

ORGANTO FOODS INC.
Corporate Governance Policies and Procedures Manual (the “Manual”)

Adopted effective May 1, 2017
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CORPORATE GOVERNANCE OVERVIEW AND GUIDELINES

1. Introduction

The Board of Directors (the “Board”) of Organto Foods Inc. (the “Company”) has adopted these Corporate Governance Guidelines to assist the Board in the exercise of its duties and responsibilities. The Guidelines are to be applied in a manner consistent with applicable laws and the Company’s incorporating documents. The Board may modify or make exceptions to the Guidelines from time to time in its sole discretion and consistent with the duties and responsibilities owed to the Company and its shareholders.

2. Expectations of Directors

- Each director must act honestly and in good faith with a view to the best interests of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The duties and responsibilities set out below are a framework to guide directors in the execution of their duties, thereby enabling the Board as a whole to carry out its mandate and fiduciary obligations.
- Directors are expected to understand the Company’s mission, purpose, vision and values and become knowledgeable about its business and the industry segments and markets in which it operates, as well as its current corporate governance policies and practices, and committee charters (as applicable).
- Directors are expected to attend and actively participate in all meetings where possible (and inform themselves of significant matters dealt with at meetings which they were not able to attend). It is acceptable for directors to attend meetings by telephone or other electronic means to be considered in attendance. The specific dates of Board meetings and meetings to approve interim and annual financial results shall be scheduled at the commencement of each fiscal year. Additional meetings of the Board other than those scheduled shall be called on an as-required basis.
- Directors are expected to prepare for each Board and committee meeting and review materials to be presented at Board meetings prior to such meetings. Such materials are to be circulated with sufficient advance notice to allow Board members adequate review time. However, for unscheduled meetings, shorter notice may be necessary.
- Directors are expected to ensure that adequate structures and processes are in place to permit the Board to function independently of the management of the Company. Without limitation, an in-camera session should be held at each Board and committee meeting without members of management present in order to ensure free and open discussion among the independent directors.
- Directors are expected to request, as appropriate, clarification or additional information in order to fully participate in Board deliberations and make informed business judgments.
- Directors are expected to prevent personal interests from conflicting with, or appearing to conflict with, the interests of the Company and disclose potential conflicts and, where necessary, recuse themselves from portions of meetings dealing with such matters and to refrain from voting.

3. Director Attributes

Board members individually must have the requisite qualifications under all applicable statutory and regulatory requirements and, collectively, must have an appropriate mix of skills, knowledge and experience in business and an understanding of the industry segments in which the Company operates. Additionally, when identifying and selecting qualified candidates for appointment or re-election to the Board, consideration will be given to a wide range of diversity criteria including gender, visible minorities, persons with disabilities, ethnicity, sexual orientation, age, geographic location and other factors.

The Board believes that the following characteristics, qualifications and attributes are required to effectively carry out the duties and obligations of a director.

Integrity and Accountability

- Understand the role, responsibilities, expectations and legal duties of a director.
- Demonstrate high ethical and moral standards in personal, business and professional dealings.
- Be willing to be accountable for and be bound by Board decisions.

Informed Judgment

- Provide input and informed counsel on a broad spectrum of issues.
- Be able to think strategically about complex issues.
- Be able to proactively apply personal knowledge, experience and expertise to issues.
- Have a track record of achievement and of making good business decisions.

Financial Literacy

- Members of the Audit Committee are required to demonstrate a high level of financial literacy, including the ability to read and understand financial statements. All other members of the Board are expected to have basic financial literacy.

Independence

- Be able to act in the best interests of the Company.
- Where necessary, advocate a position contrary to prevailing opinion or current practices.

Communication Skills

- Be willing to listen and keep an open mind in decision making.
- Take initiative to raise tough questions and encourage open discussion.
- Demonstrate leadership.
- Communicate in a concise and reasoned manner.

