

# AUDIT AND FINANCE COMMITTEE CHARTER

## WEST MARINE, INC.

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### I. Purpose

The Audit and Finance Committee ("Committee") of the Board of Directors ("Board") of West Marine, Inc. ("Company") serves as the representative of the Board in reviewing: (i) the Company's accounting and financial reporting processes, including the internal control environment established by management; (ii) the qualifications and independence of the independent registered public accounting firm ("Independent Auditor"); (iii), the internal audit function; (iv) the compliance by the Company with legal and regulatory requirements; (v) the Company's policies and practices with respect to major risk exposures, including strategic, financial, regulatory and operational risks; and (vi) the Company's financial plans, capital structure and key investment objectives and strategies.

The Committee may delegate authority to one or more designated members of the Committee, provided that any resulting decisions are presented at the following Committee meeting. In this regard, on an interim basis, the Committee chairperson (the "Chair") may: (i) approve changes to the internal audit plan(s) previously approved by the Committee, including any fees associated therewith; (ii) review, approve and oversee any related party transactions (as defined Item 404 of Regulation S-K); and (iii) pre-approve audit and non-audit services to be provided by the Independent Auditor, including any fees associated therewith, subject to the limitations set forth in the applicable listing standards of the NASDAQ Stock Market, the applicable rules promulgated under the Securities and Exchange Act of 1934, as amended, and other applicable law (collectively, "Applicable Standards and Regulations") or the express terms of the policy(ies) governing such activities. In such circumstances, the Chair shall report any action taken, and the Committee shall ratify any lawful action taken by the Chair, at a following Committee meeting.

### II. Membership

The Committee shall consist of at least three (3) members appointed by the Board, including one member of the Committee as Chair. Each member of the Committee shall be "financially literate" and an "independent," "outside," "non-employee" director of the Board, and at least one Committee member shall be qualified as an "audit committee financial expert" (as each such term is defined in the Applicable Standards and Regulations). The existence of such member(s), including his/her name and whether or not he/she is independent, shall be disclosed in applicable periodic filings with the U.S. Securities and Exchange Commission (the "SEC"). Any Committee member may be added or removed by the Board at any time.

### III. Specific Duties and Responsibilities

To carry out its purpose expressed in paragraph I above, the Committee shall have the following duties and responsibilities:

#### Independent Auditor

1. Annually review the qualifications and performance of the Company's Independent Auditor and determine whether to retain or replace such firm (subject, if applicable, to stockholder ratification). Monitor the replacement of the lead and reviewing partners every five (5) years and certain other audit partners after seven (7) years. The Independent Auditor reports directly to the Committee and is ultimately accountable to the Committee.
2. Review and approve the Independent Auditor's proposed scope and timing of each fiscal year's audit plan and the proposed audit fees, and pre-approve any changes in such scope and/or fees.
3. Review and pre-approve any permitted non-audit services and the fees for such services proposed to be provided by the Independent Auditor. In considering whether to pre-approve any non-audit services, the Committee shall consider whether the provision of such services is compatible with maintaining the independence of the Independent Auditor, and whether there is

an appropriate ratio between the total amount of fees for audit, audit-related and tax services and the total amount of fees for certain permissible non-audit services to ensure that non-audit fees paid are not excessive.

4. Review the Company's hiring policy of employees or former employees of the Independent Auditor.
5. Review with the Independent Auditor any audit problems or difficulties and management's response, including disagreements with management and any adjustments noted but not taken by management. The Committee shall attempt to resolve any disagreements between management and the Independent Auditor.
6. Review the letter and written disclosures from the Independent Auditor consistent with auditing standards generally accepted in the United States and the rules promulgated by the Public Company Accounting Oversight Board ("PCAOB"), including a formal written statement delineating all services provided and relationships, if any, between the Independent Auditor and the Company; actively engage in dialogue with the Independent Auditor with respect to its independence and any disclosed services or relationships that may impact its independence and objectivity; and take, or recommend that the Board take, appropriate action to oversee such independence.
7. Consult with the Independent Auditor outside of the presence of management about the Company's internal control over financial reporting and the effectiveness thereof and the completeness and accuracy of the Company's financial statements. The Committee's review should include the matters required to be discussed by PCAOB Auditing Standard No. 16, *Communications with Audit Committees*, as amended and as adopted by the PCAOB in Rule 3200T, and an explanation from the Independent Auditor of the factors considered in determining the audit's scope and confirm that no limitations have been placed on the scope or nature of the audit.

#### Internal Auditor

8. Review and approve the appointment, responsibilities, performance and compensation of the head of internal audit ("Internal Auditor"), including any third party engaged to carry out the internal audit function.
9. Annually review and approve the internal audit plan and review the audit results and significant reports to management prepared by the Internal Auditor, including management's responses.
10. Review and approve the internal audit charter and any proposed amendments thereto.
11. The Internal Auditor shall report functionally to the Committee and administratively to the Company's general counsel ("General Counsel").

