

**TERMS OF REFERENCE FOR THE AUDIT COMMITTEE**

**I. MANDATE**

- A.** Primary responsibility for financial reporting, information systems, risk management, internal control over financial reporting and disclosure controls and procedures, and the pension plans of Finning International Inc. (the “Corporation”) is vested in management and is overseen by the Board of Directors of the Corporation (the “Board”).
- B.** The primary mandate of the Audit Committee (the “Committee”) is to assist the Board in fulfilling its oversight responsibilities to the shareholders and other stakeholders of the Corporation with respect to:
- i) the integrity of annual and quarterly financial statements that will be provided to the shareholders and others;
  - ii) audits of the financial statements;
  - iii) the systems of internal control over financial reporting and disclosure controls and procedures established by management and the Board;
  - iv) all audit, accounting, financial reporting and financial risk management processes;
  - v) compliance with accounting and finance based legal and regulatory requirements, relevant laws, regulations and policies;
  - vi) the External Auditor’s qualifications and independence;
  - vii) the internal and external audit processes and performance of the Internal Auditor and External Auditor;
  - viii) the Corporation’s pension plans; and
  - ix) the implementation and effectiveness of the Ethics Program Charter and the compliance program under the Ethics Program Charter.
- C.** It is the Committee’s responsibility to maintain an open avenue of communication between the Committee, the External Auditor, the Internal Auditor and management of the Corporation. At each meeting, the Committee may meet separately with management and will meet in separate closed sessions with only independent directors in attendance, with the External Auditor, and with the Internal Auditor.

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- D.** In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention, with full access to all books, records, facilities, and personnel of the Corporation and the power to retain outside counsel or other experts for this purpose.

**II. COMPOSITION AND OPERATIONS**

- A.** The Committee shall consist of at least three directors of the Corporation, all of whom shall be independent as defined in National Instrument 52-110 *Audit Committees* (“NI 52-110”). The Board, on the recommendation of the Governance and Risk Committee, will appoint and remove the Committee members by a majority vote.
- B.** The Board, on the recommendation of the Governance and Risk Committee and Board Chair, will appoint the Chair of the Committee from the Committee members by a majority vote. The Chair of the Committee will hold such position until otherwise determined by the Board.
- C.** All Committee members shall be financially literate, (or shall become financially literate within a reasonable period after appointment to the Committee) as required by NI 52-110, and at least one member shall be designated as an “Audit Committee Financial Expert”<sup>1</sup>.
- D.** The Committee shall meet not less than four times per year. Meetings of the Committee may be held in person or via remote communications, subject to the By-laws of the Corporation. The Committee shall meet at the call of the Committee Chair. Any two Committee members may request the Committee Chair to call a meeting of the Committee and, if the Committee Chair fails to do so, may call a meeting of the Committee.
- E.** A majority of Committee members constitutes a quorum.

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<sup>1</sup> Based on the definition in rules passed by the SEC under the United States Sarbanes-Oxley Act of 2002: An Audit Committee Financial Expert is a person who has, through (a) education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions; (b) experience actively supervising such a person, or experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements; or (c) other relevant experience:

- 1) an understanding of financial statements and generally accepted accounting principles;
- 2) an ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves;
- 3) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation’s financial statements, or experience actively supervising one or more persons engaged in such activities;
- 4) an understanding of internal controls and procedures for financial reporting; and
- 5) an understanding of audit committee functions.

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- F. Decisions of the Committee shall be by majority vote.
- G. The function of the Committee is oversight. It is not the duty of the Committee to plan or conduct audits or to determine that the Corporation's financial statements fairly present the Corporation's financial position and results of operation and are in accordance with generally accepted accounting principles. Such duties remain the responsibility of management and the External Auditor.

