

# **Steakholder Foods Ltd.**

## **Audit Committee Charter**

**Adopted by the Board of Directors on March 4, 2021**

**Last amended by the Board of Directors on May 31, 2022**

## PURPOSE

The purpose of the Audit Committee (herein also the “**Audit Committee**”) of Steakholder Foods Ltd. (the “**Company**”) is to act on behalf of the Company’s Board of Directors (the “**Board**”) in fulfilling the Board’s oversight responsibilities with respect to the Company’s risk management practices, corporate accounting and financial reporting practices, the Company’s systems of internal control over financial reporting, and audits of the Company’s financial statements as well as the quality and integrity of the Company’s financial statements and reports and the qualifications, independence and performance of the Company’s independent registered public accounting firm (the “**Auditors**”). The Audit Committee shall approve the Audit Committee report, if the Company is not a foreign private issuer within the meaning of the Securities Exchange Act of 1934, as amended from time to time, and such report is included in the Company’s annual proxy statement in accordance with applicable rules and regulations of the Securities and Exchange Commission (the “**SEC**”), as in effect from time to time. Additionally, under the Israeli Companies Law, 1999 (the “**Companies Law**”), the Audit Committee is responsible for identifying and addressing deficiencies in the management of the business of the Company, and supports the Board in other Company compliance matters.

The operation of the Audit Committee shall be subject to the Articles of Association of the Company as in effect, and as may be amended from time to time, and applicable provisions of the Companies Law. The Audit Committee performs its role by providing independent oversight to the Board.

A goal of the Audit Committee, in discharging these obligations, shall be to maintain and foster an open avenue of communication among the Audit Committee, the Auditors and the Company’s management (“**Management**”).

This Audit Committee Charter (the “**Charter**”) sets out the authority for the Audit Committee to carry out the responsibilities established for it by the Board as articulated in the Charter.

## COMPOSITION

The Audit Committee shall consist of at least three (3) members of the Board who shall satisfy the independence and financial literacy requirements established by applicable laws, rules and regulations of the U.S. Securities and Exchange Commission (“**SEC**”), the Nasdaq Capital Market (“**Nasdaq**”), and the Companies Law. All Audit Committee members shall have a working familiarity with basic finance or accounting practices and be able to read and understand financial statements as well as collectively possess knowledge of audit, finance, corporate governance and risk management matters. Additionally, at least one (1) member of the Audit Committee shall be an “audit committee financial expert” as defined under Regulation S-K promulgated under the Securities Act of 1933, as amended. If the Company is subject to the external director requirements of the Companies Law, all of the external directors shall serve on the Audit Committee, the chairperson of the Audit Committee shall be an external director, and the composition of the Audit Committee shall otherwise comply with the applicable requirements of the Companies Law.

The members of the Audit Committee shall be appointed by and serve at the discretion of the Board. Vacancies occurring on the Audit Committee shall be filled by the Board. The Audit Committee's chairperson shall be designated by the Board, or, if it does not do so, the Audit Committee members shall elect a chairperson by vote of a majority of the full Committee.

## **MEETINGS AND MINUTES**

The Audit Committee shall hold such regular or special meetings as its members deem necessary or appropriate. Minutes of each meeting of the Audit Committee and resolutions relating to any action taken by the Audit Committee by unanimous written consent shall be prepared and made available to each director of the Company by the Secretary promptly after each meeting or action, as the case may be.

The Company's internal auditor (the "**Internal Auditor**") shall receive notices regarding the holding of Audit Committee meetings and may attend such meetings. The Internal Auditor may also request that the Audit Committee chairperson convene the Audit Committee for a meeting with his or her participation, regarding subjects within the scope of his or her responsibility.

A quorum for a meeting of the Audit Committee shall be a majority of its members.

Anybody with a personal interest in the approval of a transaction that requires the Audit Committee's approval under Sections 270 to 275 of the Companies Law (other than a non-extraordinary transaction with an officer or another person in which a Company officer has a personal interest), may not be present in the discussion and may not participate in the vote in the Audit Committee. However, a person with a personal interest may be present in the Audit Committee for the sole purpose of presenting the proposed transaction, if the Audit Committee chairperson determines that such person's presence is beneficial. In addition, if a majority of Audit Committee members have a personal interest, then all committee members may participate in the discussion and vote. If the Company is subject to the external director requirements of the Companies Law, the Audit Committee shall comply with the applicable rules of the Companies Law regarding participation in meetings of the Audit Committee.