#### Financial Reporting

12. Consider the control environment, including the judgment of the Independent Auditor as to the Company's accounting policies and the consistency of their application to the financial statements.
13. Review and discuss with management, the Internal Auditor and the Independent Auditor the Company's internal control over financial reporting.
14. Review and discuss with management, the Internal Auditor and the Independent Auditor, prior to the filing of officers' certifications with the SEC, any major issues as to the adequacy of the Company's internal control over financial reporting, any special steps adopted in light of significant control deficiencies and the adequacy of disclosures about changes, if any, in internal control over financial reporting.
15. Review with management and the Independent Auditor material financial or non-financial arrangements, if any, which do not appear in the financial statements.

16. Review with management and the Independent Auditor the accounting policies and alternative treatments of financial information that have been discussed, as well as any material written communications between the Independent Auditor and management.
17. Review with management and the Independent Auditor the Company's annual financial statements and the disclosure under "Management's Discussion and Analysis of Financial Condition and Results of Operations" prior to filing of the annual report on Form 10-K (the "Annual Report") with the SEC and distribution of the Annual Report to the Company's stockholders and recommend to the Board whether such financial statements should be included in the Company's Annual Report.
18. Review with management and the Independent Auditor, prior to the publication and distribution to the Company's stockholders and filing with the SEC, the earnings press releases, interim financial statements and the Company's related quarterly report on Form 10-Q (the "Quarterly Report") and the disclosure under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Quarterly Report.
19. Review periodic reports from senior financial management, including the Chief Financial Officer ("CFO") or, if a different individual, the Principal Financial Officer ("PFO"), the General Counsel, the Independent Auditor and/or the Internal Auditor on significant accounting developments, including emerging issues and the impact of accounting changes, where material, on the effectiveness of, or any deficiencies in, the effectiveness of the Company's disclosure controls and procedures, or the design or operation of the Company's system of internal control over financial reporting, any fraud, whether or not material, that involves management or other Associates who have a significant role in the Company's internal control over financial reporting, and any report issued by the Internal Auditor and/or the Independent Auditor regarding the Company's internal control over financial reporting.
20. Provide the Committee report required to be included in the Company's annual meeting proxy statement in accordance with the Applicable Standards and Regulations.
21. Review and discuss reports from the Company's disclosure committee.

#### Legal and Regulatory

22. Review and discuss with the General Counsel, and, as appropriate, outside counsel, such matters as the Committee deems necessary or appropriate.
23. Assist the Board in fulfilling its duties and oversight responsibilities relating to the Company's compliance with applicable legal and regulatory requirements, including any policies, procedures and programs to promote such compliance or ethical standards.
24. Following management's evaluation of the terms of a transaction, review and approve related-party transactions, as defined in the Applicable Standards and Regulations or pursuant to policies adopted by the Committee or the Board.
25. Discuss with management and the Independent Auditor any correspondence with regulators or government agencies and any published reports which raise material issues regarding the Company's financial statements or accounting policies.
26. Establish procedures, in conjunction with the General Counsel and the Internal Auditor, for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal control over financial reporting, auditing matters, securities law compliance, Applicable Standards and Regulations and/or violation of Company policies. In this regard, the Company shall establish and maintain a process for the confidential, anonymous submission by Associates, stockholders and other interested parties of any such concerns.

#### Risk Assessment/Management

27. Review reports from management and the Internal Auditor on the Company's enterprise risk management program, including the framework for assessing and managing the risk exposures of the Company.

28. Review and monitor the areas covered by the Company's *Code of Ethics* (the "Code") that are within the Committee's oversight responsibilities ("Covered Areas"), including any waivers of compliance with any Covered Areas of the Code; and ensure that any waivers for directors, executive officers, or senior financial officers, if any, are presented to the Board for approval and appropriate disclosure, if required by Applicable Standards and Regulations, are made.
29. Discuss with management compliance, strategic, regulatory, financial and operational risk exposures (including liquidity, credit and tax risks, financial statement, internal control and reporting risks, regulatory compliance risks, risks relating to internal accounting staff, the Internal Auditor and the Independent Auditors, technology infrastructure and security risks, and risks related to supply chain operations, product quality and offshore sourcing) and the steps management has taken to monitor and control such risks.
30. Review the Company's information security policies, including applicable internal controls related to information security and cybersecurity.
31. Review the reports from management on the status of and changes to any such risk exposures, policies, procedures and practices and coordinate with the Board and its Nomination and Governance Committee, the oversight of other specific risks.

#### Financial Oversight

32. Review, discuss and make recommendations to the Board concerning the following:
  - a. The Company's financial plans, capital structure, policies and budgets to ensure their adequacy and soundness in providing for the Company's current operations and long-term growth.
  - b. Credit facility arrangements, as necessary, including any amendments or hedging instruments.
  - c. Proposed equity, debt or other securities offerings, repurchases and/or private placements.
  - d. Dividends, if any, to be paid.
33. Discuss with management the status of policies and practices covering significant financial matters, such as cash management major financial exposures, investment and funding of employee benefit plans, major insurance programs and significant tax strategies.
34. Review and advise on the Company's key investment objectives and strategies (including, without limitation, any investment guidelines with regard to maturity, liquidity, risk and diversification) and any modifications thereto. The Committee shall also review the Company's foreign currency strategy, including the use of hedging instruments, if any.

