



COLABOR GROUP INC.

AUDIT COMMITTEE CHARTER

1. Interpretation

1.1. The provisions of this Charter are not intended to limit the provisions of *National Instrument 52-110 - Audit Committees* issued by the Canadian Securities Administrators (“**NI 52-110**”). In the event of a conflict between the provisions of this Charter and those of NI 52-110, the provisions of NI 52-110 will prevail.

1.2. As used herein:

“**Audit Committee**” means the audit committee of Colabor Group.

“**Board of Directors**” or “**Board**” means the board of directors of Colabor Group.

“**Chairman**” means the Chairman of the Audit Committee.

“**Colabor Group**” means collectively, Colabor Group Inc. and its Related Entities.

“**Director**” means a member of the Board of Directors of Colabor Group duly nominated or elected, as applicable.

“**Executive officer**” or “**Management**” means the president and chief executive officer of Colabor Group, a chief officer, a chief financial officer, a senior accountant (or, in the absence of such an accountant, the comptroller), any vice-president or manager of Colabor Group in charge of a division or a function (including sales, human resources and legal services), any other officer who performs a policy-making function or any other person who performs similar policy-making functions for a business. Officers of subsidiaries of a corporation are deemed to be officers of the corporation if they perform these policy-making functions for Colabor Group.

“**Financially Literate**” has the meaning set out in NI 52-110, i.e. the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the financial statements of Colabor Group.

“**Independent Director**” means a director who has no direct or indirect material relationship with Colabor Group, which could be reasonably expected to interfere with the exercise of an independent judgment regarding the best interests of Colabor Group. Save exceptions, is not an Independent Director the person who:

- (a) is or has been, within the last three years, an employee or Executive Officer of Colabor Group;

- (b) is a member of the immediate family of an individual who is or has been, within the last three years, an Executive Officer of Colabor Group;
- (c) is or has been (or whose immediate family member is or has been), within the last three years, an executive officer, a partner or an employee of a material service provider of Colabor Group (including the external auditors);
- (d) is or has been (or whose immediate family member is or has been), within the last three years, an executive officer of an entity if any of the current Executive Officers of Colabor Group serves or served at the same time on the entity's Compensation Committee;
- (e) has a relationship with Colabor Group under which he or she may directly or indirectly accept any consulting, advisory or other fees from Colabor Group, except for any compensation as a member of the Board of Directors or as a member of a committee of the Board of Directors of Colabor Group;
- (f) received (or whose immediate family member received) more than \$75,000 in direct compensation from Colabor Group during any 12-month period within the last three years;
- (g) is a natural person who controls Colabor Group;
- (h) is an affiliate of Colabor Group; or
- (i) is a natural person who is both a director and an employee of Colabor Group.

“**Related Entity**” means a subsidiary, company or affiliate of Colabor Group which participates, directly or indirectly, in the business activities carried out by Colabor Group.

2. **Objectives**

- 2.1 The Audit Committee shall assist the Board of Directors in fulfilling its oversight responsibilities regarding the affairs of Colabor Group, more specifically regarding the accounting practices of Colabor Group, the financial information reporting, the audit methods used by Colabor Group and the establishment of disclosure controls and procedures and internal control over financial reporting, the evaluation of the effectiveness of disclosure controls and procedures and the changes to internal control over financial reporting.
- 2.2 The Audit Committee shall also review all of the risks related to the activities of Colabor Group and the mitigation measures put in place regarding these risks, and monitors the activities of the internal auditors.

- 2.3 In the performance of its duties, the Audit Committee shall maintain a constructive and active relationship with the Board of Directors, the Executive Officers of Colabor Group and the internal and external auditors.
- 2.4 Although the Audit Committee has the responsibilities and powers set out in this Charter, the Audit Committee does not have the obligation to plan or conduct the audit of the financial statements of Colabor Group nor to decide whether the financial statements of Colabor Group are complete and accurate. This task is incumbent on the Executive Officers of Colabor Group and the external auditors. Nor does the Audit Committee have the obligation to conduct investigations, resolve disputes between the Executive Officers of Colabor Group and the internal and external auditors, or ensure compliance with laws and regulations, except if such obligations are expressly stipulated in this Charter.
- 2.5 The Audit Committee Charter set out in this document does not limit the scope of any right or power conferred on the Board in the directors' mandate.