## **AUTHORITY**

The Audit Committee shall have full access to all books, records, facilities and personnel of the Company as deemed necessary or appropriate by any member of the Audit Committee to discharge his or her responsibilities hereunder. The Audit Committee shall have authority to retain, at the Company's expense, special legal, accounting or other advisors or consultants as it deems necessary or appropriate in the performance of its duties, including the Auditors. The Audit Committee shall have authority to require that any of the Company's employees, counsel, Auditors or investment bankers, or any other consultant or advisor to the Company, attend any meeting of the Audit Committee or meet with any member of the Audit Committee or any of its special legal, accounting or other advisors and consultants. The Audit Committee shall receive appropriate funding from the Company for payment of compensation to the Auditors and any other advisors or consultants that are necessary or appropriate in carrying out its duties.

The Audit Committee shall have the authority to review with the Auditors communications between the audit team, the Auditors, and/or the Auditors' national office and/or the Company with respect to accounting, auditing or other issues presented by the Company's engagement of the Auditors.

Although the Audit Committee possesses the responsibilities and powers set forth in this Charter, the Audit Committee does not itself prepare financial statements or perform audits, and its members are not auditors or certifiers of the Company's financial statements or other records. The Audit Committee may act in reasonable reliance on Management, the Auditors and any other advisors and experts as it deems necessary or appropriate to fulfill its duties.

## **RESPONSIBILITIES**

The Audit Committee shall be responsible for oversight of the Company's financial reporting process (including direct responsibility for the appointment, compensation, retention and oversight of the Auditors) on behalf of the Board, and for reporting the results of these activities to the Board. The Audit Committee's functions and procedures need to remain flexible to address changing circumstances most effectively. To implement the Audit Committee's purpose and policy, the Audit Committee shall be charged with the following functions and processes, with the understanding, however, that it may supplement or, except as otherwise required by applicable law or the requirements of Nasdaq, deviate from these activities as appropriate under the circumstances and is empowered to take such other actions as necessary to complete its independent responsibilities hereunder:

1. To evaluate the performance of the Auditors, to assess their qualifications (including their internal quality-control procedures and any material issues raised by that firm's most recent internal quality-control or peer review or any investigations by regulatory authorities) and to recommend whether to retain or to terminate the existing Auditors or to appoint and engage new auditors for the ensuing year.
2. Subject to any requirements for approval by a general meeting of shareholders under the Companies Law, to review and approve engagements of the Auditors, prior to commencement of such engagements, to perform all proposed services, including the scope of and plans for the audit, the adequacy and qualifications of their staffing, the compensation to be paid to the Auditors, and the negotiation and execution, on behalf of the Company, of the Auditors' engagement letters and contract documents, which approval may be pursuant to preapproval policies and procedures established by the Audit Committee consistent with applicable laws and rules, including the delegation of preapproval authority to one or more Audit Committee members so long as any such preapproved decisions are presented to the full Audit Committee for final decision-making at its next meeting.
3. To review and approve engagements of the Auditors, prior to commencement of such engagements (unless in compliance with exceptions available under applicable laws and rules related to immaterial aggregate amounts of services), to perform any proposed permissible non-audit services, including the scope of any plans for the service and the compensation to be paid to the Auditors, which approval may be pursuant to preapproval policies and procedures established by the Audit Committee consistent with applicable laws and rules, including the

delegation of preapproval authority to one or more Audit Committee members, so long as any such preapproved decisions are presented to the full Audit Committee at its next meeting.

4. To monitor the assignment and rotation of the partners of the Auditors on the Company's audit engagement team as required by applicable law and to consider periodically the rotation of auditing firms.

5. At least annually, to receive and review written statements from the Auditors delineating all relationships between the Auditors and the Company consistent with Rule 3526 of the Public Company Accounting Oversight Board, to consider and discuss with the Auditors any disclosed relationships or services that could affect the Auditors' objectivity and independence or that might pose an actual or potential conflict of interest, and to assess and otherwise take appropriate action to oversee the independence of the Auditors.

