

# **COMPUTER MODELLING GROUP LTD.**

## **AUDIT COMMITTEE CHARTER**

### **A.     *FUNCTION***

The Audit Committee is part of the Board of Directors of Computer Modelling Group Ltd. and its function is to assist the Board in fulfilling its oversight responsibilities with respect to the accounting and financial reporting processes and the reviews and audits of the financial statements and reports of the Corporation by monitoring: (i) the quality and integrity of the Corporation's financial statements and related disclosures; (ii) the qualification and independence of the external auditor and the audit process and making the recommendation to shareholders for the appointment thereof; (iii) the adequacy and effectiveness of internal control over financial reporting and disclosure controls and procedures that Management has established (including information technology strategy, risks and cyber security controls); (iv) the performance of the Corporation's internal audit function and external auditors; and (v) the Corporation's compliance with legal and regulatory requirements and the Code of Business Conduct. The Audit Committee provides assistance by reviewing, reporting, and recommending its stewardship matters to the Board for consideration and decision.

### **B.     *CONSTITUTION***

1.     The Audit Committee members shall be appointed by the Board and serve at the pleasure of the Board until they are succeeded or resign. Where a vacancy occurs at any time in the membership of the Audit Committee, it shall be filled by the Board.
2.     The Audit Committee shall be constituted with a minimum of three directors, each of whom shall satisfy the independence, financial literacy and experience requirements of applicable laws, rules or guidelines, any applicable stock exchange requirements or guidelines or any other applicable regulatory rules. Determinations as to whether a particular director satisfies the requirements for membership shall be made by the Board with the assistance of the Governance Committee if requested by the Board. At least one member of the Audit Committee shall be designated as the financial expert and shall have accounting or related financial management expertise. A majority of the Audit Committee shall constitute a quorum for the transaction of business.
3.     No member of the Audit Committee shall serve on the audit committees of more than two publicly listed companies, unless the Board determines that such simultaneous service would not impair the ability of such member to effectively serve on the Audit Committee and discloses such determination in the Corporation's annual management proxy circular.
4.     The Chair of the Audit Committee may be designated by the Board or, if the Board does not do so, the members of the Audit Committee may elect a chair by a vote of a majority of the full Audit Committee membership.
5.     A recording assistant for the Audit Committee shall be appointed by the Audit Committee.

### **C.     *COMMUNICATION, AUTHORITY TO ENGAGE ADVISORS***

1.     The Audit Committee shall have access to such officers and employees of the Corporation, the Corporation's external auditor and information respecting the Corporation as it considers necessary or advisable to perform its duties and responsibilities.

2. Any employee may bring before the Audit Committee, on a confidential basis and anonymously if desired, any matter involving the Corporation's financial practices or transactions.
3. The Audit Committee provides an avenue for communication with the external auditor and financial Management and the Board. The external auditor shall have a direct line of communication to the Audit Committee through its Chair and shall report directly to the Audit Committee.
4. In discharging its obligations and in appropriate circumstances, the Audit Committee may engage outside advisors at the expense of the Corporation.
5. The Corporation shall be responsible for all expenses of the Committee that are deemed necessary or appropriate by the Committee in carrying out its duties.

***D. MEETINGS, MINUTES AND REPORTING***

1. The Audit Committee shall determine the number of, dates and times, place and the procedures for meetings in accordance with the Corporation's articles, by-laws, and applicable laws provided that:
  - a) the Audit Committee shall meet prior to Board meetings for the purpose of reviewing and preparing recommendations to the Board with respect to the release of interim and annual audited financial statements and the specific disclosures in "Management's Discussion and Analysis of Financial Condition and Results of Operations" ("MD&A");
  - b) agendas and preparation documents are sent to directors with sufficient time for study prior to the meetings;
  - c) there be a quorum of a majority of members present in person or via telephone or other electronic communication facilities that permits all those directors participating to communicate adequately with each other;
  - d) in the absence of the Audit Chair, a chair for a meeting is chosen at the meeting;
  - e) resolutions are decided by a majority vote, the chair not having a second or casting vote; and
  - f) the Audit Committee shall hold in camera sessions at every meeting, (1) without Management present, and (2) without the auditor present.
2. The recording assistant of the Audit Committee shall record minutes of the meetings and, after review by the Audit Chair and by the CFO, ensure minutes are included in the next subsequent Board meeting materials, as information for all directors.
3. The Audit Chair shall make a report, verbal or written, of each meeting and recommendations at the next Board meeting following such Audit Committee meeting.

