

CLEVER LEAVES HOLDINGS INC.

AUDIT COMMITTEE CHARTER

This Audit Committee Charter was reviewed and approved by the Board of Directors (the “Board”) of Clever Leaves Holdings Inc. (the “Company”) on December 9, 2020.

I. Purpose.

The Audit Committee (the “Committee”) shall assist the Board in fulfilling its oversight responsibilities to shareholders and the investment community relating to:

1. the integrity of the Company’s financial statements, accounting and financial reporting processes and financial statement audits;
2. the Company’s systems of disclosure controls and procedures, internal control over financial reporting, and compliance with ethical standards adopted by the Company;
3. the Company’s independent auditor’s qualifications, independence, appointment and compensation;
4. the performance of the Company’s internal audit function and independent auditors;
5. risk assessment and risk management related to financial matters and the Company’s enterprise risk management program;
6. the Company’s compliance with legal and regulatory requirements; and
7. the preparation of an audit committee report and dissemination of such report to the extent required by the Securities and Exchange Commission (the “SEC”).

The Committee’s responsibility is one of oversight and it has the responsibilities and powers set forth in this Charter. Management is responsible for the preparation, presentation and integrity of the Company’s financial statements, for the appropriateness of the accounting principles, for reporting policies that are used by the Company and for establishing and maintaining internal control over financial reporting. The independent auditor is responsible for auditing the Company’s financial statements and the effectiveness of internal control over financial reporting, and for reviewing the Company’s unaudited interim financial statements.

II. Organization

1. Committee Members. The Committee shall be comprised of at least three independent directors. Upon the recommendation of the Nominating and Governance Committee of the Board, the members and the Chair of the Committee shall be appointed by the Board on an annual basis and may be re-appointed or replaced at the Board’s sole discretion at any time. Vacancies shall

be filled by the Board. The Committee may form one or more subcommittees, each of which may take such actions as may be delegated by the Committee to the extent permitted by law.

2. Qualifications. Each Committee member shall meet the requirements established for audit committee members under the Nasdaq listing standards and applicable law. At least one member of the Committee shall satisfy the financial experience requirements set forth in such standards and applicable law. No Committee member shall have participated in the preparation of the financial statements of the Company or any subsidiary of the Company at any time during the past three years.
3. Independence. Each Committee member shall satisfy the independence requirements of Nasdaq and Rule 10A-3 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”).
4. Other Service. No Committee member may serve on the audit committee of more than three other public companies unless the Board has determined that such simultaneous service would not impair the ability of such member to effectively serve on the Committee.
5. Committee Meetings. All meetings of the Committee shall be held at the call of the Chair of the Committee. The Chair of the Committee shall be responsible for developing the meeting agenda, ensuring that pre-reading materials are provided to Committee members relative to agenda items and chairing the meetings. The Committee shall meet at such times and from time-to-time as it deems appropriate, but at least four times a year. Meetings may be held in person, by conference call or otherwise electronically held. A majority of the Committee members must be in attendance for a quorum. The Committee may act only upon the approval of at least a majority of its members. The Committee may also act by unanimous written consent. The Committee shall make regular reports to the Board on the Committee’s activities and shall keep a separate book of minutes of their proceedings and actions. The Company’s independent auditor and internal audit, including contracted non-employee or professional service firms engaged to provide internal audit services (“internal audit”), shall attend at least two of the Committee’s meetings each year. The Committee may request members of management or others to attend meetings and provide pertinent information as necessary. Except as explicitly prohibited by this Charter, Nasdaq listing rules or applicable law, the Chair of the Committee, at the request of any member of the Committee, may request any officer, employee or advisor of the Company or the Company’s independent auditor to attend a meeting of the Committee or otherwise respond to Committee requests.
6. Separate Meetings. The Committee shall meet privately in executive session at least annually with management, internal audit, the independent auditor and as a Committee, to discuss any matters that the Committee or any of these groups believe should be discussed.