Teamwork

- Work effectively with others and manage conflict constructively.

4. Director Responsibilities

The Directors are responsible for the stewardship of the Company. To carry out this obligation, the directors individually and through applicable committees of the Board, assume responsibility in the following areas:

- **Oversee Management of the Company.** The principal responsibilities of the directors are to oversee the management of the Company and, in so doing, serve the best interests of the Company on behalf of its shareholders. These responsibilities require that the directors attend to the following:
 - i. review and approve on a regular basis, and in any case no less than once per year, annual business and strategic plans which take into account, among other things, the opportunities and risks of the business;
 - ii. monitor the performance of the Company against annual and strategic plans, including

the appropriate use of corporate resources;

- iii. identify and oversee the principal risks of the Company's business and ensure that appropriate systems are in place to manage or mitigate these risks;
- iv. oversee the Company's financial reporting and monitor the integrity and quality of the Company's financial statements and the appropriateness of their disclosure;
- v. oversee the integrity and effectiveness of the Company's internal control framework and management information systems and obtain assurances on a regular basis that these systems are designed and operating effectively;
- vi. select, monitor and evaluate the performance of, and oversee the progress and development of the Chief Executive Officer and senior management, and take appropriate actions, such as promotion, change in responsibility and/or termination;
- vii. evaluate senior management succession plans, and in the case of the Chief Executive Officer, implement steps as required;
- viii. evaluate the Company's compensation programs;
- ix. establish a corporate environment that promotes timely and effective disclosure (including appropriate controls, procedures and incentives), fiscal accountability, high ethical standards and compliance with applicable laws and industry and community standards;
- x. adopt, monitor and periodically review the Company's Code of Business Conduct and Ethics;
- xi. review and approve or deny all material transactions and commitments contemplated by the Company;
- xii. develop a corporate governance structure that allows and encourages the Board to fulfill its responsibilities;
- xiii. oversee communications and public disclosure, promoting compliance with legal and regulatory guidelines and requirements, including receiving feedback from shareholders;
- xiv. provide assistance to the Company's senior management, including guidance on those matters that require Board involvement;
- xv. evaluate the overall effectiveness of the Board and its committees; and
- xvi. perform such other duties as prescribed by law or assigned to the directors in the Company's policies and procedures.

- **Exercise Business Judgment.** In carrying out their fiduciary duties of care, loyalty and candor, directors are expected to exercise their business judgment to act in what they reasonably and honestly believe to be the best interests of the Company and its shareholders, free from personal interests. In carrying out their duties, when appropriate, the directors are entitled to rely on the Company's senior executives and its outside advisors, auditors and legal counsel, but also should consider second opinions where circumstances warrant.

- **Understand the Company and its Business.** Directors are expected to become and remain informed about the Company and its business, properties, risks and prospects.

- **Understand the Requirements of a Public Company.** Directors are expected to become

and remain informed about the requirements and responsibilities associated with being listed on public stock exchanges and to comply with these requirements.

- **Protect Confidentiality and Proprietary Information.** Directors are responsible for establishing policies that are intended to protect the Company's confidential and proprietary information from unauthorized or inappropriate disclosure. Likewise, all discussions and proceedings of the Board must be treated as strictly confidential and privileged to preserve open discussions between directors and to protect the confidentiality of Board discussions.
- **Board, Committee and Shareholder Meetings.** Directors are responsible for attending Board meetings and meetings of committees on which they serve. They must devote the time needed, and meet as frequently as necessary, to properly carry out their responsibilities.
- **Indemnification.** The directors are entitled to Company-provided indemnification through corporate articles and by-laws, corporate statutes, indemnity agreements and directors' and officers' liability insurance.

