



## PAYFARE INC.

### AUDIT COMMITTEE CHARTER

#### I. GENERAL

##### 1. Mandate and Purpose of the Committee

The purpose of the Audit Committee (the “**Committee**”) is to assist the board of directors (the “**Board**”) of Payfare Inc. (the “**Company**”) in fulfilling its oversight responsibilities relating to:

- (a) the accounting and financial reporting principles, policies, practices and procedures of the Company and its subsidiaries and affiliates;
- (b) the adequacy of the systems of internal accounting control throughout the Company and its subsidiaries and affiliates;
- (c) the quality, integrity and transparency of the Company’s financial statements;
- (d) the external auditors’ qualifications and independence;
- (e) the performance of the external auditors and the Company’s internal audit function; and
- (f) the Company’s compliance with all legal and regulatory requirements with respect to:
  - (i) financial reporting principles, policies, practices and procedures of the Company and its subsidiaries and affiliates;
  - (ii) the Company’s financial statements; and
  - (iii) the duties and responsibilities of the Committee.

##### 2. Authority of the Committee

- (a) The Committee has the authority to:
  - (i) engage independent counsel and other advisors as it determines necessary or advisable to carry out its duties;
  - (ii) set and pay the compensation for any advisors employed by the Committee; and
  - (iii) communicate directly with the internal and external auditors.
- (b) The Committee has the authority to delegate to individual members or subcommittees of the Committee.

## **II. PROCEDURAL MATTERS**

### **1. Composition**

The Committee will be composed of a minimum of three members.

### **2. Member Qualifications**

All of the members of the Committee will be directors of the Company who are “independent” and “financially literate” as those terms are defined in National Instrument 52-110 – *Audit Committees*.

### **3. Member Appointment and Removal**

Members of the Committee will be appointed by the Board, based on the recommendations of the Nomination and Governance Committee. The members of the Committee will be appointed at the time of each annual meeting of shareholders and will hold office until the next annual meeting or until they are removed by the Board or until they cease to be directors of the Company.

If a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board on the recommendation of the Nomination and Governance Committee, and will be filled by the Board if the membership of the Committee falls below three directors.

### **4. Committee Structure and Operations**

#### **(a) Chair**

Each year, the Board will appoint one member of the Committee to act as Chair of the Committee. The Chair of the Committee may be removed at any time at the discretion of the Board. If, in any year, the Board does not appoint a Chair, the incumbent Chair will continue in office until a successor is appointed. The Chair of the Committee will be considered a financial expert, having accounting or related financial management experience or expertise.

If the Chair of the Committee is absent from any meeting, the Committee will select one of the other members of the Committee to preside at that meeting.

#### **(b) Meetings**

The Chair of the Committee will be responsible for developing and setting the agenda for Committee meetings. The Chair, in consultation with the Committee members, will determine the schedule and frequency of the Committee meetings. However, the Committee will meet at least 4 times per year and as many additional times as the Committee deems necessary to carry out its duties.

#### **(c) Notice**

- (i) Notice of the time and place of every meeting will be given in writing, by phone or other electronic means to each member of the Committee, the internal auditor, the Chair of the Board, the Chief Executive Officer and the Chief Financial Officer at least 48 hours before the time fixed for that meeting.

- (ii) The external auditor of the Company will be given notice of every meeting of the Committee and, at the expense of the Company, will be entitled to attend and be heard at that meeting.
- (iii) If requested by a member of the Committee, the external auditor will attend every meeting of the Committee held during the term of office of the external auditor.

(d) **Quorum**

A majority of the Committee will constitute a quorum. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present in person or by means of such telephonic, electronic or other communications facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously.

(e) **Attendees**

The Committee may invite any of the directors, officers and employees of the Company and any advisors as it sees fit to attend meetings of the Committee and assist in the discussion and consideration of matters relating to the Committee.

During each meeting of the Committee, the Committee will meet with only Committee members present in person or by other permitted means.

(f) **Secretary**

Unless otherwise determined by resolution of the Board, the corporate secretary of the Company will act as the Secretary to the Committee.