7. Professional Advisors. The Committee shall have the authority to retain or terminate, at its sole discretion, any independent counsel, experts or advisors (accounting, financial or otherwise) that the Committee believes to be necessary or appropriate to carry out its duties. The Committee may also use the services of the Company's regular legal counsel or other advisors to the Company. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to any independent registered public accounting firm, including the independent auditor, engaged for the purposes of preparing, rendering or issuing an audit report or performing other audit, review or attestation services, for payment of compensation to any independent counsel, experts or advisors employed by the Committee and for ordinary and administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
8. Investigations. The Committee is empowered to conduct its own investigations into issues related to its responsibilities or any other matter brought to its attention, which it reasonably believes falls within its purpose and its duties and responsibilities under this Charter, with full access to all Company books, records, and personnel, using special counsel and outside experts when necessary or appropriate in the Committee's discretion.

III. Responsibilities

1. Independent Auditor
 - A) *Appointment and Oversight of Independent Auditor.* The Committee shall be directly responsible for the appointment (subject to any applicable shareholder approval), evaluation, retention and termination, compensation, and oversight of the work of the independent auditor (including resolution of any disagreements between Company management and the independent auditor) for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attestation services for the Company, and the independent auditor shall report directly to the Committee.
 - B) *Appointment and Oversight of Additional Audit Firm.* The Committee shall be directly responsible for the appointment, and oversight of the work of any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attestation services for the Company and such firm shall also report directly to the Committee.
 - C) *Pre-Approval of Services.* The Committee shall approve in advance the engagement of the independent auditors and their fees for audit and non-audit services. The Committee shall also adopt specific policies and procedures for such pre-approval. These policies and procedures may delegate authority to one or more members of the Committee to grant pre-

approval, provided that the decision is presented to the Committee at its next scheduled meeting. Pre-approval of a non-audit service to be performed by the independent auditor of the Company shall be disclosed as required in filings pursuant to Sections 13(a) or 15(d) of the Exchange Act.

- D) *Prohibited Activities.* Except to the extent permitted by applicable law, the Company's independent auditor may not perform the following services for the Company:
- (a) bookkeeping or other services related to the accounting records or financial statements of the Company;
 - (b) financial information systems design and implementation;
 - (c) appraisal or valuation services, fairness opinions, or contribution-in-kind reports;
 - (d) actuarial services;
 - (e) internal audit outsourcing services;
 - (f) management functions or human resources;
 - (g) broker or dealer, investment adviser, or investment banking services;
 - (h) legal services and expert services unrelated to the audit; and
 - (i) any other service that the Public Company Accounting Oversight Board (the "PCAOB") determines, by regulation, is impermissible.
- E) *Review of Independent Auditor.* The Committee shall, at least annually, evaluate the independent auditor's qualifications, performance and independence. This evaluation should take into account the opinion of management and internal audit. The Committee shall present its conclusions with respect to the independent auditor to the Board. In conducting its evaluation the Committee shall take the following steps:
- (a) The Committee shall obtain and review a report prepared by the independent auditor describing:
 - i. the independent auditing firm's internal quality-control procedures;
 - ii. any material issues raised by the most recent internal quality-control review or peer review of the independent auditing firm, 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 auditing firm, or PCAOB review or inspection of the independent auditing firm and any steps taken to deal with any such issues; and

- iii. all relationships between the independent auditor and the Company;
- (b) The Committee shall obtain and review a formal written statement prepared by the independent auditor describing the fees billed in each of the last two fiscal years in each of the categories required to be disclosed in the Company's annual financial reports or proxy statement;
- (c) The Committee shall discuss with the independent auditor its independence from the Company, and obtain and review a written statement prepared by the independent auditor describing all relationships between the independent auditor and the Company, consistent with the PCAOB's Ethics and Independence Rule 3526, "Communication with Audit Committees Concerning Independence", and consider the impact that any relationships or services may have on the objectivity and independence of the independent auditor; and
- (d) The Committee shall, at least annually, review and evaluate the qualifications, performance and independence of the lead partner of the independent auditor. This evaluation should take into account the opinion of management and internal audit. The committee shall ensure regular rotation of the lead partner and other audit partners serving the account as required by law. The Committee shall confirm that the lead or coordinating audit partner having primary responsibility for the audit or review and the concurring or reviewing audit partner of the independent auditor are rotated at least every five years and that other audit partners (as defined by the SEC) are rotated at least every seven years in accordance with rules promulgated by the SEC.