**III. DUTIES AND RESPONSIBILITIES**

Subject to the powers and duties of the Board, the Committee will perform the following duties:

**A. Financial Statements and Other Financial Information**

The Committee shall:

- i) review and discuss with management and the External Auditor before public disclosure:
  - a) the consolidated annual and interim financial statements of the Corporation, including the notes to the financial statements;
  - b) management's discussion and analysis (MD&A); and
  - c) news releases regarding the quarterly and annual financial results of the Corporation;
- ii) review and recommend to the Board for approval and for public disclosure the annual and interim MD&A, consolidated financial statements and notes and related news releases of the Corporation;
- iii) annually review the Corporation's dividend strategy;
- iv) review and recommend to the Board for approval whether to declare a quarterly dividend, and if a quarterly dividend is recommended, the amount;
- v) satisfy itself that adequate procedures are in place for review of the public disclosure of financial information extracted or derived from the Corporation's financial statements and periodically assess the adequacy of those procedures;

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- vi) receive quarterly updates and reports on the Corporation's global cash positions, access to capital, compliance with debt covenants and Treasury policies, as well as credit status with banks and credit rating agencies;
- vii) discuss with management and the External Auditor the quality of reporting and adherence to generally accepted accounting principles (GAAP);
- viii) review significant reporting principles, practices and procedures applied by the Corporation in preparing its financial statements, including any newly adopted accounting policies and the reasons for their adoption;
- ix) review changes in the Corporation's selection or application of accounting principles, and major issues as to the adequacy of the Corporation's internal controls and any special audit steps adopted in light of material control deficiencies;
- x) review analyses prepared by management and/or the External Auditor setting forth significant financial reporting issues and accounting judgments and estimates made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; and
- xi) review information related to special transactions requiring public filings (e.g., prospectus, business acquisition report, Corporation's issuer bid circular, directors' circular) prior to their release and recommend approval to the Board.

**B. External Auditor**

The Committee has the authority and responsibility to recommend to the Board the appointment and, where appropriate, replacement of the External Auditor, and to determine compensation of the External Auditor, subject to shareholder approval where required. In that respect, the Committee shall:

- i) recommend to the Board the appointment and, where appropriate, replacement of the Corporation's External Auditor;
- ii) require the External Auditor to report directly to the Committee at each quarterly meeting, and otherwise to the Committee or to the Committee Chair as required;

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- iii) communicate directly with the External Auditor, and meet independently with the External Auditor with and without management present;
- iv) evaluate the External Auditor's qualifications, performance, and independence and in that connection perform the following duties:
  - a) on an annual basis, obtain and review a report by the External Auditor describing any material issues, defects, restrictions or sanctions raised or imposed by the most recent internal quality-control review, or peer review, of the External Auditor, or by any inquiry or investigation by governmental or professional authorities or board within the preceding five years with respect to one or more independent audits carried out by the External Auditor or otherwise arising, and any steps taken to deal with any such issues, defects, restrictions or sanctions;
  - b) ensure that the External Auditor submits, at least annually or on a periodic basis, to the Committee a formal written statement delineating all relationships between the External Auditor and the Corporation including the extent and amount of fees received by the External Auditor for audit services and for non-audit services on a quarterly basis;
  - c) actively engage in a dialogue with the External Auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the External Auditor as prescribed by the Canadian Public Accountability Board (CPAB) or other applicable professional accounting or regulatory agency;
  - d) review and confirm with management and the External Auditor: the timing and process for implementing the rotation of the lead audit partner of the External Auditor as required by applicable rules governing the audit profession set out by the CPAB, CPA Canada or other applicable professional regulatory agencies; and the review of External Auditor resources providing audit services to the Corporation;
  - e) review with the External Auditor any hiring by the Corporation (whether as employees or Directors) of partners, former partners, or audit managers of the External Auditor;

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- f) review with the External Auditor any audit issues or difficulties with respect to the audit and management's response; and
- g) annually conduct an assessment of the External Auditor. This assessment shall include audit quality considerations (auditor independence, objectivity and professional skepticism, quality of the engagement team, CPAB inspection findings, and communication and interaction with the External Auditor) and quality of service considerations. At least once every five years, a comprehensive review of the External Auditor shall be conducted.