3. **Composition**

- 3.1 The Audit Committee shall be composed of not less than 3 members, all of which are Independent Directors.
- 3.2 Subject to the exceptions provided in NI 52-110, all Audit Committee members shall be Financially Literate.
- 3.3 The Board of Directors shall annually appoint the members of the Audit Committee, and from among such members the Chairman, who shall hold office until their resignation, disability or death or the election or appointment of their successor or until the next annual meeting of the shareholders of Colabor Group. The Board of directors may at any time appoint additional members who, in the opinion of the Board, meet the conditions of eligibility.
- 3.4 If the Chairman is absent from an Audit Committee meeting, the members present shall choose one of their number to act as Chairman for the purposes of this specific meeting.
- 3.5 The Chair shall review, at least annually, the effectiveness of the Audit Committee and of its members and submit its recommendations to the Board of Directors, as applicable.

4. **Meetings and Procedures**

- 4.1 The meetings shall be called by the Chairman at least once per quarter, prior to the publication of the quarterly financial statements of Colabor Group.

- 4.2 Special meetings may be called by the Chairman, the external auditors, the chairman of the Board of Directors or the vice-president and chief financial officer of Colabor Group.
- 4.3 The quorum of the Audit Committee shall be composed of not less than the majority of the Audit Committee members then in office.
- 4.4 Notice of each meeting shall be given by the secretary to each Audit Committee member and to the chief executive officer, the chief financial officer, the comptroller, the director of legal affairs, the person in charge of the internal audit function, the external auditors of Colabor Group and to any other person whose participation is considered to be useful or necessary by the Chairman in accordance with Section 4.6 below, all of whom are entitled to attend meetings. However, the Audit Committee may decide to hold a meeting in the absence of any person who is not a member of the Audit Committee.
- 4.5 The external auditors and the Executive Officers shall have the possibility of meeting separately with the Audit Committee.
- 4.6 The Audit Committee may invite the persons it considers useful to invite, including the Executive Officers, to attend the meetings and participate in the discussions concerning the Audit Committee's business. The Audit Committee hires independent external advisers if it considers it necessary or desirable for its needs. However, the Audit Committee cannot delegate its responsibilities, except as expressly provided in this charter. The hiring of external advisers, in the performance of the duties described in this Charter, shall not be subject to review by the corporate governance committee.
- 4.7 The Audit Committee members shall take, whenever possible, the necessary steps to attend the Audit Committee meetings and to look in advance into the matters and documents discussed thereat.
- 4.8 The corporate secretary of Colabor Group acts as secretary for the meetings. If he or she is not available for a meeting, the Audit Committee shall appoint a secretary for the meeting. The secretary shall attend the meetings, during which he or she shall take minutes. The minutes shall be made available to the directors for consultation once approved by the Audit Committee. A copy of the minutes shall be included in the corporate registers of Colabor Group.
- 4.9 The Audit Committee shall periodically submit a report to the Board on its activities, including the nature of its deliberations and the related recommendations.
- 4.10 The Audit Committee, in the performance of its duties, may consult any relevant register or record of Colabor Group.
- 4.11 The Audit Committee members shall receive, in this capacity, the compensation that the Board establishes from time to time.

5. **Responsibilities and Duties**

5.1 **Disclosure Controls and Procedures**

5.1.1 The Audit Committee shall review the following information and issue recommendations to the Board of Directors thereon, before such information is presented to the public:

- (a) the unaudited interim financial statements;
- (b) the audited annual financial statements, in conjunction with the report of the external auditors;
- (c) all public disclosure documents to be publicly disclosed containing audited or unaudited financial information, including any prospectus, the annual information form, management's discussion and analysis of Colabor Group, and any related press release, including earnings forecasts; and
- (d) the compliance of certification by the Executive Officers of the financial reports with applicable legislation and of certification relating to disclosure controls and procedures and internal control over financial reporting.

5.1.2 The Audit Committee shall review any report which accompanies the published financial statements (to the extent such a report discusses financial condition or operating results) to ensure consistency of disclosure of information with the financial statements themselves.

5.1.3 In its review of financial statements, the Audit Committee shall:

- (a) obtain explanations from the Executive Officers of all significant variances between comparative reporting periods and explanations from the Management of Colabor Group for each item which varies from expected or budgeted amounts as well as from previous reporting periods;
- (b) review, among other things, unusual or extraordinary items, transactions with related parties (including the Related Entities), and adequacy of disclosures, asset and liability book values, tax status and related reserves, and any qualifications contained in the letters of representation and business risks, uncertainties, commitments and contingent liabilities;
- (c) review the appropriateness of the significant accounting principles and practices of Colabor Group, including acceptable alternatives, and the appropriateness of any significant changes in accounting principles and practices.