2. Financial Statements and Disclosures

- A) *Audit Resources.* In connection with each annual audit, the Committee shall discuss with management, the independent auditor and internal audit the overall strategy, scope and plans for such audits, including the adequacy of staffing and other factors that may affect the effectiveness and timeliness of such audits.
- B) *Audit Principles.* Periodically and, in any event, prior to the filing by the Company of any periodic report with the SEC, the Committee shall review and discuss with management and the independent auditor:
- (a) significant issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and significant issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies;
 - (b) any analyses prepared by management or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including analyses of the effects of alternative United States generally accepted accounting principles ("GAAP") on the Company's financial statements;
 - (c) any matters arising from the audit of the Company's financial statements that are deemed to constitute "critical audit matters" as defined by applicable PCAOB auditing standards;
 - (d) the certifications required to be made by management in relation to the Company's SEC filings, including regarding any significant deficiencies or material weaknesses in the design or operation of the Company's internal control over financial reporting and any fraud, whether or not material, involving management or other employees who have a significant role in the Company's system of internal control;
 - (e) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the Company's financial statements;
 - (f) management's and the independent auditor's judgment about the quality, not just acceptability, of accounting principles, the reasonableness of significant judgments, the clarity of the disclosures in the financial statements and the adequacy of internal controls; and

- (g) other communications regarding the results of the independent auditor's audit or review, including any other matters required by professional standards to be communicated to the Committee by the independent auditor.
- C) *Review of Reports.* The Committee shall review and discuss the annual audited financial statements and quarterly financial statements with management and the independent auditor, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," prior to the filing of the Company's Annual Report on Form 10-K or Quarterly Report on Form 10-Q.
- D) *Communication with the Independent Auditor.* The Committee shall review with the independent auditor:
- (a) any problems or difficulties the independent auditor may have encountered during the course of the audit work, including any restrictions on the scope of activities or access to required information or any significant disagreements with management and management's responses to such matters;
 - (b) any accounting adjustments that were noted or proposed by the auditor including both those recorded and not recorded (as immaterial or otherwise);
 - (c) any communications between the audit team and the independent auditor's national office respecting auditing, accounting or reporting issues presented by the engagement;
 - (d) any report on observations and recommendations on internal controls issued, or proposed to be issued, by the independent auditor to the Company;
 - (e) discussion of the responsibilities of the auditors and management in the audit process, and the responsibilities, budget and staffing of the Company's internal audit function and
 - (f) any other matters required to be discussed by PCAOB standards, including, without limitation, the auditors' evaluation of the quality of the Company's financial reporting, information relating to material complex or unusual transactions and the business rationale for such transactions and the auditors' evaluation of the Company's ability to continue as a going concern.

- E) *Review of Independent Auditor Report to Audit Committee.* The Committee shall review the report that the independent auditor is required to make to the Committee regarding:
- (a) all accounting policies and practices to be used that the independent auditor identifies as critical;
 - (b) all alternative treatments within GAAP for policies and practices related to material items that have been discussed among management and the independent auditor, including the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and
 - (c) all other material written communications between the independent auditor and management of the Company, such as any management representation letter, reports on observations and recommendations on internal controls, independent auditor's engagement letter, and independent auditor's independence letter and schedule of adjusted and unadjusted audit differences.
- F) *Recommendation to Include Financial Statements in Annual Report.* The Committee shall, based on its review and discussions outlined in the paragraphs above, determine whether to recommend to the Board that the audited financial statements and the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" be included in the Company's Annual Report on Form 10-K.