5. Director Qualification Standards

- **Independence.** The Board will strive to ensure it meets applicable standards of director independence. For members of the Audit Committee, director independence is to be determined in accordance with those legal and stock exchange independence standards applicable to the Company's Audit Committee. Those standards are appended to the Company's Audit Committee Charter. For other purposes, the Board will, from time to time, establish independence standards that (i) comply with applicable legal and regulatory requirements and (ii) are designed to ensure that the director does not have, directly or indirectly, a financial, legal or other relationship with the Company that would reasonably interfere with the exercise of independent judgment in carrying out the responsibilities of the director.
- **Size and Skills of Board.** The Board believes that a Board comprised of 6 to 10 members is an appropriate size given the Company's present circumstances. The Board also believes that whenever possible, a majority of the directors should be independent under the standards currently in effect, of which at least a majority of Audit Committee members must also meet the standards of independence applicable to the Audit Committee. The Board will also consider the competencies and skills that the Board, as a whole, should possess and the competencies and skills of each director.
- **Other Directorships.** The Board does not believe that its members should be prohibited or discouraged from serving on boards of other organizations, and the Board does not propose any specific policies limiting such activities, providing they do not reduce a director's effectiveness or result in a continuing conflict of interest or conflict with legal and/or regulator over-boarding standards. However, the Board should take into account the nature of and time involved in a director's service on other boards in evaluating the suitability of individual directors and in making its recommendations.
- **Tenure.** The Board does not believe it should establish director term limits. Term limits could result in the loss of directors who have been able to develop, over a period of time, significant insight into the Company and its operations and an institutional memory that benefits the Board as well as management. In addition, directors are subject to re-election at the Company's Annual General Meeting. As an alternative to term limits, the Board will review each director's continuation on the Board annually. This will allow each director the opportunity to confirm their desire to continue as a member of the Board and allow the Board to replace directors where the Board makes a determination that a change would be in the best interests of the Company.
- **Offices of Chair and CEO.** The Board will select a Chair of the Board in a manner and upon the criteria that the Board deems appropriate at the time of selection. In circumstances where the Board determines to appoint an executive of the Company as Chair of the Board, the Board will

separately assess the need to appoint an independent director to serve in the capacity as “lead director”, as that role is contemplated by National Policy 58-201.

- **Selection of New Director Candidates.** Except where the Company is legally required by contract, law or otherwise to provide third parties with the right to nominate directors, the Board will be responsible for identifying individuals qualified to become Board members, consistent with criteria established by the Board.
- **Extending the Invitation to a New Director Candidate to Join the Board.** An invitation to join the Board will be extended by the Chair of the Board when authorized by the Board.

6. Board Meetings

- **Selection of Agenda Items.** The Chair of the Board shall propose an agenda for each Board meeting after review and consultation with the Chief Executive Officer. Each Board member is free to request the inclusion of other agenda items and is generally free to request at any Board meeting the consideration of subjects that are not on the agenda for that meeting, although voting on matters so raised may be deferred to another meeting to permit proper preparation for a vote on an unscheduled matter (emergencies excepted).
- **Frequency and Length of Meetings.** The Chair of the Board, in consultation with the members of the Board, will normally determine the frequency and length of Board meetings, however, the ultimate power in this regard rests with the decision of the entire Board. In any event the Board shall meet no less than once per fiscal quarter. Special meetings may be called from time to time as required to address the needs of the Company’s business.
- **Advance Distribution of Materials.** Information and data that are important to the Board’s understanding of the business to be conducted at a Board or committee meeting will normally be distributed in writing to the directors reasonably before the meeting (with a goal of 5 days) and directors should review these materials in advance of the meeting. The Board acknowledges that certain items to be discussed at a Board or committee meeting may be of a very time-sensitive nature and that the distribution of materials on these matters before the meeting may not be practicable.