The Committee shall report its conclusions on the performance and independence of the External Auditor to the Board, including any recommendations on any appropriate action to be taken to satisfy the requirement of the External Auditor's independence. When necessary, the Committee may recommend the removal of the External Auditor to the Board and may periodically issue a request for proposal from other external audit firms;

- v) review and approve the scope and plans relating to the External Auditor's annual audit and quarterly reviews including the adequacy of resources, and recommend the External Auditor's annual compensation for approval by the Board of Directors. The External Auditor shall report to the Committee and obtain approval of all significant changes to the approved audit plan;
- vi) on at least a quarterly basis, meet separately with the External Auditor, with and without management present, to review and discuss the results of the audit, audit-related services, tax and other services performed by the External Auditor in the prior quarter;
- vii) require pre-approval of all audit and non-audit services performed by the External Auditor that are permitted under applicable law and are in accordance with the Corporation's *Approval of Audit and Non-Audit Services Provided by the Independent Auditor Policy*. This policy shall be approved and renewed annually by the Committee. Between scheduled Committee meetings, the Chair of the Committee, on behalf of the Committee, is authorized to approve the fees and terms of any audit or non-audit services, up to a value of \$100,000 per quarter that are not pre-approved. At the next Committee meeting, the Chair shall report to the Committee any such pre-approval given;

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- viii) annually obtain and review a report by the External Auditor describing recommendations resulting from the External Auditor's review of internal control and accounting systems, and obtain and review a quarterly follow-up report from management on actions taken concerning such recommendations;
- ix) in accordance with the Protocol for Audit Firm Communication of CPAB Inspection Findings, annually obtain from the External Auditor the Public Report issued by CPAB on inspections of the quality of audits conducted by public accounting firms; and
- x) if CPAB inspects the Corporation's audit file, require the External Auditor to provide the Committee with a description of the focus areas selected for inspection by CPAB and any significant inspection findings by CPAB, and discuss with the External Auditor any significant inspection findings reported by CPAB, including their disposition and a description of the actions taken by the External Auditor.

**C. Internal Auditor**

The Committee will:

- i) review the activities, resources and organization structure of the internal audit function and ensure no unjustified restrictions or limitations are made;
- ii) participate in the appointment, promotion or dismissal of the lead Internal Auditor; and discuss with the External Auditor the standard of work of the Internal Auditor;
- iii) participate in the annual performance and compensation review of the lead Internal Auditor;
- iv) review the effectiveness and independence of the internal audit function;
- v) meet separately with the lead Internal Auditor to discuss any matters the Committee or the lead Internal Auditor believes should be discussed privately;
- vi) ensure the internal audit's significant findings and recommendations are received, discussed and appropriately acted on by management;

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- vii) review and approve the scope and proposed annual internal audit plan, resourcing plan and financial budget to ensure that they adequately address key areas of risk and that there is appropriate coordination with the Committee and the External Auditor;
- viii) annually review the Internal Audit Charter and approve any material amendments, as required; and
- ix) review periodic reports from internal audit addressing:
  - a) progress on the internal audit plan, including any significant changes to it;
  - b) significant internal audit findings, including issues as to the adequacy of internal control over financial reporting and any procedures implemented in light of significant control deficiencies; and
  - c) any significant internal fraud issues.

**D. Financial Risk Management, Internal Controls and Disclosure Controls and Procedures**

The Committee will review and obtain reasonable assurance that the financial risk management systems, internal controls over financial reporting and disclosure controls and procedures are operating effectively to produce accurate, appropriate and timely management and financial information. This includes:

- i) discussion with management and the Internal Auditor of the guidelines and policies with respect to financial risk assessment and financial risk management, including the processes management uses to assess and manage the Corporation's financial risk, which may include areas of financial reporting, information technology systems, business continuity and legal claims and exposures, among others. On a quarterly basis, review major financial risk categories as delegated by the Governance and Risk Committee and steps management has taken to monitor and mitigate such risks, including an annual review of the significant insurable risks and the adequacy of the Corporation's insurance coverage and approval of its annual insurance premium;
- ii) discussion with management, the Internal Auditor and the External Auditor of the adequacy and effectiveness of the internal controls, including financial controls and disclosure controls and procedures, and the Corporation's system to monitor and manage

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financial risk and produce reliable financial statements and public disclosure; and

- iii) obtaining reasonable assurance that the financial risk management process, information system controls, internal controls over financial reporting and disclosure controls and procedures are reliable and secure and that the systems of internal controls are properly designed and effectively implemented, through discussions with and reports from management, the Internal Auditor and External Auditor.