## ***E. STEWARDSHIP FUNCTIONS***

### **Relationship with External Auditor**

1. The Audit Committee shall:

- a) review and evaluate on an annual basis the performance of the external auditor and make a recommendation to the Board as to the nomination or re-appointment of the external auditor and the compensation of the auditor for the purpose of preparing or issuing an auditor's report or performing other audit review or attest services, ensuring that such auditor is a participant in good standing pursuant to applicable securities laws;
- b) review and approve the audit plan of the external auditor with the external auditor, including the staffing thereof, prior to the commencement of the audit;
- c) oversee the work of the external auditor in performing its audit review or attest services and oversee the resolution of any disagreements between Management of the Corporation and the external auditor;
- d) as may be required by all securities laws, rules and guidelines, either: (i) pre-approve all non-audit services to be provided by the external auditor to the Corporation (and its subsidiaries, if any) or, in the case of de minimus non-audit services where the aggregate fees for such services is no more than 5% of all the fees paid to the external auditor, approve such non-audit services prior to the completion of the audit; or (ii) adopt specific policies and procedures for the engagement of the external auditor for the purposes of the provision of non-audit services provided such policies and procedures are: (A) detailed as to the particular services, (B) the Audit Committee is informed of the services and (C) the procedures do not include delegation of the Audit Committee's responsibilities to Management;
- e) review and discuss with the external auditor all significant relationships that the external auditor and its affiliates have with the Corporation and its affiliates in order to determine the external auditor's independence, including, without limitation:
  - (i) requesting, receiving and reviewing, on a periodic basis, a formal written statement from the external auditor delineating all relationships that may reasonably be thought to bear on the independence of the external auditor with respect to the Corporation;
  - (ii) discussing with the external auditor any disclosed relationships or services that may impact the objectivity and independence of the external auditor; and
  - (iii) recommending that the Board take appropriate action in response to the external auditor's report to satisfy itself of the independence of the external auditor;
- f) monitor the rotation of the partners on the audit engagement team in accordance with applicable law;
- g) at least annually, obtain and review a report by the external auditors describing (i) the external auditors' internal quality control procedures, and (ii) any material issues raised by the most recent internal quality control review; or peer review, of the external auditors, or

by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the external auditors, and any steps taken to deal with any such issues; and

- h) review and approve the hiring policies of the Corporation regarding partners and employees and former partners and employees of the present and former external auditor of the Corporation.

### **Financial Statements and Financial Reporting**

2. The Audit Committee shall:

- a) review with Management and the external auditor and recommend to the Board for approval, the Corporation's annual financial statements, interim financial reports, MD&A accompanying such financial statements and reports, the reports of the external auditors thereon, and related financial reporting, including related press releases and the annual report, before public disclosure;
- b) review with Management and recommend to the Board for approval prior to public disclosure:
  - (i) the portions of the Corporation's annual information form containing significant information within the Audit Committee's mandate;
  - (ii) the portions of the Corporation's annual management proxy circular containing significant information within the Audit Committee's mandate;
  - (iii) all financial information included in prospectuses or other offering documents;
  - (iv) significant financial information, including "pro forma" or "adjusted" non-International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") information respecting the Corporation contained in a publicly disclosed document (other than routine investor relations or similar communications);
- c) consider and be satisfied that adequate procedures and policies are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than public disclosure referred to in clause 2(a) above, and periodically assess the adequacy of such procedures;
- d) consider and be satisfied that appropriate processes are in place with respect to applicable certification requirements regarding the Corporation's annual financial statements and interim financial reports and other disclosure;
- e) review and discuss with Management and the external auditors prior to public disclosure each press release that contains significant financial information respecting the Corporation or contains estimates or information regarding the Corporation's future financial performance or prospects; and the type and presentation of information to be included in such press releases (in particular, the use of "pro forma" or "adjusted" information that is not in accordance with IFRS);