6. To consider and approve in advance the employment by the Company of individuals formerly employed by the Auditors and engaged on the Company's account, and, if deemed appropriate, to adopt a policy regarding such Audit Committee preapproval. Management will coordinate with the Auditors to ensure that the Auditors' independence is not impaired by hiring former or current Auditor partners, principals or professional employees for certain Company positions. Any employment opportunities with the Company for a former or current Auditor partner, principal, or professional employee shall be discussed with the Auditors' Partner/Manager and approved by the Audit Committee before the Company enters into substantive employment conversations with the former or current Auditors' partner, principal or professional employee, when such opportunity relates to serving (1) as chief executive officer, chief financial officer, chief operating officer, chief accounting officer or any equivalent position for the Company or in a comparable position at a significant affiliate of the Company, (2) on the Company's Board, (3) as a member of the Audit Committee or (4) in any other position that would cause a potential violation of securities laws and regulations, or other applicable laws, or create the appearance of a significant conflict or impropriety with the Company.

7. To meet at least once during each fiscal quarter and as deemed necessary by the Audit Committee or as requested by Management. In addition, to meet not less than annually with Management and the Auditors in separate executive sessions. In connection with separate executive sessions held with the Auditors, to discuss matters relevant to the quality and integrity of the Company's financial reporting, the results of the Auditor's examinations, the Auditors' evaluation of the Company's financial and accounting and other relevant policies and controls, and any other matter that the Audit Committee, the Auditors or Management feel should be discussed in private and confidence.

8. Upon completion of the annual Company audit, to review the annual financial statements and to recommend whether or not such financial statements should be included in the Company's annual report, or modified or corrected in any way.

9. To discuss the results of the annual audit with the Auditors and Management, including the Auditors' assessment of the quality, rather than mere acceptability, of accounting principles, the reasonableness of significant judgments and estimates (including material

changes in estimates), any audit adjustments noted or proposed by the Auditors (whether rejected or implemented in the financial statements), the adequacy of the financial statements disclosures, and any other matters required to be communicated to the Audit Committee by the Auditors under Statement on Auditing Standards No. 114 and SEC Rule 2-07.

10. To discuss the results of the Auditors' review of the Company's interim unaudited financial statements with Management and the Auditors, prior to public disclosure, and any other matters required to be communicated to the Audit Committee by the Auditors under Statement on Auditing Standards No. 114 and SEC Rule 2-07.

11. To review and discuss with Management and the Auditors, as appropriate, the Company's disclosures contained in Management's Discussion and Analysis of Financial Condition and Results of Operations in its annual reports.

12. Prior to public disclosure, to review and discuss earnings press releases, if any, with Management, as well as the substance of financial information and earnings guidance, if any, provided to analysts and ratings agencies. Such discussions may be general discussions of the type of information (including the use of *pro forma* information) to be disclosed, or the type of presentation to be made.

13. To review with Management and the Auditors significant issues that arise regarding accounting principles and financial statements presentation, and compliance with applicable laws, including, but not limited to, critical accounting and financial policies and the application of those policies, the potential effect of alternative accounting policies available under the applicable generally accepted accounting principles, the potential impact of regulatory and accounting initiatives and any other significant reporting issues and judgments.

14. To review and discuss with Management and the Auditors, as appropriate, the Company's guidelines and policies with respect to compliance, risk assessment and risk management, including, but not limited to, the Company's major financial and other pertinent risk exposures and the steps taken by Management to monitor and control these exposures.

15. To evaluate the cooperation received by the Auditors from the Company during their audit examination, including any significant difficulties, obstacles or delays with the audit or any restrictions on the scope of their activities or to access required records, data and information and employees, consultants and advisors of the Company.

16. To review with the Auditors, and, if appropriate, Management, any material weaknesses, noncompliance and significant deficiencies identified during an audit of the internal controls over financial reporting and the management or internal control letter issued or, to the extent practicable, proposed to be issued by the Auditors and Management's response, if any, to such letter.

17. To review with the Auditors and Management, and ultimately to resolve, any conflicts or disagreements between the Auditors and Management regarding internal controls, financial reporting, accounting practices or policies, investigations, audits, or any other relevant matter.

18. To confer with the Auditors and Management on the scope, adequacy and/or effectiveness of internal controls over financial reporting and accounting practices, including any special audit steps taken in the event of material control deficiencies.

19. To consider and review, as appropriate, with Management, the Auditors, outside counsel, and such special counsel, separate accounting firm or other consultants and advisors as the Audit Committee deems appropriate, any correspondence or other contact with regulators, governmental agencies, or whistleblowers or other complainants, and any published reports that raise material issues regarding the Company's financial statements or accounting practices or policies.