(g) **Records**

Minutes of meetings of the Committee will be recorded and maintained by the Secretary to the Committee and will be subsequently presented to the Committee for review and approval.

(h) **Liaison**

The Chief Financial Officer will act as management liaison with the Committee.

## 5. **Committee and Charter Review**

The Committee will conduct an annual review and assessment of its performance, effectiveness and contribution, including a review of its compliance with this Charter, in accordance with the process developed by the Board. The Committee will conduct that review and assessment in such manner as it deems appropriate and report the results to the Board.

The Committee will also review and assess the adequacy of this Charter on an annual basis, taking into account all legislative and regulatory requirements applicable to the Committee, as well as any best practice guidelines recommended by regulators or the Toronto Stock Exchange, and will recommend any required or desirable changes to the Board.

## **6. Reporting to the Board**

The Committee will regularly report to the Board on all significant matters it has considered and addressed and with respect to such other matters that are within its responsibilities, including any matters approved by the Committee or recommended by the Committee for approval by the Board. The Committee will circulate to the Board copies of the minutes of each meeting held.

### **III. RESPONSIBILITIES**

#### **1. Financial Reporting**

- (a) The Committee is responsible for reviewing and recommending approval to the Board of:
  - (i) the Company's financial statements, MD&A and annual and interim profit or loss news releases;
  - (ii) the Company's annual information form; and
  - (iii) prospectus type documents.
- (b) The Committee is also responsible for:
  - (i) discussing with management and the external auditor the manner in which IFRS has been interpreted and reflected in the financial statements;
  - (ii) discussing with management any significant variances between comparative reporting periods;
  - (iii) in the course of discussion with management and the external auditor, identifying problems or areas of concern in relation to financial reporting and ensuring those matters are satisfactorily addressed by management;
  - (iv) receiving from the external auditor a formal report on the auditor's review of the Company's year-end and interim financial statements; and
  - (v) reviewing all earnings guidance and non-IFRS financial metrics provided to analysts and rating agencies.

#### **2. External Auditor**

- (a) The Company's external auditor is required to report directly to the Committee.
- (b) The Committee is responsible for recommending to the Board:
  - (i) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company; and
  - (ii) the compensation of the external auditor.
- (c) The Committee is directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of

disagreements between management and the external auditor regarding financial reporting.

### **3. Relationship with the External Auditor**

- (a) The Committee is responsible for reviewing the proposed audit plan and the proposed audit fees (to ensure fee containment).
- (b) The Committee is also responsible for:
  - (i) establishing effective communication processes with management and the external auditor so that it can objectively monitor the quality and effectiveness of the external auditor's relationship with management and the Committee;
  - (ii) receiving and reviewing regular reports from the external auditor on the progress against the approved audit plan, important findings, recommendations for improvements and the auditors' final report;
  - (iii) reviewing, at least annually, a report from the external auditor on all relationships and engagements for non-audit services that may reasonably be thought to bear on the independence of the auditor;
  - (iv) meeting regularly in private with the external auditor; and
  - (v) receiving at least annually a report by the external auditor on the audit firm's internal quality control.

### **4. Accounting Policies**

The Committee is responsible for:

- (a) reviewing the Company's accounting policy note to ensure completeness and acceptability with IFRS as part of the approval of the financial statements;
- (b) discussing and reviewing the impact of proposed changes in accounting standards or securities policies or regulations;
- (c) reviewing with management and the external auditor any proposed changes in major accounting policies and key estimates and judgments that may be material to financial reporting;
- (d) reviewing with management and the external auditor that the underlying accounting policies, disclosures and key estimates and judgments are considered to be the most appropriate in the circumstances (within the range of acceptable options and alternatives).
- (e) discussing with management and the external auditor the clarity and completeness of the Company's financial disclosures; and
- (f) reviewing benchmarks of the Company's accounting policies to those followed in its industry.

