

# **SUPERIOR PLUS CORP.**

## **AUDIT COMMITTEE MANDATE**

### **A. Purpose**

The primary purpose of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Superior Plus Corp. (the “Corporation”) is to assist the Board in fulfilling its oversight responsibilities in relation to (i) the integrity of the financial statements and financial reporting of the Corporation and its subsidiaries, (ii) compliance with accounting and finance based legal and regulatory requirements; (iii) the independent auditor’s qualifications, independence and compensation; (iv) the internal controls and management information systems and procedures of the Corporation; (v) performance of the external audit process of the independent auditor; (vi) the internal audit function; (vii) financial and enterprise risk management practises and (viii) transactions or circumstances which could materially affect the financial profile of the Corporation.

The Committee reports to the Board. The role of the Committee is one of stewardship and oversight. The Committee plays an important role within the control environment and monitoring components of internal control over financial reporting. Management is responsible for the business and affairs of the Corporation including preparing the financial statements and financial reporting of the Corporation and for maintaining internal control and management information and risk management systems and procedures. The external auditors are responsible for the integrated audit or review of the financial statements and the internal controls over financial reporting and other services they provide.

### **B. Mandate**

#### **1. Financial Statements and Financial Reporting**

The Committee shall:

- (a) exercise oversight of the reliability and integrity of the accounting principles and practices utilized by the Corporation;
- (b) review with management and the external auditors (separately with each and together), and recommend to the Board for approval, the annual financial statements of the Corporation, the reports of the external auditors thereon and related financial reporting, including Management’s Discussion and Analysis (“MD&A”) and earnings press releases prior to the public disclosure of such information;
- (c) review with management and the external auditors (separately with each and together), the external auditors’ interim review findings report and recommend to the Board for approval, the interim financial statements of the Corporation and related financial reporting, including MD&A and earnings press releases prior to the public disclosure of such information;

- (d) review any news release, before being released to the public, that contains material financial information or estimates or information regarding the Corporation's future financial performance or prospects;
- (e) review with management and recommend to the Board for approval, the Corporation's Annual Information Form;
- (f) review with management and recommend to the Board for approval, any financial statements of the Corporation which have not previously been approved by the Board and which are to be included in a prospectus of the Corporation;
- (g) review with management and the external auditors, and recommend to the Board for approval, management's internal control reports of the Corporation and the related required disclosures in the MD&A, as required by applicable securities laws, rules and guidelines;
- (h) consider and be satisfied that appropriate processes are in place with respect to applicable certification requirements regarding the Corporation's annual and interim financial statements and other disclosure;
- (i) consider and be satisfied that adequate procedures 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 disclosure referred to in clauses (b), (c) and (f) above), and periodically assess the adequacy of such procedures;
- (j) review with management, the external auditors and, if necessary, legal counsel (i) any legal matters, including litigation, claim or contingency and tax assessments, that could have a material effect upon the financial position of the Corporation and the manner in which these matters may be, or have been, disclosed in the financial statements; (ii) compliance policies; and (iii) any material reports or inquiries received from regulators, governmental agencies or employees that raise material issues regarding the Corporation's financial statements and accounting or compliance policies; and
- (k) review accounting, tax and financial aspects of the operations of the Corporation as the Committee considers appropriate.

## 2. Relationship with External Auditors

The Committee shall:

- (a) at least annually, review and evaluate the external auditors, including the lead partner's performance and make a recommendation to the Board as to the appointment or re-appointment of the external auditors or whether a change of external auditors is advisable, ensuring that such auditors are participants in good standing pursuant to applicable securities laws;
- (b) consider and make a recommendation to the Board as to the compensation of the external auditors;