**E. Compliance**

The Committee shall:

- i) assist with Board oversight of the Corporation's compliance with legal and regulatory requirements by receiving a report concerning legal and regulatory matters that may have a material impact on the financial statements;
- ii) review the process for the certification of the interim and annual financial statements by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), and the certifications made by the CEO and CFO;
- iii) review with management, the Internal Auditor and the External Auditor the Corporation's internal control over financial reporting and disclosure controls and procedures, any significant deficiencies or material weaknesses in their design or operation, any proposed major changes to them and any fraud involving management or other employees who have a significant role in the Corporation's internal control over financial reporting;
- iv) discuss the Corporation's compliance with tax regulatory requirements, including the review of significant tax strategies or structures, legal withholdings requirements, and any other area of compliance monitoring that the Committee considers appropriate;
- v) ensure the External Auditor's fees are disclosed by category in the Annual Information Form in compliance with regulatory requirements and in such other documents as the Committee may determine;

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- vi) review any specific policies or procedures adopted for pre-approving non-audit services by the External Auditor, including affirmation that they meet regulatory requirements;
- vii) prepare a report of the Committee's activities to be included in the annual proxy statement;
- viii) assist in the administration of the Corporation's Compensation Clawback Policy by making recommendations to the Human Resources Committee with respect to the magnitude of any restatement of the financial results of the Corporation; and
- ix) assist the Governance and Risk Committee with preparing the Corporation's governance disclosure by ensuring it has current and accurate information with respect to:
  - a) the independence of each Committee member relative to regulatory requirements for the Audit Committee;
  - b) the state of financial literacy of each Committee member, including the name of any member(s) currently in the process of acquiring financial literacy and when they are expected to attain this status;
  - c) the education and experience of each Committee member relevant to his or her responsibilities as a Committee member; and
  - d) whether the Corporation has relied upon any exemptions to the requirements for Audit Committees under regulatory requirements.

**F. Pension Plans**

The Committee shall:

- i) review the governance structure set out for the Corporation's pension plans, at least annually, and recommend to the Board any changes to the structure, considering any recommendation of the Management Pension Committee;
- ii) review the Terms of Reference for the Management Pension Committee and monitor compliance by the Management Pension Committee with their Terms of Reference on an annual basis, and approve any recommended changes;

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- iii) review a summary of the funding policies on an annual basis and approve any material exceptions or changes to those policies upon recommendation by the Management Pension Committee;
- iv) review a summary of the investment policies and strategies for the defined benefit and defined contribution plans on an annual basis and approve, for the Canadian plans, any changes which could materially impact the financial performance of those plans upon recommendation by the Management Pension Committee;
- v) review a summary of the Canadian Journey Plan outlining the de-risking progression intended for the Canadian defined benefit plans on an annual basis and approve any material changes upon recommendation by the Management Pension Committee;
- vi) review reports from the Management Pension Committee regarding:
  - a) key highlights of educational and communication materials to plan members at least annually;
  - b) financial positions and investment performance results of the various pension plans at least semi-annually;
  - c) any changes to investment managers or other service providers at least semi-annually; and
  - d) other notable Management Pension Committee actions at least semi-annually.
- vii) with respect to plan design and amendments:
  - a) recommend, jointly with the Human Resources Committee, the establishment of new pension plans or termination of any existing plans, to the Board of Directors; and
  - b) approve financially significant plan amendments, jointly with the Human Resources Committee, if the amendments fundamentally change the nature of the benefits a plan provides.

Recommendations for such plan amendments will come from the Management Pension Committee unless a conflict or special situation is identified in which case the CEO will determine the recommendation source.

