



**NFI GROUP INC.**

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**AUDIT COMMITTEE CHARTER**

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**Revised by the Board of Directors on November 13, 2019.**

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**NFI GROUP INC.**  
**(the “Issuer”)**

**AUDIT COMMITTEE CHARTER**

**1. RESPONSIBILITY**

The Audit Committee (the “Committee”) is responsible for assisting the Board of Directors of the Issuer (the “Board”) in fulfilling its oversight responsibilities in relation to:

- (i) the integrity of the Issuer’s financial statements;
- (ii) the Issuer’s compliance with legal and regulatory requirements related to financial reporting;
- (iii) the qualifications, independence and performance of the Issuer’s auditor;
- (iv) the design and implementation of internal controls and disclosure controls;
- (v) the review and identification of the principal risks facing the Issuer and development of appropriate procedures to monitor and mitigate such risks;
- (vi) the development, implementation and administration of the Issuer’s Whistleblower Policy; and
- (vii) any additional matters delegated to the Committee by the Board.

**2. MEMBERS**

The members of the Committee will be selected by the Board on the recommendation of the Issuer’s Human Resources, Compensation and Corporate Governance Committee (the “HR Committee”). The Committee will initially be comprised of three directors of the Issuer and its size may be increased if so determined by the Board.

Each member of the Committee will be both “independent” and “financially literate” within the meaning of applicable securities laws, including without limitation, National Instrument 52-110 - *Audit Committees*.

**3. DUTIES**

The Committee is responsible for performing the duties set out below as well as any other duties at any time required by law to be performed by the Committee or otherwise delegated to the Committee by the Board.

(a) **Appointment and Review of the Auditor**

The auditor is ultimately accountable to the Committee and reports directly to the Committee. Accordingly, the Committee will evaluate and be responsible for the Issuer's relationship with the auditor. Specifically, the Committee will:

- (i) select, evaluate and recommend an auditor to the Board for appointment or reappointment, as the case may be, by the shareholders of the Issuer and make recommendations with respect to the auditor's compensation;
- (ii) review and approve the auditor's engagement letter;
- (iii) review, after seeking and taking into account the opinions of senior management, the experience, qualifications, performance and independence (including considering whether the auditor's provision of any permitted non-audit services is compatible with maintaining its independence) of the auditor, its engagement and lead partners, with a view to recommending its appointment or reappointment;
- (iv) resolve any disagreements between senior management and the auditor regarding financial reporting;
- (v) at least annually, obtain and review a report by the auditor describing:
  - the auditor's internal quality-control procedures, including the safeguarding of confidential information;
  - any material issues raised by (i) the most recent internal quality control review, or peer review, of the auditor, which relates to services provided to the Issuer or its subsidiaries by the auditor, or (ii) the review of the auditor by any independent oversight body, such as the Canadian Public Accountability Board, or governmental or professional authorities within the preceding year respecting one or more independent audits carried out by the auditor, and, in the case of each of (i) and (ii), the steps taken to deal with any issues raised in any such review;
- (vi) meet with senior management not less than quarterly without the auditor present for the purpose of discussing, among other things, the performance of the auditor and any issues that may have arisen during the quarter; and
- (vii) where appropriate, recommend to the Board that the auditor be terminated.

(b) **Confirmation of the Auditor's Independence**

At least annually, and in any event before the auditor issues its report on the annual financial statements, the Committee will:

- (i) review a formal written statement from the auditor describing all of its relationships with the Issuer;
- (ii) discuss with the auditor any relationships or services that may affect its objectivity and independence (including considering whether the auditor's provision of any permitted non-audit services is compatible with maintaining its independence);
- (iii) obtain written confirmation from the auditor that it is objective within the meaning of the Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of Chartered Accountants to which it belongs and is an independent public accountant within the meaning of the Independence Standards of the Canadian Institute of Chartered Accountants; and
- (iv) confirm that the auditor has complied with applicable rules, if any, with respect to the rotation of certain members of the audit engagement team.