7. Board Committees

- **Key Committees.** The Board will at all times have an Audit Committee. The Audit Committee will have a charter that has been approved by the Board. The charter currently in effect is appended hereto as Appendix 1. The Board may, from time to time, establish or maintain additional committees or subcommittees as it deems necessary.
- **Committee Charters.** The charters of the committees will set forth the purposes, goals and responsibilities of the committee. The Board will, from time to time as it deems appropriate, but at least annually, review and reassess the adequacy of each charter and make appropriate changes.
- **Assignment of Committee Members.** The Audit Committee must meet the independence and competency standards applicable to the Audit Committee. The Audit Committee will have a minimum of three directors, a majority of which are independent. Other committees shall have at least one member or the minimum number of members required by applicable law and the Company’s incorporating documents.
- **Selection of Agenda Items.** Each committee chair, in consultation with the committee members, will develop the committee’s agenda.
- **Frequency of Committee Meetings.** The chair of each committee, in consultation with

the committee members, will determine the frequency of the committee meetings consistent with any requirements set forth in the committee's charter. The Audit Committee will meet no less than quarterly and special meetings may be called by any member from time to time as required to address the needs of the Company's business and fulfill the responsibilities of the committees.

8. Director's Access to Management and Independent Advisors

- **Access to Officers and Employees.** All directors have at all reasonable times and on reasonable notice full and free access to officers, employees and contractors of the Company. Any meetings or contacts that a director wishes to initiate should normally be arranged through the CEO or the CFO. The directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company. The directors are normally expected to provide a copy or otherwise inform the CEO of any communication between a director and an officer or employee of the Company.
- **Access to Independent Advisors.** The Board and each committee shall have the power to hire and consult with independent legal, financial or other advisors for the benefit of the Board or such committee, as they may deem necessary, without consulting or obtaining the approval of any officer of the Company. Such independent advisors may be regular advisors to the Company. The Board or any such committee is empowered, without further action by the Company, to cause the Company to pay the appropriate compensation of such advisors as established by the Board or any such committee.

9. Director Compensation

- **Role of Board.** The form and amount of director compensation will be approved annually by the Board in accordance with the general principles set forth herein.
- **Form of Compensation.** The Board believes that directors should be provided with incentives to focus on long-term shareholder value. The Board believes that including a combination of equity stock options and restricted share units as part of director's compensation helps align the interest of directors with those of the Company's shareholders.
- **Amount of Compensation.** The Company seeks to attract exceptional talent to its Board. Therefore, the Company's policy is to compensate directors competitively relative to comparable companies. The Company's management will, from time to time as deemed necessary, present an analysis to the Board comparing the Company's director's compensation with that of comparable companies. The Board believes that it is appropriate for the Chair of the Board and the chairs of the committees, if not members of management, to receive additional compensation for their additional duties in these positions. Directors who are also employees of the Company are not generally compensated for service on the Board, although they may receive additional compensation for Board or committee service if they are not already compensated at full industry rates in their capacities as employees.

10. Director Orientation and Continuing Education

- **Director Orientation.** The Board and the Company's senior management will conduct orientation programs for new directors. The orientation programs will include presentations by management to familiarize new directors with the Company's business projects, strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its code of business conduct and ethics, its principal officers, its internal and independent auditors and its outside legal advisors. In addition, the orientation program will include a review of the Company's expectations of its directors in terms of time and effort, a review of the directors' fiduciary duties, and to the extent practical, visits to certain of the Company's operations.
- **Continuing Education.** To enable each director to better perform his or her duties and to recognize and deal appropriately with issues that arise, the Company will provide the directors

with opportunities to undertake continuing director education, the cost of which will be borne by the Company.