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**G. Other**

The Committee shall:

- i) periodically review the Ethics Program Charter and approve any amendments as recommended by management's Global Ethics Committee, ensuring that the Ethics Program Charter includes procedures for:
  - a) the receipt, retention and anonymous treatment of complaints received by the Corporation regarding accounting, internal accounting and financial reporting controls, or auditing matters;
  - b) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters; and
  - c) addressing a report of a material breach of securities law, material breach of fiduciary duty or similar material violation.
- ii) annually review management's report on the Global Ethics Committee self-assessment;
- iii) review a report from management every two years (even years) on significant exceptions, if any, to corporate expense policies in respect of expenses of the Board Chair and CEO;
- iv) on an annual basis, review and approve key Treasury policies (Global Investment Policy, the Global Debt and Interest Rate Risk Management Policy, the Global Foreign Exchange Risk Management Policy);
- v) every three years, or more frequently if needed, review the Board Authority & Approvals Policy and recommend any proposed amendments to the Board for approval;
- vi) annually review and evaluate the Code of Ethics for Senior Executive and Financial Management ("Code of Ethics"), and:
  - a) recommend material changes required to be made to the Code of Ethics to the Board of Directors for approval; and
  - b) monitor compliance and report any material non-compliance with the Code of Ethics to the Board of Directors;

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- vii) review and recommend any material changes to the Corporation's capital structure plan to the Board for approval, as required;
- viii) review and recommend to the Board for approval, new or refinancing of material financing contracts;
- ix) review and approve the Non-GAAP Financial Measures Policy at least once every three years, or sooner if revisions may be necessary due to a change in practice or regulation;
- x) review and approve all related party transactions;
- xi) review the effect of regulatory and accounting initiatives, as well as off balance sheet structures, on the financial statements of the Corporation; and
- xii) review the succession plan for the Corporation's financial and accounting management.

### **IV. ACCOUNTABILITY**

- A.** The Committee Chair has the responsibility to make periodic reports to the Board, as requested, on financial matters relevant to the Corporation.
- B.** The Committee shall report its discussions and activities to the Board by maintaining minutes of its meetings and providing an oral report at each regular Board meeting.
- C.** The Committee shall:
  - i) conduct a self-assessment annually and discuss the results with the Board; and
  - ii) review and update its terms of reference at least annually.

### **V. COMMITTEE TIMETABLE**

The major annual activities of the Committee are outlined in the schedule on the following pages.

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	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>A. Financial Statements and Other Financial Information</b>												
The Committee shall:												
i) Review and discuss with management and External Auditor:												
a) Consolidated annual and interim financial statements and notes to the financial statements		√			√			√			√	
b) Management's discussion and analysis		√			√			√			√	
c) news releases regarding quarterly and annual financial results		√			√			√			√	
ii) Recommend to the Board for approval and public disclosure the items in Section A. i) (a) – (c)		√			√			√			√	
iii) Annually review the Corporation's dividend strategy					√							
iv) Recommend to the Board for approval the quarterly dividend		√			√			√			√	
v) Review procedures for disclosure of financial information		√			√			√			√	
vi) Review updates and reports on the Corporation's global cash positions, access to capital, compliance with debt covenants and Treasury policies as well as credit status with banks and credit rating agencies		√			√			√			√	
vii) Discuss quality of reporting and adherence to GAAP with management and External Auditor		√			√			√			√	
viii) Review significant reporting principles, practices, and procedures, including any newly adopted accounting policies and reasons for their adoption.		√			√			√			√	

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	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
ix) Review changes in selection or application of accounting principles and major issues as to adequacy of internal controls and any special audit steps adopted in light of material control deficiencies		√			√			√			√	
x) Review significant financial reporting issues and accounting judgments and estimates identified by management and/or External Auditor		√			√			√			√	
xi) Review information related to special transactions requiring public filings (e.g., prospectus, business acquisition report, Corporation's issuer bid circular, directors' circular) prior to their release and recommend approval to the Board	AS REQUIRED											
<b>B. External Auditor</b>												
The Committee shall:												
i) Recommend appointment and, where appropriate, replacement of the External Auditor to the Board		√										
ii) Require External Auditor to report directly to the Committee at each quarterly meeting, and otherwise to the Committee or to the Committee Chair as required		√			√			√			√	
iii) Meet independently with External Auditor		√			√			√			√	
iv) Evaluate External Auditor qualifications, performance and independence by:												
a) Review report of any material issues, defects, restrictions or sanctions raised following an internal and external review of the External Auditor for the preceding five years					√							