5.1.4 The Audit Committee shall ensure that all financial information which can be publicly disclosed, but which is not expressly contemplated in this Charter, is subject to sufficient review measures.

5.2 Controls of Accounting Policies and Practices Concerning Financial Reporting

5.2.1 The Audit Committee shall review and assess the compliance of accounting policies and practices concerning financial reporting based on the standards applicable in this regard.

5.2.2 The Audit Committee shall review with the Management of Colabor Group and with the external auditors any proposed change in major accounting policies, the presentation and impact of significant risks and uncertainties, and estimates and appraisals of the Management of Colabor Group that may be material to financial reporting.

5.2.3 The Audit Committee shall question the Executive Officers and the external auditors regarding significant financial reporting issues and the method to solve such issues.

5.2.4 The Audit Committee shall review general accounting trends and issues of accounting policies, standards and practices which affect or may affect Colabor Group.

5.3 Internal Audits and Controls over Financial Reporting

5.3.1 The Audit Committee shall review and monitor the procedures, programs and policies of establishment of disclosure controls and procedures and internal control over financial reporting, and assess the adequacy and effectiveness of disclosure controls and procedures and internal control over financial reporting relating to the accounting and financial reporting systems, with particular emphasis on controls making use of computerized systems.

5.3.2 The Audit Committee shall review:

(a) the findings of the external auditors concerning the evaluation of internal controls, together with the response of the Management of Colabor Group thereon;

(b) the relationship between the Executive Officers, the internal auditors and the external auditors;

(c) jointly with the Human Resources Committee, and based on the recommendations of the president and chief executive officer of Colabor Group, the appointment of the vice-president and chief financial officer and the other principal financial executives involved in the financial reporting process of Colabor Group;

- (d) any decisions related to the need for internal auditing, including whether this function should be outsourced and, in such case, approving the service provider, which shall not be the external auditors' firm; and
- (e) internal control procedures to ensure compliance with the law and avoidance of conflicts of interest.

5.3.3 With respect to the internal auditors, the Audit Committee shall:

- (a) approve annually the internal audit plan, including the objectives, scope of the audit, staffing and schedule of activities;
- (b) review the findings of the internal auditors and the follow-up they have provided, including any potential material disagreements between the Management of Colabor Group and the internal auditors with respect to the required systems and controls;
- (c) review any issues that may affect the independence of the internal auditors, including the role of the internal audit function in the organizational structure of Colabor Group; and
- (d) ensure that the internal auditors have direct access to the Chairman and meet regularly with him in the absence of Management.

5.4 External Auditors

- 5.4.1 The Audit Committee shall recommend to the Board of Directors the appointment of the external auditors, who shall report directly and in priority to the Audit Committee.
- 5.4.2 The Audit Committee shall, at least once a year, take note of the annual audit plan summary prepared by the external auditors and review, together with the external auditors, any material change made to the plan.
- 5.4.3 The Audit Committee shall receive periodic reports, at least once a year, from the external auditors regarding the external auditors' independence, discuss such reports with the external auditors and, if so determined by the Audit Committee, recommend that the Board of Directors take appropriate actions to ensure the independence of the external auditors. In this regard, the Audit Committee may study the possibility of rotating earlier than as required by the applicable regulatory requirements the lead audit partner or audit partner responsible for reviewing the audit after a number of years. The Audit Committee shall also consider establishing hiring policies for employees or former employees of its external auditors.
- 5.4.4 The Audit Committee shall take appropriate actions to ensure that the external auditors are satisfied with the quality of the accounting principles of

Colabor Group and that the accounting estimates and appraisals made by the Management of Colabor Group reflect an appropriate application of generally accepted accounting principles.