3. Internal Audit Function.

- A) The Committee shall meet periodically with internal audit to discuss its scope, operations, independence, responsibilities, budget and staffing and any issues or findings that internal audit believes warrant the Committee's attention. The Committee shall review and approve annually the internal audit charter, management's appointment or replacement of the director of internal audit, reporting relationship, staffing, organizational structure, credentials and the performance of internal audit.
- B) Review internal audit's annual audit plan and all major changes to the plan.
- C) Review and discuss with internal audit the scope, progress, and results of executing the internal audit plan, including any problems encountered and management's responses.
- D) Review and discuss reports to management (or summaries thereof) prepared by internal audit, as well as the status of significant findings and

recommendations, and management's responses and plans for remedial action.

- E) Oversee the appointment, removal or reassignment, and remuneration of the head of internal audit. The head of internal audit shall report functionally to the Committee and administratively to the Chief Financial Officer ("CFO"). The head of internal audit shall meet periodically with the Committee in private session.
- F) Periodically review with internal audit any significant difficulties, disagreements with management, or scope restrictions encountered in the course of internal audit's work.

4. Compliance Oversight.

- A) *Internal Controls.* The Committee shall discuss with management, the independent auditor and internal audit management's process for assessing the effectiveness of the Company's:
 - (a) financial reporting procedures;
 - (b) internal control structure, including its disclosure controls and procedures and internal control over financial reporting including any material weaknesses or significant deficiencies identified;
 - (c) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting;
 - (d) any changes in internal controls that could materially affect internal control over financial reporting, including any corrective actions or remediation plans with regard to significant deficiencies and material weaknesses; and
 - (e) the Company's independent auditor's attestation, and report, on the assessment made by management, in each case, as and when required by applicable law.

The Committee shall review management's and the independent auditor's reports on their assessment of the effectiveness of internal control over financial reporting as of the end of each fiscal year. The Committee shall discuss with the independent auditor and internal audit the characterization of any deficiencies in internal control over financial reporting. The Committee shall review the disclosures describing any identified material weakness and management's remediation plan for completeness and clarity. The Committee shall also discuss with management its process for performing its required quarterly certifications under Section 302 of the Sarbanes-Oxley Act of 2002, including the evaluation of the effectiveness

of disclosure controls and procedures by the Chief Executive Officer (“CEO”) and CFO.

- B) *Risk Management.* The Committee shall discuss with management, internal audit and the independent auditor the Company’s policies with respect to risk assessment and risk management, including the risk of fraud, the Company’s significant financial risk exposures and the actions management has taken to limit, monitor or control such exposures. The Committee shall review with management, internal audit and the independent auditor the Company’s overall anti-fraud program and controls. The Committee shall also oversee financial-related risks and the Company’s enterprise risk management program, including risk assessment, major risk exposures and the steps management has taken to monitor and mitigate those exposures, but excluding the enterprise risks over which other board committees have oversight responsibilities. The Committee shall oversee cybersecurity and other risks relating to the Company’s information controls and security.
- C) *Communication with Board.* The Committee shall report regularly to, and review with, the Board any issues that arise with respect to the quality or integrity of the Company’s financial statements, the Company’s compliance with legal or regulatory requirements, the performance and independence of the Company’s independent auditor, the performance of internal audit or any other matter the Committee determines is necessary or advisable to report to the Board.
- D) *Hiring Practices.* The Committee has approved the guidelines set forth in the Company’s Corporate Governance Guidelines for the Company’s hiring of employees or former employees of the independent auditor and shall ensure such guidelines comply with applicable SEC rules and Nasdaq listing standards.
- E) *Code of Conduct and Code of Ethics for Senior Financial Employees.* The Committee shall periodically review the Company’s Code of Conduct and Code of Ethics for Senior Financial Employees and the Company’s process to monitor compliance with and enforce these codes.
- F) *Section 10A(b) Implications.* The Committee shall obtain from the independent auditor assurances that the independent auditor is not aware of any matters required to be reported under Section 10A(b) of the Exchange Act.
- G) *Whistleblower Procedures Compliance.* The Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by

employees of the Company of concerns regarding questionable accounting or auditing matters.

