



**IBI GROUP INC.  
CHARTER OF THE AUDIT COMMITTEE**

**1. ROLE**

The Committee assists the Board of Directors in fulfilling its responsibility for the oversight, quality and integrity of the financial risk and control related activities of the Corporation and to support the Board in fulfilling their fiduciary obligations to Shareholders.

Management is accountable for the day to day operations of the Corporation, including financial reporting and adherence to the appropriate accounting, financial and risk management principles and systems.

The independent auditors are responsible for planning and conducting audits of the Corporation's annual financial statements to provide assurance that, among other things, such financial statements are in accordance with International Financial Reporting Standards.

The Committee, Management and the Board believe in the importance of best practices in governance and financial management and the constant need to create value for Stakeholders. To this end, any interpretation of this Charter will in both form and substance, reflect these principles.

**2. MEMBERSHIP AND PROCEDURES**

The Board shall appoint three or more directors to serve on the Committee until the close of the next annual meeting of Shareholders or until a member ceases to be a director, whichever occurs first.

The members must be "independent" directors within the meaning of the rules and guidelines of the Toronto Stock Exchange and applicable law. No director who receives any compensation from the Corporation, other than director's fees, shall serve on the Committee.

All members of the Committee must be "financially literate" to the satisfaction of the Board, as that term is defined from time to time under the requirements or principles for audit committee services under the rules and guidelines of the Toronto Stock Exchange and applicable law. In addition, at least one member shall have accounting or related financial management expertise to the satisfaction of the Board.

If a member serves on the audit committees of more than three publicly traded entities, including the Corporation, the Board shall determine whether such service would impair the ability of the member to effectively serve on the Committee and disclose such determination in the annual proxy circular.

The Board shall appoint a director as Committee Chair. If the Committee Chair is absent from a meeting, the members may select a Chair from those in attendance to act as Chair of the meeting. The Committee Chair shall also serve as the designated point of contact for the Corporation's whistleblower program and the reporting of any unethical or criminal activity.



### **3. MEETINGS**

The Committee shall meet at least quarterly or more frequently as circumstances require. Notice of each meeting may be given verbally, by telephone, or by email not less than 24 hours before the meeting and need not state the purpose for which the meeting is being held. Members may waive notice of any meeting.

Matters decided by the Committee shall be determined by a majority vote and all decisions are contingent upon a quorum, which shall not be less than a majority of the members. The Committee may invite such persons as it sees fit to its meetings and all Board members may participate.

The Committee shall meet with the independent auditors at least quarterly without Management present and may meet with Management in private at its request. The independent auditors shall also have direct access to the Committee at their own initiative.

### **4. AUTHORITY OF THE COMMITTEE**

The Committee relies on the expertise and knowledge of Management and the independent auditors in carrying out its responsibilities. In any event, the Committee shall have full access to all documents, facilities and personnel of the Corporation and its affiliates.

The Committee has the authority to engage independent counsel and other advisors and consultants as it deems necessary to carry out its duties, and to conduct or authorize investigations into any matters within its scope of accountabilities, all at the Corporation's expense. The Committee may delegate to anyone, any of its responsibilities that lawfully may be delegated.

### **5. RESPONSIBILITIES AND DUTIES**

The Committee shall directly or indirectly:

#### **Financial Diligence**

5.1 Meet with Management and the independent auditors, as applicable, to (i) review the Corporation's audited and unaudited financial statements; (ii) review audit results; (iii) discuss significant issues regarding accounting principles and business practices; and (iv) satisfy itself that all such matters are considered in accordance with International Financial Reporting Standards.

5.2 Recommend to the Board whether or not the Corporation's audited annual and unaudited quarterly financial statements and all related documents including Management's Discussion and Analysis should be approved, prior to their being publicly disclosed and filed with the appropriate regulatory authorities.

5.3 Review and approve any material transactions and agreements out of the ordinary course of business with Management and the independent auditors with a view to their treatment for financial reporting purposes.

5.4 Review the Corporation's interim and annual earnings press releases, any prospectuses, any other regulatory filings and any other disclosure documents that are required to be reviewed



by the Committee under applicable law prior to their public disclosure and or filing with any regulatory or governmental agencies.

5.5 Review policies and procedures with respect to the non-chargeable expenses of the Board, the CEO and the President of the Corporation.

5.6 Review all related party transactions entered into or proposed by the Corporation or its affiliates.

### **Independent Audit**

5.7 Recommend to the Board (i) the independent auditors to be nominated for the purpose of preparing and issuing an auditor's report or performing other audit, review and attestation services for the Corporation and its material affiliates; and (ii) affix the compensation of the independent auditors.

5.8 Review and approve all audit plans, including scope, approach, procedures and timing with a view to ensuring there are no unjustified restrictions or limitations on the substance of the audit.