#### Additional Duties and Responsibilities

35. Review and reassess, at least annually, the adequacy of this Charter and recommend to the full Board any appropriate or necessary revisions.
36. At least annually evaluate its own performance, discuss any opportunities for improvement, and report to the Board on such evaluation.

### **IV. Meetings and Minutes**

The Committee shall convene at least four times each fiscal year and at such other times as may be necessary or appropriate, as determined by the Chair. At least once each fiscal year, the Committee shall meet in executive session without members of management, and at least annually, the Committee shall meet in separate executive sessions with the Internal Auditor, the CFO, PFO (if different from the CFO), the Chief Information Officer, the General Counsel and the Independent Auditor. The Committee may, in the discretion of the Chair, invite any director, member of management of the Company and such other persons as it deems appropriate to carry out its responsibilities to attend the Committee meetings.

The Chair (or in her/his absence, a member designated by the Chair) shall preside at each meeting of the Committee and set the agendas for Committee meetings. The Committee shall have the authority to establish its own rules and procedures for notice and conduct of its meetings so long as they are not inconsistent with the Company's Articles of Incorporation, Bylaws, and applicable law.

Except if otherwise prohibited by the Company's Bylaws, the Applicable Standards and Regulations or as otherwise permitted under this Charter, a majority of the Committee members constitutes a quorum for any matters on which the Committee is required or permitted to take action, and a majority vote of the Committee members present at a meeting at which a quorum is present is required for the matter voted upon to pass. In the event of a tie vote, the Chair may cast his/her vote to break the tie if the chairperson has not yet voted. If the Chair has voted and such vote results in a tie, then votes may be recast until the tie is broken and if not broken, the matter voted upon shall not pass. Additionally, any action required or permitted to be taken at any Committee meeting may be taken without a meeting if all members of the Committee consent thereto in writing and the writing(s) are filed with the minutes of the proceedings of the Committee.

The Committee shall keep minutes of each meeting. The Committee also shall make regular reports to the Board.

All Committee members shall attend scheduled Committee meetings, except where the failure to attend is due to an unavoidable conflict, medical issues/illness, family emergencies or other valid excuse.

#### **V. Investigations; Outside Advisors; Reliance; Cooperation**

The Committee shall be given full access to the Internal Auditor, the Board Chair, senior management, the Independent Auditor and outside counsel.

The Committee shall have the authority to conduct or authorize investigations into any matters within its scope of responsibilities and shall have full access to all books, records, facilities and personnel of the Company.

The Committee also is authorized to retain and/or terminate such outside counsel, accounting and other professionals, experts and advisors (collectively, "Advisors"), as the Committee determines to be necessary or appropriate, to assist it in the performance of any of its functions, including determining the fees to be paid and the other terms of engagement for such Advisors. The Committee shall oversee the work of such Advisors. The Committee shall receive appropriate funding from the Company, as determined by the Committee in its sole discretion, for the payment of compensation to its Advisors. However, the Committee shall not be required to implement or act consistently with the advice or recommendations of its Advisors, and the authority granted under the Charter shall not affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties under this Charter.

The Committee shall act in reliance on Company management and Advisors, as it deems necessary or appropriate, to enable it to carry out its duties and responsibilities.

The Committee shall have full and unrestricted access to the Company's employees and its Advisors, and may require any such person to meet with the Committee, members of the Committee or representatives of the Committee's Advisors.

#### **VI. Limitation of Committee's Role**

While the Committee has the oversight responsibilities and powers set forth in this Charter, in carrying out those responsibilities, the Committee does not itself prepare financial statements or plan or perform audits, and it is not the duty or responsibility of the Committee or its members to serve as auditors or to certify or provide other special or professional assurances with respect to the Company's financial statements. The Company's management is responsible for the financial statements and the reporting process, including the system of internal control over financial reporting, and the Independent Auditor is responsible for expressing an opinion on the conformity of those audited financial statements with accounting principles generally accepted in the United States.

## **VII. Service on Other Audit Committees**

Per the Company's *Policy on Board Members Serving on Outside Boards*, no member of the Committee may serve on the audit committee of more than three (3) public company outside boards and prior to appointment, the Board must affirmatively determine that the Committee member will be able to devote sufficient time and attention to the business of the Committee.

### **Authority**

Any action duly and validly taken by the Committee pursuant to the power and authority conferred under this Charter shall for all purposes constitute an action duly and validly taken by the Board of Directors and may be certified as such by the Secretary or other authorized officer of the Company.

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Updated and Approved for Recommendation to Board by the Audit and Finance Committee – March 22, 2017  
Approved by the Board of Directors – March 23, 2017