- H) *Compliance.* The Committee shall provide oversight of the Company's ethics and compliance program and regularly receive reports from management detailing the activities of the ethics and compliance program and reporting on significant allegations of misconduct, violations of law, and any significant investigations that may involve the Company.
- I) *Press Releases and Analyst Communications.* The Committee shall discuss with management and the independent auditor the Company's earnings press releases (with particular focus on any "pro forma" or "adjusted" non-GAAP information), as well as financial information and earnings guidance provided to analysts and rating agencies. The Committee's discussion in this regard may be general in nature (i.e., discussion of the types of information to be disclosed and the type of presentation to be made) and need not take place in advance of each earnings release or each instance in which the Company may provide earnings guidance.
- J) *Disclosure Controls and Procedures.* The Committee shall review with the CEO and the CFO the Company's disclosure controls and procedures periodically, but in no event less frequently than quarterly, and review periodically management's conclusions about the effectiveness of such disclosure controls and procedures.
- K) *Internal Controls.* The Committee shall evaluate whether management is setting the appropriate tone at the top by communicating the importance of internal controls and ensuring that all individuals possess an understanding of their roles and responsibilities.
- L) *Preparation of Audit Committee Report.* The Committee shall provide the Company with the report of the Committee with respect to the audited financial statements for inclusion in the Company's financial reports or annual proxy statements, to the extent the report is required to be included with any such filing.
- M) *Attorney Reporting.* The Committee shall review and discuss any reports concerning material violations of laws or breaches of fiduciary duty submitted to the Committee by the Company's attorneys pursuant to SEC attorney professional responsibility rules or otherwise. The Company's General Counsel shall present to the Committee any legal matters (including the status of pending litigation) that may have a material impact on the Company's financial statements, and any material reports or inquiries from regulatory or governmental agencies.
- N) *Management Integrity.* The Committee shall review and investigate any matters relating to the integrity of management (as determined under Rule

16a-1(f) of the Exchange Act), potential conflicts of interest and adherence to the Company's policies, including the Code of Conduct. The Committee shall determine whether to grant any waiver requested under the Code of Conduct and the Code of Ethics for Senior Financial Employees by a director or executive officer. The Committee shall also review with the independent auditor and internal audit the integrity of the Company's financial reporting process, both internal and external.

- O) *Review of Finance Function.* The Committee shall, in conjunction with management, review the Company's finance function, including its budget, organization and quality of personnel. Additionally, the Committee shall review with internal audit, and management, the extent to which changes or improvements in financial or accounting practices have been implemented.
- P) *Related Party Transactions.* The Committee shall review and approve, as appropriate, related-party transactions for potential conflicts of interest and review the disclosure of related party transactions in the Company's financial statements.
- Q) *Accounting Review.* The Committee shall review with management and the Company's auditors, any major issues regarding accounting principles and financial statement presentation, including any significant changes in the Company's selection or application of accounting principles; any significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including the effects of alternative GAAP methods; and the effect of regulatory and accounting initiatives and off-balance sheet structures on the Company's financial statements.
- R) *Committee Self-Assessment.* The Committee is responsible for developing and conducting an annual self-assessment of its performance. The Committee will work with the Board and the Nominating and Governance Committee of the Board to design, coordinate and perform the annual self-assessment in conjunction with the overall Board assessment process. The Committee shall report to the Board on the results of its assessment each year and shall make any appropriate recommendations to further enhance the Committee's performance.
- S) *Other Matters.* The Committee shall also fulfill any other responsibilities that may be assigned to the Committee by the Board from time to time.

5. Charter Modifications/Updating.

The Committee shall review this Charter regularly, and in no event less frequently than annually, and may recommend to the Board from time to time any proposed changes to the Charter and to any other documents related to the responsibilities of the Committee.