested by the external auditor before it is (they are) signed by Management;
- 10.6.13 Review the Management's letter and Management's response to the external auditor's findings and recommendations;
- 10.6.14 Review the effectiveness of the audit process, including an assessment of the quality of the audit, the handling of key judgements by the external auditor, and the external auditor's response to questions from the Committee;
- 10.6.15 Discuss and approve changes in Wilson Sons' auditors or accounting policies with the Wilson Sons' audit committee;
- 10.6.16 Meet quarterly with the Wilson Sons' audit committee to receive updates on accounting policies and issues; and
- 10.6.17 Review the summary of the following reports annually from Wilson Sons presented by the Wilson Sons' audit committee:
  - 10.6.17.1 Legal report;
  - 10.6.17.2 Ethics report;
  - 10.6.17.3 Risk register;
  - 10.6.17.4 Internal audit report;
  - 10.6.17.5 Internal controls report; and
  - 10.6.17.6 IT Report.

## **10.7 Governance**

10.7.1 Give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules, as appropriate; and

10.7.2 Oversee any investigation of activities which are within its Terms of Reference.

## **11. Reporting Responsibilities**

11.1 The Committee Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

11.2 The Committee shall make recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

11.3 The Committee shall report to the Board on how it has discharged its responsibilities.

11.4 The Committee shall arrange for inclusion in the Company's annual report of a description of its work and responsibilities as required by the UK Corporate Governance Code and make a statement about its activities.

## **12. Self-Evaluation**

The Committee shall, at least once a year, review its own performance, constitution, Terms of Reference and compliance with such 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**

13.1 The Committee is authorised to undertake any activity within its Terms of Reference, including seeking any information it requires from any employee of the Company as and when required.

13.2 The Committee is authorised to obtain, at the Company's expense, outside legal or other professional advice on any matters within its Terms of Reference and invite persons giving such advice to attend Committee meetings.

13.3 The Committee is authorised to publish in the Company's annual report details of any issues that cannot be resolved between the Committee and the Board. If the Board has not accepted the Committee's recommendation on the external auditor appointment, reappointment or removal, the annual report shall include a statement explaining the Committee's recommendation and the reasons why the Board has taken a different position.