



**NEPTUNE TECHNOLOGIES & BIORESSOURCES INC.**

**AUDIT COMMITTEE CHARTER**

**Approved by the Board of Directors on November 14, 2017**

# **NEPTUNE TECHNOLOGIES & BIORESSOURCES INC.**

## **CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

**THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS ASSISTS THE BOARD IN FULFILLING ITS OVERSIGHT RESPONSIBILITIES RELATING TO THE QUALITY AND INTEGRITY OF THE ACCOUNTING, AUDITING AND REPORTING PRACTICES OF THE COMPANY AND SUCH OTHER DUTIES AS DIRECTED BY THE BOARD OF DIRECTORS OR IMPOSED BY LEGISLATIVE AUTHORITIES OR STOCK EXCHANGES.**

### ***Structure and Organization***

1. The membership of the Committee will consist of at least three independent members of the Board of Directors, the majority of whom will not be employees, controlling shareholders or executives of the Company or of any associates or affiliates of the Company. Committee members and the Committee Chairman shall be designated by and serve at the pleasure of the Board of Directors. All members must be financially literate and at least one member must have accounting or related financial management expertise, in each case in the judgment of the Board of Directors.
2. The Committee shall meet at least four times per year or more frequently as circumstances require. The Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. The required quorum for the Committee will be the majority of the members forming the Committee.
3. The Committee is expected to maintain free and open communication with management and the external auditors.
4. The Committee has the authority to investigate any matter brought to its attention and to retain outside counsel for this purpose if, in its judgment, that is appropriate.

### ***General Responsibilities***

The Committee shall:

1. Meet periodically with representatives of the external auditors, the internal audit, if any, manager and management in separate sessions to discuss any matters that the Committee or these groups believe should be discussed privately with the Committee. Provide sufficient opportunity for the external auditors to meet with the internal auditors as appropriate without members of management being present.
2. Prepare the minutes of all Committee meetings and report of such meetings to the Board of Directors.
3. Review and reassess the adequacy of this Charter annually.

### ***Responsibilities for Engaging External Auditors***

The Committee shall:

1. Recommend for approval by the Board of Directors and ratification by the shareholders the selection and retention of an independent firm of chartered accountants as external auditors, approve compensation of the external auditors, and review and approve in advance the discharge of the external auditors.
2. Review the independence of the external auditors. In considering the independence of the external auditors, the Committee will review the nature of the services provided by the external auditors and the fees charged, and such other matters as the Committee deems appropriate.
3. Ensure that the external auditors are in good standing with the Canadian Public Accountability Board (CPAB) and that the CPAB has not imposed any sanction on them. The Audit Committee is also responsible for ensuring that the external auditors comply with the rotation requirements with respect to partners and staff involved in the audit of the Company.
4. Arrange for the external auditors to be available to the Board of Directors at least annually to help provide a basis for the Board's approval of the external auditors' appointment.
5. Approve all allowable non-audit related services to be provided to the Company or one of its subsidiaries by the Company's external auditors if applicable.
6. Non-audit services of minimal satisfy the pre-approval requirement on the following conditions:
  - a) that the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Company and its subsidiaries to the Company's external auditors during the fiscal year in which the services are provided;
  - b) that the Company or its subsidiaries, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and
  - c) that the services are promptly brought to the attention of the Audit Committee and approved, prior the completion of the audit, by the Audit Committee or by one or more of its members to whom authority to grant such approvals had been delegated by the Audit Committee.

***Responsibilities for Oversight of the Quality and Integrity of Accounting, Auditing and Reporting Practices of the Company***

The Committee shall:

1. Directly review the work of the external auditors engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attestation services for the Company. The Committee shall be directly responsible of the resolution of disagreements between management and the external auditors regarding financial reporting.
2. Review the Company's financial statements, management's discussion and analysis

(MD&A) and annual and interim earnings press releases together with management and the external auditors before the Company publicly discloses this information. This review should cover the quality of the financial reporting and such other matters as the Committee deems appropriate.

3. Review with the external auditors and management the audit plan of the external auditors for the current year.
4. Review with the external auditors and financial and accounting personnel, the adequacy and effectiveness of the accounting, financial, and computerized information systems controls of the Company.
5. Establish procedures for the receipt, retention and treatment of complaints received regarding accounting, internal accounting controls or auditing matters. Such complaints are to be treated confidentially and anonymously. On a quarterly basis, the Committee shall monitor and report in the minutes if such complaints were receipt.
6. Review and approve all related party transactions undertaken by the Company.

### ***Periodic Responsibilities***

The Committee shall:

1. Review periodically with management any legal and regulatory matters that may have a material impact on the Company's financial statements, compliance policies and compliance programs.
2. Review with management and approve transactions involving management and/or members of the Board of Directors, which would require disclosure under TSX Exchange rules.
3. Supervise the corporate compliance program and periodically review whether any improvements should be made thereto and make appropriate recommendations to management.
4. Perform such other functions assigned by law, the Company's Articles or bylaws, or by the Board of Directors.
5. Review services and related fees for work done by the external auditors as well as an updated projection of the total costs for the fiscal year.
6. Review and approve the engagement policy of the Company with respect to partners, employees, former partners and employees of the current and previous external auditors of the Company.
7. Implement a process for the identification of the principal business risks and monitor the implementation of appropriate methods of risk management. This process will require consultation with management in order to determine how risks are handled and to solicit the opinion of the internal audit department with respect to the effectiveness of the risk limitation strategies.

8. To receive, examine and recommend to the Board of Directors the payment of material fees to any non arm's length person dealing with the Company;
9. The Board with the assistance of the Audit Committee must periodically evaluate the competitiveness of the fees paid by the Corporation, with the rest of its industry to ensure that the fees paid to any person dealing with the Corporation remains competitive at all time;

***Authority of the Audit Committee***

The Committee shall have the authority to:

1. Engage independent counsel and other advisors as it determines necessary to carry out its duties.
2. Pay the compensation for any advisors employed by the Committee. The Committee shall notify the Board of Directors on the extent of the financing required to pay for the compensation of the independent expert advisors retained to advise the Committee.
3. Communicate directly with the internal and external auditors.

The foregoing Charter of the Audit Committee of the Board of Directors was adopted by the Board of Directors of the Corporation on November 14, 2017.