11. Management Evaluation and Succession and Executive Compensation

- **Selection of CEO.** The Board selects the Company's CEO in the manner that it determines to be in the best interests of the Company. The Board, together with the CEO, will develop a clear description for the role of CEO. The board will also develop the corporate goals and objectives that the CEO is responsible for meeting.
- **Evaluation of Senior Management.** The Board will be responsible for overseeing the evaluation of the CEO. The Board will determine the nature and frequency of the evaluation, supervise the conduct of the evaluation and prepare an assessment of the performance of the CEO. The Board will review the assessment to ensure that the CEO is providing the best leadership for the Company over the long and short term. The Board will also consider the recommendations of the CEO with regards to the compensation of the other members of senior management.
- **Succession of Senior Management.** The Board will be responsible for overseeing the evaluation of senior management succession planning.
- **Expectations of Senior Management.** The Board will establish, and review on an annual basis, its expectations for senior management generally.
- **Executive Compensation.** Compensation of the CEO must be determined by the Board. The CEO must not be present during voting or deliberations. Compensation for all other members of senior management will be proposed by the CEO and approved by the Board on an annual basis.

12. Code of Business Conduct and Ethics

The Board of Directors will adopt and maintain a Code of Business Conduct and Ethics which will apply to the employees, officers, directors, consultants and agents of the Company. The Code of Business Conduct and Ethics will be in accordance with the guidelines set forth in section 3.8 of National Policy 58-201 and other applicable laws and regulations.

13. Board Interaction with Shareholders, Institutional Investors, the Press, Customers, etc.

The Board believes that the CEO and his or her designees should normally speak for the Company. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company. It is, however, expected that Board members would do so with the knowledge of and, absent unusual circumstances or as contemplated by the committee charters, only at the request of the Company's CEO.

The Board will give appropriate attention to written communications that are submitted by shareholders and other interested parties and will respond if and as appropriate. Absent unusual circumstances or as contemplated by the committee charters, the Chair of the Board monitors communications from shareholders and other interested parties and will provide copies or summaries of such communications to the other directors as he or she considers appropriate.

14. Periodic Review of the Corporate Governance Guidelines

The Board will, from time to time, and no less than once per year, review and reassess the adequacy of these Guidelines and consider any proposed changes.

APPENDIX 1
ORGANTO FOODS INC.
(the “Company”)

AUDIT COMMITTEE CHARTER
(Updated - January 2025)

1. Purpose

The Audit Committee (“Committee”) is appointed by the Board of Directors (“Board”) to assist the Board in fulfilling its oversight responsibilities for the accounting and financial reporting process; the system of internal and disclosure controls and management of financial risks; the audit process; and the Company’s process for monitoring compliance with the applicable laws and regulations that govern the Company’s operations and this Audit Committee Charter (the “Charter”).

In performing its duties, the Committee will foster an environment of adherence to the Company’s policies, practices and procedures at all levels and maintain effective working relationships with the Board, management and the Company’s external auditors.

In the exercise of its oversight responsibilities, it is not the duty of the Committee to plan or conduct audits to determine that the Company’s financial statements present fairly the Company’s results of operations, and that such statements are in accordance with applicable generally accepted accounting principles. Instead, such duties remain the responsibility of management working with the outside independent registered accounting firm (external auditors).

This Charter defines the Audit Committee’s range of authority, objectives, the scope of its activities and its duties and responsibilities. It is intended to give Audit Committee members, management and external auditors a clear understanding of their respective roles. The Audit Committee and the Board will review the adequacy of this Charter annually.

2. Authority

The Board authorizes the Audit Committee, within the scope of its responsibilities, to:

- Seek any information it requires from:
 - Any employee (and all employees are directed as per the Company policies to cooperate with any request made by the Committee).
 - External parties.
- Retain outside legal or other professional advisors at the expense of the Company.
- Have the sole authority to determine (subject to Board confirmation as required), and to require the Company to fund: (a) appropriate compensation to the external auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review, or attest services; (b) appropriate compensation to any advisors to the Committee; and (c) administrative expenses necessary or appropriate to carrying out the Committee’s duties.
- Approve all auditing engagement fees and pre-authorize non-audit services performed by the Company’s external auditors in accordance with the Company’s policy.
- Ensure that any consultants or other legal or professional advisors advising the Committee shall report directly to the Committee and the Committee will be responsible for all aspects of the relationship. In addition, the Committee shall ensure that outside consultants engaged are deemed independent from management for the purposes of the engagement.
- Delegate any of its responsibilities to subcommittees as the Committee may determine in its sole discretion.