5.9 Monitor and assess the relationship between Management and the independent auditors including (i) reviewing any Management letters or other reports of the independent auditors; and (ii) considering any disagreements in connection with financial reporting or the preparation of financial statements; and (iii) resolving any material differences of opinion between Management and the independent auditors.

5.10 Monitor and assess annually all significant relationships that the independent auditors have with the Corporation and the range of services provided, to evaluate the effectiveness and objectivity of the independent auditors.

5.11 Review the draft opinion on the Corporation's annual audited financial statements, including matters related to the integrity and conduct of the audit.

5.12 Review annually the fees paid to the independent auditors and other related professionals in respect of audit and non-audit services with a view to disclosure in the Annual Information Filing and management proxy circulars.

5.13 Review annually the performance of the independent auditors and undertake a comprehensive assessment of their performance every five years.

5.14 Review and approve the Corporation's hiring activities regarding partners, employees and former partners and employees of the present and former independent auditors of the Corporation.

### **Internal Controls**

5.14 With the assistance of Management and the independent auditors, as applicable, review the effectiveness of (i) the internal controls of financial reporting; and (ii) the disclosure controls that have been established to ensure the timely disclosure of all material information about the Corporation and its affiliates as required by the Toronto Stock Exchange and applicable law.

5.15 Determine whether internal control recommendations made by the independent auditors have been implemented by Management, and where unimplemented, seek a reasonable explanation as to Management's rationale for an alternative approach.



5.16 Discuss any material weakness in the internal controls environment including, and with respect to, computerized information system controls and related security protocols.

5.17 Understand contingency plans for managing and safeguarding business and financial information, and other important records, including design plans and client data, in the event of a systems failure.

5.18 Confirm Management's compliance with the Corporation's processes, procedures and internal controls.

### **Financial Reporting**

5.19 Review in consultation with Management and the independent auditors, the integrity of the Corporation's internal and external financial reporting processes.

5.20 Review and approve material changes to the Corporation's accounting principles and practices as recommended by Management or the independent auditors.

5.21 Review with Management and the independent auditors any legal matter, claim or contingency that could have a material impact on the Corporation's solvency, financial statements, regulatory disclosures, compliance with applicable law, or its reputation, including any material reports, inquiries or other correspondence received from regulatory or governmental agencies.

5.22 Review with Management and the independent auditors the use of any "pro forma" or "adjusted" information not in accordance with International Financial Reporting Standards.

### **Process Improvement**

5.23 Establish regular reporting to the Committee by Management and the independent auditors with respect to any material judgments and the appropriateness thereof, made in the preparation of the financial statements.

5.24 Following completion of the annual audit and quarterly reviews, review separately with each of Management and the independent auditors any (i) material changes to planned procedures; and (ii) any difficulties encountered during the course of the audit and reviews, including any restrictions on the scope of the work or access to information, and the cooperation received by the independent auditors during the course of the audit and reviews.

5.25 Review with Management and the independent auditors any significant findings during the year and the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as determined by the Committee.

### **Financial Risk Management**

5.26 Review Management's financial risk assessment program and the steps taken to address any significant financial risks.

5.27 Engage Management on the appropriate disclosure of financial risks in all public documents filed by the Corporation.



5.28 Confirm that the Corporation is in compliance with all covenants applicable to any outside debt or other financial instruments.

5.29 Recommend to the Board for approval any new financial borrowing and any new financings, including stock or rights offerings or any financial instruments such as derivatives or other hedging activities.

#### **Legal and Ethical Compliance**

5.30 Obtain periodic confirmation from Management that all corporate tax payments have been made and receive notification of any pending tax audits or assessments that were not anticipated.

5.31 Obtain regular confirmation from Management and others concerning the Corporation's compliance with financial and tax related laws and regulations, including reporting laws and regulations, statutory deductions and remittances and the corresponding withholding requirements.

5.32 Review the findings of any examination or inquiry by regulatory or governmental agencies.

5.33 Review, monitor and enforce the Corporation's *Code of Business Conduct and Ethics*, including whistleblower events and procedures including the investigation and settlement of complaints regarding accounting, internal controls, unethical behavior and audit matters. The Committee Chair shall report the status and settlement of these matters to the Board.

#### **Other Responsibilities**

5.34 Review and approve the appointment of the Chief Financial Officer.

5.35 Review the Corporation's insurance coverage of significant business risks and approve the terms and conditions of the Corporation's Directors and Officers insurance policy.

5.36 Review and assess this Charter annually as conditions dictate and submit any revisions to the Board for its review and approval.

5.37 Engage in any other activities consistent with this Charter and applicable law including, without limitation, those required by the Ontario Securities Commission and the Toronto Stock Exchange, as the Committee or the Board shall deem necessary or appropriate.

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