(c) **Pre-Approval of Non-Audit Services**

The Committee will pre-approve the appointment of the auditor for any non-audit service to be provided to the Issuer or to any subsidiary of the Issuer; provided that it will not approve any service that is prohibited under the rules of the Canadian Public Accountability Board or the Independence Standards of the Canadian Institute of Chartered Accountants. Before the appointment of the auditor for any non-audit service, the Committee will consider the compatibility of the service with the auditor's independence. The Committee may pre-approve the appointment of the auditor for any non-audit services by adopting specific policies and procedures, from time to time, for the engagement of the auditor for non-audit services. Such policies and procedures will be detailed as to the particular service, and the Committee must be informed of each service, and the procedures may not include delegation of the Committee's responsibilities to management. In addition, the Committee may delegate to one or more members the authority to pre-approve the appointment of the auditor for any non-audit service to the extent permitted by applicable law provided that any pre-approvals granted pursuant to such delegation shall be reported to the full Committee at its next scheduled meeting.

(d) **Communications with the Auditor**

The Committee has the authority to communicate directly with the auditor and will meet privately with the auditor periodically to discuss any items of concern to the Committee or the auditor, such as:

- (i) the scope, planning and staffing of the audit;
- (ii) the auditor's materiality threshold for the audit;

- (iii) the assessment by the auditor of significant audit risk;
- (iv) any material written communications between the auditor and senior management, such as any management letter or schedule of unadjusted differences;
- (v) whether or not the auditor is satisfied with the quality and effectiveness of financial recording procedures and systems;
- (vi) the extent to which the auditor is satisfied with the nature and scope of its examination;
- (vii) whether or not the auditor has received the full co-operation of senior management and other employees of the Issuer;
- (viii) the auditor's opinion of the competence and performance of the Chief Financial Officer and other key financial personnel;
- (ix) the items required to be communicated to the Committee under the Canadian authoritative guidance;
- (x) critical accounting policies and practices to be used by the Issuer and its subsidiaries;
- (xi) key audit matters;
- (xii) alternative treatments of financial information within international financial reporting standards ("IFRS") that have been discussed with senior management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the auditor;
- (xiii) any difficulties encountered in the course of the audit work, including any unresolved issues, any restrictions imposed on the scope of activities or access to requested information, any significant disagreements with senior management and their response; and
- (xiv) any illegal act that may have occurred.

(e) **Review of the Audit Plan**

The Committee will discuss with the auditor the nature of an audit and the responsibility assumed by the auditor when conducting an audit under generally accepted auditing standards. The Committee will review a summary of the auditor's audit plan for each audit and approve the audit plan with such amendments as it may agree with the auditor.

(f) **Review of Audit Fees**

The Committee will review and make recommendations to the board regarding the auditor's fee and the terms of the auditor's engagement. In determining the auditor's fee, the Committee will consider, among other things, the number and nature of reports to be issued by the auditor, the quality of the internal controls of the Issuer, the size, complexity and financial condition of the Issuer and the extent of support to be provided to the auditor by the Issuer.

(g) **Review of Financial Statements and MD&A**

The Committee will review and discuss with senior management and the auditor the annual audited financial statements, together with the auditor's report thereon, the interim financial statements, and Management's Discussion and Analysis relating to the annual and interim financial statements before recommending them for approval by the Board. The Committee will also engage the auditor to review the interim financial statements prior to the Committee's review of such financial statements.

In conducting its review of the financial statements and related management's discussion and analysis, the Committee will:

- (i) consider the quality of, and not just the acceptability of, the accounting principles, the reasonableness of senior management's judgments and estimates that have a significant effect upon the financial statements, and the clarity of the disclosures in the financial statements;
- (ii) discuss any analyses prepared by senior management or the auditor that set out significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative IFRS treatment;
- (iii) discuss the effect of off-balance sheet transactions, arrangements, obligations (including contingent liabilities) and other relationships with unconsolidated entities or other persons that may have a material current or future effect on the Issuer's financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenues and expenses;
- (iv) consider any proposed changes in accounting practices or policies and their impact on financial statements of the Issuer;
- (v) discuss with senior management, the auditor and, if necessary, legal counsel, a report from senior management describing any litigation, claim or other contingency, including tax assessments, that could have a material



effect upon the financial position of the Issuer, and the manner in which these matters have been disclosed in the financial statements;