3. Mandate

The Audit Committee will assist the Board in fulfilling its financial oversight responsibilities. The Audit Committee will review and consider in consultation with management and the external auditors the financial reporting process, the system of internal control and the audit process. In performing its duties, the committee will maintain effective working relationships with the Board, management, and the external auditors. To effectively perform their role, each committee member must obtain an understanding of the principal responsibilities of committee membership as well as the Company's business, operations and related risks.

3. Membership

The Board will appoint from among their membership an Audit Committee after each Annual General Meeting of the shareholders of the Company. The Audit Committee will consist of a minimum of three directors and maximum of four directors.

3.1 Independence

A majority of the members of the Audit Committee must not be officers, employees or control persons of the Company.

3.2 Expertise of Committee Members

Each member of the Audit Committee must be financially literate or must become financially literate within a reasonable period of time after their appointment to the committee. At least one member of the committee must have accounting or related financial management expertise. The Board shall interpret the qualifications of financial literacy and financial management expertise in its business judgment and shall conclude whether a director meets these qualifications.

3.3 Chair of the Committee

The Chair of the Committee will be nominated by the Board annually and may be removed and replaced by the Board. The Chair shall be responsible for leadership of the Committee, including scheduling and presiding over meetings, preparing agendas, overseeing the preparation of briefing documents to facilitate discussion of significant issues during the meeting, and making regular reports to the Board. The Chair will also maintain regular liaison with the CEO and CFO, and the lead external audit partner. If the Chair is not present at any meeting of the Committee, one of the other members of the Committee present at the meeting shall be chosen by the Committee to preside at the meeting.

4. Meetings

- 4.1 The Audit Committee shall meet in accordance with a schedule established each year by the Board, and at other times that the Audit Committee may determine. The Audit Committee shall meet at least quarterly with the Company's Chief Financial Officer and no less than once per year with the Company's external auditors, each in separate executive sessions.
- 4.2 The Committee may invite such other persons (e.g., the CEO, COO, General Counsel, outside advisors, etc.) to its meetings, as it deems necessary. Directors not on the Committee may attend meetings at the invitation of the Chair.
- 4.3 A quorum for any meeting will be at least two-thirds of the Committee members; however, in no event shall a quorum be less than two (2) members.
- 4.4 Members may participate in meeting of the Committee by telephone or some other electronic means, in which case they shall be considered in attendance at such meeting.
- 4.5 The proceedings of all meetings will be recorded in minutes for approval and signature. A copy of the minutes of each meeting of the Committee shall be provided to each Committee member in a timely fashion.

5. Roles and Responsibilities

The Audit Committee shall fulfill the following roles and carry out the following responsibilities:

5.1 External Audit

The Audit Committee shall oversee the work of the external auditors in preparing or issuing the auditor's report, including the resolution of disagreements between management and the external auditors regarding financial reporting and audit scope or procedures. In carrying out this duty, the Audit Committee shall:

- a. Recommend to the Board the external auditor to be nominated by the shareholders for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company.
- b. Review (by discussion and enquiry) the external auditors' proposed audit scope and approach.
- c. Review the performance of the external auditors and recommend to the Board the appointment or dismissal of the external auditors.
- d. Review and recommend to the Board the compensation to be paid to the external auditors.
- e. Review and confirm the independence of the external auditors by reviewing the non-audit services provided and the external auditors' assertion of their independence in accordance with professional standards.