20. To maintain procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, including the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

21. To review the results of Management's efforts to monitor compliance with the Company's programs and policies designed to ensure adherence to applicable laws and rules, as well as to its Code of Business Conduct and Ethics.

22. The Audit Committee will review transactions between the Company and its interested parties, or in which its interested parties have a personal interest, and transactions of the Company with its officers, resolve whether to approve them and provide reasons for its resolutions regarding: (i) transactions that breach the duty of trust, as set out in Section 255 of the Companies Law (including reviewing whether these transactions are material to the Company); (ii) transactions with interested parties, as set out in Sections 268 to 275 of the Companies Law; and (iii) whether transactions meeting the criteria set out in Sections 270(1), 270(4) and 270(4a), are exceptional transactions. The Audit Committee may establish criteria for classification of types of transactions that will be deemed exceptional or non-exceptional.

23. To review extraordinary transactions of the Company, as set out in Section 270(4) of the Companies Law, and to determine whether such transactions are subject to the approval of a general meeting of shareholders, based on a determination of whether the terms set out in the Companies Regulations (Relief in Transactions with Interested Parties), 2000, have been met.

24. In consultation with the Internal Auditor and the Auditors, as the Audit Committee sees fit, to examine any deficiencies in the Company's business management, and to recommend to the Board ways of rectifying such deficiencies. If the Audit Committee becomes aware of a material deficiency, it shall hold at least one meeting on the matter in the presence of the Internal Auditor or Auditors, without the presence of Management, unless the Audit Committee determines that certain managers are required to attend to present a position or information.

25. To hold one meeting per year with the Internal Auditor and the Auditors, without the presence of the Company's officers, to discuss issues and subjects regarding the Audit Committee's performance and issues arising from the audit, including deficiencies in the Company's business management.

26. To supervise the Internal Auditor, including: (i) submitting a proposal to the Board regarding appointment of a new Internal Auditor; (ii) approving the Internal Auditor's work plan; (iii) discussing findings of the Internal Auditor's reports and monitoring the correction of deficiencies noted in reports; (iv) performing an annual review of the Company's internal auditing system, the Internal Auditor's performance, and whether he or she has the required resources and tools to fulfill the position, with attention to the Company's special needs and size; and (v) confirming on an annual basis that the Internal Auditor is in compliance with the legal requirements for his or her position. Prior to the termination of the Internal Auditor without his or consent by the Board, the Internal Auditor shall be granted reasonable opportunity to voice his or her position to the Audit Committee, which will then provide its position to the Board.

27. To review and discuss with counsel, the Auditors and Management, as appropriate, any regulatory or other legal or accounting matters that could have a material impact on the Company's financial statements, compliance programs and policies.

28. To investigate any matter brought to the attention of the Audit Committee within the scope of its duties if, in the judgment of the Audit Committee, such investigation is necessary or appropriate.

29. To review and assess the adequacy of this charter annually and recommend any proposed changes to the Board for its consideration.

30. To report to the Board with respect to material issues if they arise regarding the quality or integrity of the Company's financial statements, the performance or independence of the Auditors or such other matters as the Audit Committee deems appropriate from time to time or whenever it shall be called upon to do so.

31. To review insurance coverage for the Company's directors and executive officers.

32. To provide oversight on significant or existential risk exposures and control issues, including, but not limited to, fraud risks, governance issues and other matters needed or requested by Management and/or the Board.

33. To oversee Management's arrangements for the prevention and detection of fraud.

34. To perform such other functions and possess any and all powers as may be necessary or appropriate in the efficient and lawful discharge of the foregoing.

It shall be the responsibility of Management to prepare the Company's financial statements and periodic reports and the responsibility of the Auditors to audit those financial statements. These functions shall not be the responsibility of the Audit Committee, nor shall it be the Audit Committee's responsibility to ensure that the financial statements or periodic reports are complete and accurate, conform to generally accepted accounting principles or otherwise comply with applicable laws.



**COMPLIANCE CONTROL**

The Company's management will monitor compliance with the provisions of this charter and report any deficiency or deviation to the Audit Committee chairperson, for the Audit Committee to take measures to rectify all such deficiencies or deviations.

**DISCLOSURE OF CHARTER**

This Charter will be made available on the Company's website and to any shareholder requesting a copy.