## 5. Risk and Uncertainty

- (a) The Committee is responsible for reviewing, as part of its approval of the financial statements, uncertainty notes and disclosures.
- (b) The Committee, in consultation with management, will identify the principal business risks and discuss the Company's "appetite" for risk. The Committee is responsible for reviewing related risk management policies and recommending those policies for approval by the Board. The Committee is then responsible for communicating and assigning to the applicable Board committee those policies for implementation and ongoing monitoring.
- (c) The Committee is responsible for requesting the external auditor's opinion of management's assessment of significant risks facing the Company and how effectively they are being managed or controlled.

## 6. Controls and Control Deviations

- (a) The Committee is responsible for reviewing:
  - (i) the plan and scope of the annual audit with respect to planned reliance and testing of controls; and
  - (ii) major points contained in the auditor's management letter resulting from control evaluation and testing.
- (b) The Committee is also responsible for:
  - (i) receiving reports from management when significant control deviations occur;
  - (ii) reinforcing with management the importance of a Company-wide culture that conveys basic values of ethical integrity as well as legal compliance and strong financial reporting and control;
  - (iii) reviewing plans of the external auditors to ensure the combined evaluation and testing of control is comprehensive, well coordinated, cost effective and appropriate to risks, business activities and changing circumstances;
  - (iv) participating in the review and appointment of key people involved in financial reporting (i.e., the Chief Financial Officer, the manager of internal audit, etc.);
  - (v) reviewing Chief Executive Officer and Chief Financial Officer certification matters including matters relating to disclosure controls and procedures;
  - (vi) reviewing annually a formal report prepared by management on the effectiveness of the Company's control systems; and
  - (vii) reviewing fraud prevention policies and programs and monitoring their implementation.

## **7. Compliance with Laws and Regulations**

- (a) The Committee is responsible for discussing the Company's compliance with tax and financial reporting laws and regulations, if and when issues arise.
- (b) The Committee is responsible for reviewing regular reports from management and others (e.g., internal and external auditors) concerning the Company's compliance with financial related laws and regulations, such as:
  - (i) tax and financial reporting laws and regulations;
  - (ii) legal withholdings requirements; and
  - (iii) other matters of a financial and legal nature for which directors face liability exposure.
- (c) The Committee is responsible for providing input to and reviewing the Company's Code of Business Conduct and Ethics.
- (d) The Committee is responsible for expanding its review to include a broader set of laws and regulations that must be complied with (e.g., compliance with privacy laws in electronic commerce systems).
- (e) The Committee with other Board committees is responsible for annually reviewing reports from other Board committees on management's processes to ensure compliance with the Company's Code of Business Conduct and Ethics.

## **8. Other Responsibilities and Issues**

- (a) The Chair of the Committee is responsible for ensuring the information received by the Committee is responsive to important performance measures and to the key risks the Committee oversees.
- (b) The Committee is responsible for the investigation of any matters that fall within the Committee's responsibilities and has the explicit authority to do so.
- (c) The Committee is responsible for receiving and reviewing reports on the expense accounts of the Chief Executive Officer.
- (d) The Committee is responsible for approving policies on political donations and commissions paid to suppliers or customers and for receiving reports from the internal and/or external auditors on their review of those donations and commissions.
- (e) The Committee is responsible for reviewing and providing management with its views on funding matters, financing strategies, capital structure etc., as well as appropriate accounting and presentation issues related thereto.

## **9. Pre-Approval of Non-Audit Services**

The Committee is responsible for pre-approving all non-audit services to be provided to the Company or its subsidiary entities by the Company's external auditor.

**10. Review of Public Disclosure**

- (a) The Committee will review the following disclosures in advance of their public release by the Company: the Company's financial statements, MD&A and annual and interim profit or loss news releases;
- (b) earnings guidance;
- (c) financial outlooks and future-oriented financial information;
- (d) news releases containing financial information based on the Company's financial statements before the release of those statements; and
- (e) the contents of all other major disclosure documents, including the Company's annual report, quarterly reports to shareholders, annual information form, and management information circular.

The Committee is responsible for being satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and must periodically assess the adequacy of those procedures.

**11. Submission Systems and Treatment of Complaints**

The Committee is responsible for establishing procedures for:

- (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
- (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

**12. Hiring Policies**

The Committee is responsible for reviewing and approving the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.