- (c) at least annually, review and approve the annual audit plan of the external auditors, including any material changes thereto and reviewing and discussing with the external auditors all critical accounting policies and practices to be used in the audit and any alternative treatments of financial information within generally accepted accounting principles that have been discussed with management;
- (d) ensure that the external auditors report directly to the Committee and oversee the work of the external auditors engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services, including reviewing and discussing with the external auditors:
  - (i) any major issues regarding accounting principles and financial statement presentation, any significant changes in management's selection or application of accounting principles, any significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements; and
  - (ii) any problems or difficulties encountered during the audit or provisions of other services, including restrictions on the scope of activities or access to information, and any significant disagreements between the external auditors and management in relation to financial reporting;
- (e) review and discuss with the external auditors all significant relationships that the external auditors and their affiliates have with the Corporation and their affiliates in order to determine the external auditors' independence, including, without limitation, (a) requesting, receiving and reviewing, on a periodic basis, a formal written statement from the external auditors delineating all relationships that may reasonably be thought to bear on the independence of the external auditors with respect to the Corporation, (b) discussing with the external auditors any disclosed relationships or services that the external auditors believe may affect the objectivity and independence of the external auditors, and (c) recommending that the Board take appropriate action in response to the external auditors' report to satisfy itself of the external auditors' independence;
- (f) monitor the rotation of partners on the audit engagement team in accordance with applicable law and professional standards and requirements for auditor independence;
- (g) as may be required by applicable securities laws, rules and guidelines, either:
  - (i) pre-approve all non-audit services to be provided by the external auditors to the Corporation (or their respective subsidiaries, if any), or, in the case of *de minimus* non-audit services, 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 auditors for the purpose of the provision of non-audit services; and

- (h) review and approve the hiring practices or policies of the Corporation regarding partners, former partners, employees and former employees of the present and former external auditors of the Corporation.

3. Internal Audit Function

The head of internal audit shall report directly to the Audit Committee and functionally to the Chief Financial Officer of the Corporation.

The Committee shall carry out the following responsibilities with regard to the internal audit function:

- (a) review with management and the head of internal audit the charter, activities, staffing, and organizational structure of internal audit;
- (b) have final authority to review and approve the annual audit plan and all major changes to the plan;
- (c) ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the head of internal audit; and
- (d) on a regular basis, meet separately with the head of internal audit to discuss any matters that the Committee or the head of internal audit believes should be discussed privately.

4. Internal Controls

The Committee shall:

- (a) periodically review with management and the external auditors, the Corporation's internal control over financial reporting and management information systems and procedures, any significant deficiencies or material weakness 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 and determine whether the Corporation is in compliance with applicable legal and regulatory requirements and with the Corporation's policies;
- (b) review with management, on at least an annual basis, their approach to monitoring the performance of the internal controls over financial reporting in accordance with their CEO/CFO certification process, as required by applicable securities laws, rules and guidelines;
- (c) review the appropriateness of the accounting practices and policies of the Corporation and review any proposed changes thereto;
- (d) review the external auditors' recommendations regarding any matters, including internal control and management information systems and procedures, and management's responses thereto;

- (e) review and monitor procedures for (i) the receipt, retention and treatment of complaints, submissions and concerns, by employees or otherwise, regarding financial reporting and disclosure, accounting, internal accounting controls or auditing matters; and (ii) the confidential, anonymous submission by employees of the Corporation's concerns regarding questionable accounting or auditing matters.
- (f) review policies and practices concerning the expenses and perquisites of the President and CEO, including the use of the assets of the Corporation;
- (g) review with external auditors any corporate transactions in which directors or officers of the Corporation have a personal interest; and
- (h) communicate with the Board regarding the Corporation's code of conduct and on matters relating to ethics and fraud, as it relates to internal controls, financial reporting and all auditing activities.