- (vi) discuss with senior management and the auditor any correspondence with regulators or governmental agencies, employee complaints or published reports that raise material issues regarding the Issuer's financial statements or accounting policies;
- (vii) discuss with the auditor any special audit steps taken in light of material weaknesses in internal control;
- (viii) review the results of the audit, including any reservations or qualifications in the auditor's opinion;
- (ix) discuss with senior management all significant variances between comparative reporting periods;
- (x) discuss with the auditor any difficulties encountered in the course of the audit work, including any restrictions on the scope of their procedures and access to requested information, accounting adjustments proposed by the auditor which were "passed" (as immaterial or otherwise), and significant disagreements with senior management and the method of resolution;
- (xi) discuss with the auditor any material issues on which the audit team consulted the auditor's national office; and
- (xii) consider any other matter which in its judgment should be taken into account in reaching its recommendation to the Board concerning the approval of the financial statements.

**(h) Review of Other Financial Information**

The Committee will review:

- (i) all earnings press releases and other press releases disclosing financial information, as well as financial information and written earnings guidance provided to analysts and rating agencies. The Committee will also review the use of "pro forma", "adjusted" or other non-IFRS information in such press releases and financial information. Such review may consist of a general discussion of the types of information to be disclosed or the types of presentations to be made;
- (ii) all other financial statements of the Issuer that require approval by the Board before they are released to the public, including, without limitation, financial statements for use in prospectuses or other offering or public

disclosure documents and financial statements required by regulatory authorities;

- (iii) the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Issuer's financial statements; and
- (iv) disclosures made to the Committee by the Chief Executive Officer and Chief Financial Officer during their certification process for applicable securities law filings about any significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the ability to record, process, summarize and report financial information, and any fraud involving senior management or other employees who have a significant role in internal control over financial reporting.

(i) **Oversight of Internal Controls and Disclosure Controls**

The Committee will review periodically with senior management the adequacy of the internal controls and procedures that have been adopted by the Issuer and its subsidiaries to safeguard assets from loss and unauthorized use and to verify the accuracy of the financial records. The Committee will review any special audit steps adopted in light of material control deficiencies or identified weaknesses.

The Committee will review with senior management the controls and procedures that have been adopted by the Issuer to confirm that material information about the Issuer and its subsidiaries that is required to be disclosed under applicable law or stock exchange rules is disclosed.

(j) **Internal Audit Function**

The Committee will review the mandate, budget, planned activities, staffing and organizational structure of the internal audit function and the Audit and Risk Management Services ("ARMS") department, which may be outsourced to a firm other than the auditor, to confirm that the internal audit function is independent of management and has sufficient resources to carry out its mandate. The Committee will discuss this mandate with the auditor.

The Committee will review the appointment and replacement of the senior manager-employee of the ARMS department ("ARMS Manager") and will review the significant reports to senior management prepared by the ARMS Manager and senior management's responses thereto.

With respect to the internal audit function, the ARMS Manager and any external advisor to which internal audit work has been outsourced shall report to both the Committee and senior management. As frequently as it deems necessary to fulfill its responsibilities, but not less often than annually, the Committee will meet

privately with the ARMS Manager and any external advisor to which internal audit work has been outsourced to discuss any areas of concern the Committee, the ARMS Manager or the external advisor may have.

(k) **Legal Compliance**

The Committee will review any legal matters that could have a significant effect on the Issuer's financial statements. It will also review with legal counsel material inquiries received from regulators and governmental agencies and advise the Board accordingly.

(l) **Enterprise Risk Management**

The Issuer has developed an enterprise risk management framework by which management is able to focus on the identification of risks, the assessment of those risks and the mitigation of risks associated with the achievement of the Issuer's strategic objectives. The Issuer's risk management program is managed through an executive level risk committee in conjunction with the ARMS department.