5.2 Internal and Disclosure Controls

- a. Evaluate whether management is setting the appropriate "control culture" by communicating the importance of internal control and the management of risk, ensuring that all employees have an understanding of their roles and responsibilities, and communicating the importance of the code of conduct and the guidelines for acceptable behavior.
- b. Consider the risk of management's ability to override Company's internal controls.
- c. Review and discuss with management the Company's assessment and management of risks related to cybersecurity and information technology, which may include reviewing the scope and adequacy of the Company's information security policy and cybersecurity roadmap.
- d. Review levels of authority and responsibility in key areas, including significant contracts, capital expenditures and commitments.
- e. Review major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles; major issues as to the adequacy of the Company's internal controls; and any special audit steps adopted in light of material control deficiencies.
- f. Ensure that management report to the Committee on the adequacy and effectiveness of the Company's disclosure controls and procedures and the adequacy and effectiveness of the Company's internal control over financial reporting, including any significant deficiencies or material weaknesses in design or operation of internal controls, and any significant changes in internal controls.
- g. Understand any issues raised in regulator comment letters received by the Company, as well as management's planned response.
- h. Review the CEO and CFO certifications and through inquiry understand the practices and procedures adopted to permit management's assurance on the underlying controls.
- i. In the event of any material restatement or material reclassification resulting from a material error to the Company's audited consolidated financial statements, make appropriate inquiry in

its judgement about the cause to determine if any other action should be taken and if additional internal controls should be implemented to prevent recurrences in the future.

- j. Discuss with management the Company's positions with respect to income and other tax obligations and review periodic reports from management with respect to tax compliance matters.

5.3 *Financial Reporting*

The Audit Committee shall review financial statements, related financial information and the Management Discussion & Analysis prior to its release to the public. In carrying out this duty, the Audit Committee shall:

General

- a. review significant accounting and financial reporting issues, especially complex, unusual and related party transactions; and
- b. review and ensure that the accounting principles selected by management in preparing the financial statements are appropriate.

Annual Financial Statements

- a. review the draft annual financial statements and provide a recommendation to the Board with respect to the approval of the financial statements;
- b. meet with management and the external auditors to review the financial statements and the results of the audit, including any difficulties encountered; and
- c. review management's discussion & analysis respecting the annual reporting period prior to its release to the public.

Interim Financial Statements (Quarterly)

- a. review and approve the interim financial statements prior to their release to the public; and
- b. review management's discussion & analysis respecting the interim reporting period prior to its release to the public.

Release of Financial Information

- a. where reasonably possible, review and approve all public disclosure, including news releases, containing financial information, prior to its release to the public.

5.4 *Non-Audit Services*

- a. All non-audit services (being services other than services rendered for the audit and review of the financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements) which are proposed to be provided by the external auditors to the Company or any subsidiary of the Company shall be subject to the prior approval of the Audit Committee.

Delegation of Authority

- a. The Audit Committee may delegate to one or more independent members of the Audit Committee the authority to approve non-audit services, provided any non-audit services approved in this manner must be presented to the Audit Committee at its next scheduled meeting.

De-Minimis Non-Audit Services

- a. The Audit Committee may satisfy the requirement for the pre-approval of non-audit services if:
 - (i) the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by

the Company and its subsidiaries to the external auditor during the fiscal year in which the services are provided; and

- (ii) the fees paid by the Company and its subsidiaries to the external auditor were not recognized as non-audit services at the time of the engagement; and
- (ii) the services are brought to the attention of the Audit Committee and approved, prior to the completion of the audit, by the audit committee or by one or more of its members to whom authority to grant such approvals has been delegated.

Pre-Approval Policies and Procedures

- a. The Audit Committee may also satisfy the requirement for the pre-approval of non-audit services by adopting specific policies and procedures for the engagement of non-audit services, if:
 - (i) the pre-approval policies and procedures are detailed as to the particular service;
 - (ii) the audit committee is informed of each non-audit service; and
 - (iii) the procedures do not include delegation of the audit committee's responsibilities to management.