## 5. Risk Management Oversight

The Committee shall:

- (a) exercise oversight with respect to the implementation and effectiveness of the Corporation's enterprise risk management system;
- (b) review with management and the external auditors their assessment of significant corporate and financial risks and exposures including without limitation cyber security risks;
- (c) review and assess the appropriateness and effectiveness of the steps that management has taken to mitigate such risks including policies, procedures, responses, recovery and communication and disclosure plans, where applicable;
- (d) report the results of such reviews to the Board for the purpose of assisting the Board in identifying the principal business risks associated with the businesses of the Corporation; and
- (e) annually review the adequacy of the Corporation's insurance program.

## **C. Committee and Procedures**

### 1. Composition of Committee

The Committee shall consist of not less than three directors of the Corporation. Each Committee member shall satisfy the independence and financial literacy requirements of applicable securities laws, rules or guidelines and any other applicable regulatory rules. In particular, each member of the Committee shall have no direct or indirect material relationship with the Corporation or any affiliate thereof which could reasonably be expected to interfere with the exercise of the member's independent judgement. Determinations as to whether a particular director satisfies the requirements for membership

on the Committee shall be made by the full Board. Any member who ceases to be independent shall immediately cease to be Committee member.

2. Appointment of Committee Members

Members of the Committee shall be appointed from time to time and shall hold office at the pleasure of the Board. Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board. The Board shall fill any vacancy if the membership of the Committee is less than three directors. If a vacancy on the Committee exists, the remaining members may exercise all of the Committee's powers so long as a quorum exists.

3. Absence of Committee Chair

If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present at the meeting shall be chosen by the Committee to preside at the meeting.

4. Authority to Engage Experts

The Committee has the authority to communicate directly with internal and external auditors and to engage independent counsel and other advisors as it determines necessary to carry out its duties and to set the compensation for any such counsel and advisors, such engagement to be at the Corporation's expense.

5. Meetings

The Committee shall meet at least once per quarter each year and shall meet at such other times during each year as it deems appropriate. In addition, the Chair of the Committee may call a special meeting of the Committee at any time. The Committee shall meet with the external auditors on a regular basis in the absence of management and, if so requested by a member of the Committee, the external auditor shall attend every meeting of the Committee held during the term of office of the external auditor. The Chair of the Committee or the Chair of the Board or any two members of the Committee or the external auditors may call a meeting of the Committee. The external auditors shall be provided with notice of every meeting of the Committee and, at the expense of the Corporation, shall be entitled to attend and be heard at such meetings. The Chair of the Committee shall hold *in camera* meetings of the Committee, without management present, at every Committee meeting. Board members who are not members of the Committee may attend Committee meetings at the discretion of the Chair of the Committee.

Information and data that is important to the Committee's understanding of the businesses of the Corporation should be distributed to and reviewed by the Committee on a timely basis in advance of the meetings. Management should make every attempt to see that this material is as brief as possible while still providing the information relevant to proposed Committee discussion. As a general rule, presentations on specific subjects should be sent to the Committee members in advance so that Committee meeting time may be conserved and discussion time focused on questions that the Committee has arising from the material.

6. Quorum

A majority of Committee members present in person, by telephone or by other permissible communication facilities shall constitute a quorum.

7. Procedure, Records and Reporting

Subject to any statute or the articles and by-laws of the Corporation, the Committee shall fix its own procedures at meetings, keep minutes of its proceedings and report to the Board as appropriate but in any event not later than the next meeting of the Board. Such report shall include; (i) any issues with respect to the quality or integrity of the financial statements; (ii) compliance of the Corporation and its subsidiaries with respect to legal or regulatory requirements; (iii) performance and independence of the external auditors; and (iv) performance of the internal audit function of the Corporation and its subsidiaries. Minutes of each meeting shall be circulated to the Board.

8. Delegation

The Committee may delegate from time to time to any person or committee of persons any of the Committee's responsibilities that lawfully may be delegated.

9. Review of Terms of Reference

The Committee shall review and reassess the adequacy of this mandate at least annually, and otherwise as it deems appropriate, and recommend changes to the Board. Such review shall include the evaluation of the performance of the Committee against criteria defined in the Committee and Board mandates.

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