- 5.4.5 The Audit Committee shall hold private discussions on a regular basis with the external auditors of Colabor Group to review, among other matters, the quality of financial personnel, the level of cooperation received from the Management of Colabor Group and the external auditors, any unresolved material disagreements or disputes and the effectiveness of the work of the internal audit.
- 5.4.6 The Audit Committee shall review the terms of the external auditors' engagement and the appropriateness and reasonableness of the proposed audit fees as well as the compensation of any advisors whose services are retained by the Audit Committee.
- 5.4.7 The Audit Committee shall pre-approve all non-audit services to be provided by the external auditors or their affiliates, together with the fees for such services. The Audit Committee shall also consider the impact of these services on the independence of the external auditors. Finally, the Audit Committee shall determine which non-audit services the external auditors are prohibited from providing.
- 5.4.8 The Audit Committee may delegate to one of its members the power to approve a non-audit engagement of the external auditors. The Audit Committee member to which such power is delegated shall report to the Audit Committee any engagement he or she has approved at the Audit Committee meeting that follows the awarding of the engagement.
- 5.4.9 The Audit Committee shall review all issues related to the change of external auditors, including the information required to be disclosed under regulations and the planned steps for an orderly transition.
- 5.4.10 The Audit Committee shall review all reportable events, including disagreements, unresolved issues and consultations on a routine basis whether or not a change of external auditors is contemplated.

5.5 Audit Procedures

- 5.5.1 The Audit Committee shall review the audit plan of Colabor Group and shall inquire as to the extent to which the planned audit scope can allow to detect weaknesses in internal control or fraud or other illegal acts. The audit plan must be reviewed with the external auditors and with the Executive Officers, and the Audit Committee shall recommend to the Board of Directors the scope of the external audit as stated in the audit plan.
- 5.5.2 The Audit Committee shall review any problems experienced by the external auditors in performing the audit, including any restrictions imposed by the

Executive Officers or significant accounting issues on which there was a disagreement with the Executive Officers.

- 5.5.3 The Audit Committee shall review the post-audit letter or the letter from the Executive Officers of Colabor Group containing the findings of the external auditors and the response of the Management of Colabor Group thereon, and the subsequent follow-up on any identified weakness.

5.6 Litigation and Claims

- 5.6.1 The Audit Committee shall review such litigations, claims, transactions or other contingencies as the internal or external auditors, or any Executive Officer, may bring to its attention.

5.7 Risk Assessment

- 5.7.1 The Audit Committee shall ensure that an effective risk management process is put in place based on the probability of the risks' occurrence and the materiality of the consequences of their occurrence and shall ensure that appropriate mitigation measures are put in place, including, without limitation, with respect to any cybersecurity-related risk.

- 5.7.2 The Audit Committee shall review, at least annually, the risk management programs of Colabor Group and the detailed recovery plans in the event of a computer disaster or other event. This review shall include a review of the insurance coverage of Colabor Group.

- 5.7.3 The Audit Committee shall review the policy on use of derivatives and monitor the related risks.

- 5.7.4 The Audit Committee shall review the transactions with other related persons, taking into account the relevant regulations of the competent securities regulatory authorities.

- 5.7.5 The Audit Committee shall review business risks that could affect the ability of Colabor Group to achieve its strategic plan.

5.8 Other Responsibilities

- 5.8.1 The Audit Committee shall review uncertainties, commitments, and contingent liabilities material to financial reporting.

- 5.8.2 The Audit Committee shall review incidents of fraud, illegal acts, conflicts of interest and related party transactions. The Executive Officers of Colabor Group shall warn the Audit Committee promptly of any incident of fraud brought to their attention concerning Colabor Group, regardless of the amounts involved.

- 5.8.3 The Audit Committee shall review the quality and accuracy of computerized accounting systems, the adequacy of the protections against damage and disruption, and the security of confidential information disclosed through accounting reporting systems.
- 5.8.4 The Audit Committee shall review cases where the Management of Colabor Group has sought accounting advice on a specific issue from an accounting firm other than the one appointed as external auditors.
- 5.8.5 The Audit Committee shall review any legal matters that could have a significant impact on the financial statements.
- 5.8.6 On an annual basis, and in accordance with the charter approved by the Board of Directors, the Audit Committee shall develop in collaboration with Management, the person in charge of the internal audit and the external auditors, a detailed work plan setting out the attributions, the measures to be taken to implement them, the deliverables and the timetable.
- 5.8.7 The Audit Committee shall consider other matters of a financial nature it feels are important to its mandate or as directed by the Board of Directors.
- 5.8.8 The Audit Committee periodically reviews with Management and in collaboration with the corporate governance committee, the key environmental, social, and governance (ESG) issues relevant to Colabor Group and oversees the associated risks and opportunities.
- 5.9 Review of the Mandate
- 5.9.1 The Board of Directors delegates to the corporate governance committee the responsibility of annually reviewing each charter of the committees to reassess its sufficiency and the necessity of updating it, which will be discussed with the relevant committee(s) and recommended by the corporate governance committee to the Board, as the case may be.

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