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	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
b) Ensure External Auditor independence with a formal written report from External Auditor (at least annually), including relationships with the corporation and details on the fees received for audit and non-audit services (quarterly)		√			√			√			√	
c) Ensure External Auditor discloses any relationships which may impact their objectivity and independence		√			√			√			√	
d) Review with Management and the External Auditor the rotation of lead audit partner and resources of the External Auditor		√			√			√			√	
e) Review with the External Auditor the hiring by the Corporation of partners, former partners, or audit managers of the External Auditor	AS REQUIRED											
f) Review with the External Auditor any audit issues or difficulties with respect to the audit and management's response		√			√			√			√	
g) Conduct annual assessment of the External Auditor and periodically (at least once every five years) conduct a comprehensive review. Report to the Board on External Auditor performance and independence		√										
v) Approve scope and annual audit plan of the External Auditor  Recommend for Board approval the fees relating to annual audit and quarterly reviews  Quarterly reviews of any changes to the annual plan or resources					√				√			
		√			√			√			√	
vi) Meet with External Auditor, with and without management, to review results of audit, audit-related services, tax and other services provided by External Auditor		√			√			√			√	

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	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
vii) Be responsible for:												
a) Annually approving and renewing the Audit and Non-Audit Services provided by the Independent Auditor Policy								√				
b) Pre-approving all audit and non-audit services performed by the External Auditor	AS REQUIRED											
viii) Annually obtain and review a report by the External Auditor describing recommendations resulting from their review of internal control and accounting systems;  Review Management's actions taken concerning recommendations made by the External Auditor					√							
	√				√			√			√	
ix) Annually obtain CPAB's Public Report from the External Auditor											√	
x) If CPAB inspects the Corporation's audit file, the External Auditor will provide the Committee with a description of the focus areas selected for inspection and any significant findings by CPAB and discuss with the External Auditor any significant inspection findings including their disposition and description of actions taken by the External Auditor.	AS ISSUED											
<b>C. Internal Auditor</b>												
The Committee will:												
i) Review activities, resources and structure of the Internal Audit function		√			√			√			√	
ii) Participate in appointment, promotion or dismissal of Internal Auditor and discuss standard of work of Internal Auditor	ONGOING											
iii) Participate in the annual performance and compensation review of the lead Internal Auditor		√										

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	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
iv) Review effectiveness and independence of the internal audit function	ONGOING											
v) Meet separately with lead Internal Auditor		√			√			√			√	
vi) Ensure the internal audit's significant findings and recommendations are acted on by management		√			√			√			√	
vii) Review and approve the scope and proposed internal audit plan, resources, and budget											√	
viii) Annually review the Internal Audit Charter and approve any material amendments, as required											√	
ix) Review internal audit reports on progress to Internal Audit Plan; significant internal audit findings; any significant internal fraud issues		√			√			√			√	
<b>D. Financial Risk Management, Internal Control and Disclosure Controls and Procedures</b>												
The Committee will:												
i) Discuss with management and Internal Auditor the guidelines, policies and processes with respect to financial risk assessment and management, including areas of financial reporting, information technology systems, business continuity and legal claims and exposures. Review, on a quarterly basis, major financial risk categories as delegated by the Governance and Risk Committee and steps management has taken to monitor and mitigate such risks		√			√			√			√	
Review significant insurable risks and the adequacy of the Corporation's insurance coverage and approval of its annual insurance premium											√	

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ii) Review adequacy and effectiveness of internal controls, including financial controls and disclosure controls and procedures and the Corporation's system, to monitor and manage financial risk and produce reliable financial statements and public disclosure through discussion with management and Internal and External Auditors		√			√			√			√	
iii) Obtain reasonable assurance the financial risk management process, information system controls, internal controls over financial reporting and disclosure controls are reliable and secure, and associated internal controls are properly designed, and effectively implemented through discussions with management and Internal and External Auditors		√			√			√			√	
<b>E. Compliance</b>												
The Committee shall:												
i) Provide oversight with respect to compliance with legal and regulatory requirements. Review on a quarterly basis significant legal and regulatory matters		√			√			√			√	
ii) Review process for CEO/CFO certification of interim and annual financial statements		√			√			√			√	
iii) Review internal control over financial reporting and disclosure controls and procedures and any significant deficiencies or material weaknesses and proposed changes, and any fraud involving management or other employees who have a significant role in the Corporation's internal control over financial reporting		√			√			√			√	