5.5 *Other Responsibilities*

The Audit Committee shall:

- a. establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters;
- b. establish procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
- c. ensure that significant findings and recommendations made by management and the external auditor are received and discussed on a timely basis;
- d. review and approve hiring procedures and policies regarding partners, employees, former partners and employees of present and former external auditors of the Company or its subsidiaries;
- e. review the policies and procedures in effect for considering officers' expenses and perquisites;
- f. review the findings of any examinations by regulatory agencies
- g. perform other oversight functions as requested by the Board; and
- h. review and update this Charter on an annual basis and receive approval of changes to this Charter from the Board.

5.6 *Reporting Responsibilities*

The Audit Committee shall regularly update the Board about committee activities and make appropriate recommendations, including recommendations regarding all publicly disclosed financial information.

6. Resources and Authority of the Audit Committee

The Audit Committee shall have the resources and the authority appropriate to carry out its responsibilities, including the authority to:

- a. engage independent counsel and other advisors as it is necessary to carry out its duties;
- b. set and pay the compensation for any advisors employed by the Audit Committee;
and
- c. communicate directly with the external auditors.

7. Guidance – Roles & Responsibilities

The following guidance is intended to provide the Audit Committee members with additional guidance for the fulfilment of their roles and responsibilities:

7.1 *Internal Control*

- a. evaluate whether management is setting the goal of high standards by communicating the importance of internal control and ensuring that all individuals possess an understanding of their roles and responsibilities;
- b. focus on the extent to which external auditors review computer systems and applications, the security of such systems and applications, and the contingency plan for processing financial information in the event of an IT systems breakdown;
and
- c. gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.

7.2 *Financial Reporting*

General

- a. review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements;
- b. ask management and the external auditors about significant risks and exposures and the plans to minimize such risks; and
- c. understand industry best practices and the Company's adoption of them.

Annual Financial Statements

- a. review the annual financial statements and determine whether they are complete and consistent with the information known to committee members, and assess whether the financial statements reflect appropriate accounting principles in light of the jurisdictions in which the Company reports or trades its shares;
- b. pay attention to complex and/or unusual transactions such as restructuring charges, acquisitions and divestitures, and derivative disclosures;
- c. focus on judgmental areas such as those involving valuation of assets and liabilities, including, for example, the accounting for and disclosure of loan losses; warranty costs, professional liability; litigation reserves; and other commitments and contingencies;
- d. consider management's handling of proposed audit adjustments identified by the external auditors; and
- e. ensure that the external auditors communicate all required matters to the committee.

Interim Financial Statements (Quarterly)

- a. be briefed on how management develops and summarizes interim financial information and the extent to which the external auditors review interim financial information;
- b. meet with management to review the interim financial statements; and
- c. to gain insight into the fairness of the interim statements and disclosures, obtain explanations from management on whether:
 - (i) actual financial results for the interim period varied significantly from budgeted or projected results;
 - (ii) changes in financial ratios and relationships of various balance sheet and operating statement figures in the interim financial statements are consistent with changes in the Company's operations and financing practices;
 - (iii) generally accepted accounting principles have been consistently applied;
 - (iv) there are any actual or proposed changes in accounting or financial reporting practices;
 - (v) there are any significant or unusual events or transactions;
 - (vi) the Company's financial and operating controls are functioning effectively;
 - (vii) the Company has complied with the terms of loan agreements, security indentures or other financial agreements; and
 - (viii) the interim financial statements contain adequate and appropriate disclosures.

7.3 *Compliance with Laws and Regulations*

- a. periodically obtain updates from management regarding compliance with this policy and industry "best practices";
- b. be satisfied that all regulatory compliance matters have been considered in the preparation

of the financial statements; and

- c. review the findings of any examinations by securities regulatory authorities and stock exchanges.

7.4 *Other Responsibilities*

- a) Review, with the Company's counsel, any legal matters that could have a significant impact on the Company's financial statements and ensure disclosure is appropriate.
- b) Approve the Business Conduct and Ethics Policy on an annual basis.