- f) review and discuss with Management and the external auditors (including those of the following that are contained in any report of the external auditors): (i) any analyses prepared by Management and/or the external auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative accounting principles in accordance with IFRS; (ii) all critical accounting policies and practices to be used by the Corporation in preparing its financial statements; (iii) all material alternative treatments of financial information within IFRS that have been discussed with Management, ramifications of the use of these alternative treatments, and the treatment preferred by the external auditors; and (iv) other material communications between the external auditors and Management, such as any Management Letter or Schedule of Unadjusted Differences;
- g) upon completion of each audit, review with Management and the external auditor the results of such audit, which includes but not be limited to:
  - (i) reviewing the scope and quality of the audit work performed, including any restrictions on the scope of the external auditors' activities;
  - (ii) reviewing the capability of the Corporation's financial personnel;
  - (iii) reviewing the co-operation received from the Corporation's financial personnel during the audit, including access to requested information and the resolution of any significant disagreements between Management and the external auditors;
  - (iv) reviewing the internal resources used;
  - (v) reviewing significant or complex transactions outside of the normal business of the Corporation and areas involving significant assumptions, major issues regarding accounting principles and financial statement presentation, including any significant changes in the Corporation's selection or application of accounting principles, and the effect of regulatory and accounting initiatives, as well as off balance sheet structures, on the financial statements of the Corporation; and
  - (vi) reviewing any significant issues as to the adequacy of the Corporation's internal controls and any special audit steps in light of significant control deficiencies;
- h) review and discuss with Management and the external auditors non-GAAP financial measures, as well as financial information and earnings guidance provided externally, including to analysts and rating agencies;
- i) review with Management, the external auditor and, if necessary legal counsel, any litigation, claim or contingency, including tax assessments, or material reports or inquiries from regulators or governmental agencies, that could have a material effect upon the financial position of the Corporation, and the manner in which these matters have been or may be disclosed in the financial statements; and
- j) review accounting, tax, legal and financial aspects of the operations of the Corporation as the Audit Committee considers appropriate.

### **Internal Controls**

3. The Audit Committee shall:

- a) establish procedures for the receipt, retention and treatment of complaints, submissions and concerns by employees or otherwise regarding financial reporting and disclosure accounting controls or auditing matters on a confidential and anonymous basis and review the Corporation's Whistleblower Policy on at least an annual basis;
- b) review with Management and the external auditor, the adequacy and effectiveness of the internal control and disclosure controls and procedures of the Corporation (with particular attention given to accounting, financial statements and financial reporting matters) and determine whether the Corporation is in compliance with applicable legal and regulatory requirements and with the Corporation's policies;
- c) review the external auditor's recommendations regarding any matters including internal control over financial reporting and disclosure controls and procedures, and Management's responses thereto;
- d) review with Management, on at least an annual basis, their approach to monitoring the performance of internal control over financial reporting in accordance with their CEO/CFO certification process, as required by applicable securities laws, rules and guidelines, and assess the effectiveness of this approach (including information technology strategy, risks and cyber security controls); and
- e) review practices concerning the expenses and perquisites of the CEO, including the use of the assets of the Corporation.

### **Financial and Derivative Risk Management**

4. The Audit Committee shall:

- a) regularly review with Management and the external auditor their assessment of material financial risks and exposure within the Audit Committee's scope (i.e., the principal financial risks facing the Corporation and any other risks specifically delegated to the Audit Committee by the Board);
- b) monitor and review the steps that Management has taken to manage or mitigate such risks and assess the maturity and efficacy of Management processes and controls designed to identify, assess, monitor and manage the risks referred to in 4(i) above that are material to the achievement of the Corporation's strategic objectives; and
- c) report the results of such reviews and assessment to the Board for the purpose of assisting the Board in identifying the principal business risks associated with the business of the Corporation and appropriate external reporting of these risks.

## **Compliance**

5. The Audit Committee shall:
  - a) review the effectiveness of the system for monitoring compliance with laws and regulations (including those with respect to anti-fraud and anti-bribery) and the results of Management's investigations and follow-up of instances of non-compliance with the Corporation's Anti-Corruption Policy and with laws and regulations that could have a material effect upon the financial position of the Corporation and that are not subject to the oversight of another committee of the Board; and
  - b) report annually to shareholders describing the Audit Committee's composition, responsibilities and how they were discharged, and any other information required by applicable legislation or regulation, including approval of non-audit services.

## **Matters Delegated by Board**

6. The Audit Committee may deal with any other matters requested by the Board, including, but not limited to: reviewing the appropriateness and effectiveness of the Corporation's policies and business practices which impact on the financial integrity of the Corporation.