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	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
iv) Review compliance with tax regulatory requirements, including the review of significant tax strategies or structures, legal withholdings requirements, privacy laws, and any other area of compliance monitoring												
AS REQUIRED												
v) Ensure External Auditor's fees are disclosed in Annual Information Form		√										
vi) Review any policies or procedures adopted for pre-approving non-audit services by External Auditor								√				
vii) Report of Committee's activities to be included in annual proxy statement		√										
viii) Assist in the administration of the Corporation's Compensation Clawback Policy by making recommendations to the Human Resources Committee with respect to any restatement of the financial results of the Corporation												
AS REQUIRED												
ix) Assist in preparation of governance disclosure with respect to:												
a) Independence of each Committee member		√										
b) Financial literacy of each Committee member		√										
c) Education and experience of each Committee member		√										
d) Whether Corporation has relied upon any exemptions to the requirements for Audit Committees under regulatory requirements		√										
<b>F. Pension Plans</b>												
The Committee shall:												
i) Review governance structure and recommend any changes to Board								√				

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	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
ii) Review Management Pension Committee Terms of Reference and monitor compliance thereto, and approve any recommended changes								√				
iii) Review a summary of funding policies and approve any material exceptions or recommended material changes								√				
iv) Review a summary of investment policies and strategies for defined benefit and defined contribution plans and approve, for the Canadian plans, any changes which could materially impact the financial performance of those plans								√				
v) Review a summary of the Canadian Journey Plan and approve any material changes								√				
vi) Review reports from the Management Pension Committee on:												
a) key highlights of educational and communication materials to plan members		√										
b) overall financial positions and investment performance of the various pension plans		√						√				
c) any changes to investment managers or service providers, if any		√						√				
d) any other notable Management Pension Committee actions		√						√				

**TERMS OF REFERENCE FOR THE AUDIT COMMITTEE**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
vii) With respect to plan design and amendments:												
a) review and recommend the establishment of new pension plans or termination of existing plans, jointly with the Human Resources Committee	AS REQUIRED											
b) review and approve financially significant amendments to pension plans, jointly with the Human Resources Committee, if the amendments fundamentally change the nature of benefits provided	AS REQUIRED											
<b>G. Other</b>												
The Committee shall:												
i) Review the Ethics Program Charter and approve any changes recommended by management's Global Ethics Committee, ensuring that the Ethics Program Charter includes procedures for:											√	
a) receipt, retention and anonymous treatment of complaints		√			√			√			√	
b) confidential, anonymous submission by employees of concerns regarding accounting or auditing matters		√			√			√			√	
c) addressing any material breach of securities law, fiduciary duty or similar material violation		√			√			√			√	
ii) Annually review management's report on the Global Ethics Committee self-assessment											√	
iii) Review a report from management every two years (even years) on significant exceptions, if any, to corporate expense policies in respect of expenses of the Board Chair and CEO		√										
iv) Review and approve key Treasury policies								√				

**TERMS OF REFERENCE FOR THE AUDIT COMMITTEE**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
v) Every three years, or more frequently if needed, review the Board Authority & Approvals Policy and recommend any proposed amendments to the Board for approval	May 2022 or AS REQUIRED											
vi) Code of Ethics (“Code of Ethics”) for Senior Executive and Financial Management: a) review and evaluate the Code of Ethics and recommend material changes required to be made to the Code of Ethics to the Board for approval; and											√	
b) monitor compliance and report any material non-compliance with the Code of Ethics to the Board											√	
vii) Review the Corporation’s capital structure plan and recommend any material changes to the Board	AS REQUIRED											
viii) Review and recommend to Board for approval any new or refinancing of material financing contracts	AS REQUIRED											
ix) Review and approve Non-GAAP Financial Measures Policy (every three years or sooner, as required)	August 2022 or AS REQUIRED											
x) Review and approve all related party transactions		√			√			√			√	
xi) Review the effect of regulatory and accounting initiatives as well as off balance sheet structures on financial statements		√			√			√			√	
xii) Review succession plan for financial and accounting management											√	
<b>H. Accountability</b>												
i) Conduct a self-assessment annually											√	
ii) Review and update its terms of reference								√				