The Committee will oversee the Issuer's risk management function and the enterprise risk management framework and, on a quarterly basis, will review a report from senior management describing the major financial, legal, operational and reputational risk exposures of the Issuer and the steps senior management has taken to monitor and control such exposures, including the Issuer's policies with respect to risk assessment and management. The Committee will review environmental, insurance and other liability issues, risk management and information technology issues and review policies and procedures in respect thereof and report to the Board on such matters. The Committee will also review and approve management's information technology strategic plan, business continuity plans and major technology capital investments consistent with the Issuer's capital budget recommended by the Committee and approved by the Board.

The Committee will oversee the Issuer's Subsidiary and Business Unit Governance Policy.

(m) **Taxation Matters**

The Committee will review with senior management the status of taxation matters of the Issuer and its subsidiaries. The Committee will also review a report from senior management confirming that the Issuer and its subsidiaries have withheld or collected and remitted all amounts required to be withheld or collected and remitted by them in respect of any taxes, levies, assessments, reassessments and other charges payable to any governmental authority.

(n) **Employees of the Auditor**

The Committee will establish, review and approve policies for the hiring by the Issuer of any partners and employees and former partners and former employees of the present or former auditor.

(o) **Evaluation of Financial and Accounting Personnel**

The Committee will have direct responsibility to:

- (i) develop a position description for the Chief Financial Officer and ARMS Manager, setting out the authority and responsibilities of the Chief Financial Officer and ARMS Manager, respectively, and present the same to the HR Committee and Board for approval;
- (ii) review and approve the goals and objectives that are relevant to the Chief Financial Officer's compensation and present the same to the HR Committee;
- (iii) evaluate the performance of the Chief Financial Officer and ARMS Manager, in meeting their respective goals and objectives;
- (iv) make specific recommendations to the HR Committee and Board with respect to the compensation of the Chief Financial Officer and the ARMS Manager based on the evaluation referred to above;
- (v) review and assess, with the input of senior management and, if required by the Committee, the external auditor, the performance of the Issuer's financial, accounting and ARMS department personnel; and
- (vi) recommend to the HR Committee and Board remedial action where necessary.

(p) **Signing Authority and Approval of Expenses**

The Committee will determine the signing authority of officers and directors in connection with the expenditure and release of funds. The Committee will also review the Chief Executive Officer and Chief Financial Officer's expense statements. Director expense statements will be reviewed by the Chief Executive Officer. Where the Chief Executive Officer thinks it advisable, he or she may request that the Committee review director expense statements.

#### **4. COMPLAINTS PROCEDURE**

The Committee will establish a Whistleblower Policy for the receipt, retention and follow-up of complaints received by the Issuer regarding accounting, internal controls, disclosure controls or auditing matters and any violation of the Issuer's Code of Business Conduct and Ethics and a procedure for the confidential, anonymous submission of concerns by employees of the Issuer regarding such matters.

#### **5. REPORTING**

The Committee will regularly report to the Board on:

- (i) the auditor's independence, engagement and fees;
- (ii) the performance of the auditor and the Committee's recommendations regarding its reappointment or termination;
- (iii) the adequacy of the Issuer's internal controls and disclosure controls;
- (iv) the Issuer's risk management procedures and the reports prepared by the ARMS department;
- (v) its recommendations regarding the annual and interim financial statements of the Issuer, including any issues with respect to the quality or integrity of the financial statements;
- (vi) its review of the annual and interim management's discussion and analysis;
- (vii) any complaints made under and the effectiveness of the Issuer's Whistleblower Policy;
- (viii) the Issuer's compliance with legal and regulatory requirements related to financial reporting; and
- (ix) all other significant matters it has addressed or reviewed and with respect to such other matters that are within its responsibilities, together with any associated recommendations.

#### **6. AUDIT COMMITTEE MEETINGS**

##### **(a) Scheduling**

The Committee will meet as often as it determines is necessary to fulfill its responsibilities, which in any event will be not less than quarterly. A meeting of the Committee may be called by the auditor, the chairperson of the Committee (the

“Committee Chair”), the chairperson of the Board, the Chief Executive Officer, the Chief Financial Officer or any Committee member.

Meetings will be held at a location determined by the Committee Chair and notice shall be given in accordance with the provisions of the Issuer’s by-laws.

(b) **Notice to Auditor**

The auditor is entitled to receive notice of every meeting of the Committee and, at the expense of the Issuer, to attend and be heard thereat and, if so requested by a member of the Committee, shall attend any meeting of the Committee held during the term of office of the auditor.

(c) **Agenda**

The Committee Chair will establish the agenda for each meeting. Any member may propose the inclusion of items on the agenda, request the presence of or a report by any member of senior management, or at any meeting raise subjects that are not on the agenda for the meeting.

(d) **Distribution of Information**

The Committee Chair will distribute, or cause the officers of the Issuer to distribute, an agenda and meeting materials in advance of each meeting to allow members sufficient time to review and consider the matters to be discussed.

(e) **Attendance and Participation**

Each member is expected to attend all meetings. A member who is unable to attend a meeting in person may participate by telephone or teleconference.

(f) **Quorum**

Two members will constitute a quorum for any meeting of the Committee.

(g) **Voting and Approval**

At meetings of the Committee, each member will be entitled to one vote and questions will be decided by a majority of votes. In case of an equality of votes, the Committee Chair will not have a second or casting vote in addition to his or her original vote.

(h) **Procedures**

Procedures for Committee meetings will be determined by the Committee Chair unless otherwise determined by the by-laws of the Issuer or a resolution of the Committee or the Board.

(i) **Transaction of Business**

The powers of the Committee may be exercised at a meeting where a quorum is present in person or by telephone or other electronic means, or by resolution in writing signed by all members entitled to vote on that resolution at a meeting of the Committee.

(j) **Absence of the Committee Chair**

In the absence of the Committee Chair at a meeting of the Committee, the members in attendance must select one of them to act as chairperson of that meeting.

(k) **Secretary**

The Committee may appoint one of its members or any other person to act as secretary.

(l) **Minutes of Meetings**

A person designated by the Committee Chair at each meeting will keep minutes of the proceedings of the Committee and the Committee Chair will cause an officer of the Issuer to circulate copies of the minutes to each member on a timely basis.

**7. COMMITTEE CHAIR**

Each year, the Board will appoint one member who is qualified for such purpose to be the Committee Chair. If, in any year, the Board does not appoint a Committee Chair, the incumbent Committee Chair will continue in office until a successor is appointed.

**8. REMOVAL AND VACANCIES**

Any member may be removed and replaced at any time by the Board, and will automatically cease to be a member as soon as the member ceases to meet the qualifications set out above. The Board will fill vacancies on the Committee by appointment from among qualified members of the Board. If a vacancy exists on the Committee, the remaining members will exercise all of its powers so long as a quorum remains in office.

**9. ASSESSMENT**

At least annually, the HR Committee will review the effectiveness of the Committee in fulfilling its responsibilities and duties as set out in this Charter and in a manner consistent with the mandate adopted by the Board.

**10. REVIEW AND DISCLOSURE**

The Committee will review this Charter at least annually and submit it to the HR Committee together with any proposed amendments. The HR Committee will review the Charter and submit it to the Board for approval with such further proposed amendments as it deems necessary and appropriate.

This Charter will be posted on the Issuer's Web site and the annual report of the Issuer will state that this Charter is available on the Web site or is available in print to any securityholder who requests a copy.

**11. ACCESS TO OUTSIDE ADVISORS AND RECORDS**

The Committee may, subject to advising the chairperson of the Board, retain independent counsel and any outside advisor at the expense of the Issuer at any time and has the authority to determine any such advisors' fees and other retention terms.

The Committee, and any outside advisors retained by it, will have access to all records and information relating to the Issuer and its subsidiaries and all their respective officers, employees and agents which it deems relevant to the performance of its duties.