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# Audit Committee Mandate

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# 1 Currency of the Mandate

This mandate was reviewed and approved by the Board of Directors on May 4, 2023.

## 2 Purpose

The purpose of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Pason Systems Inc. (“Pason”) is to assist the Board in fulfilling its oversight responsibilities in relation to the review and approval of the financial statements and financial reporting of Pason and its subsidiaries including; management’s assessment of internal controls over financial reporting and other internal and disclosure controls, the performance of external and internal audits, compliance with regulatory and reporting requirements, and the risk management systems and procedures of Pason as they relate to presentation and integrity of financial information. The Committee shall also be directly responsible for overseeing the relationship of the external auditors with Pason. The external auditors shall report directly, and be accountable, to the Committee.

## 3 Mandate

### 3.1 Financial Statements and Financial Reporting

With respect to financial statements and reporting the Committee shall:

- Review with management and the external auditors, and recommend to the Board for approval, the annual and periodic financial statements of Pason, 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.
- Review with management and recommend to the Board for approval, any financial statements of Pason that have not previously been approved by the Board and are to be included in a prospectus of Pason or other documents required by applicable securities law.
- Review with management, management's internal control reports of Pason and the related required disclosures, if any, as required by applicable securities laws, rules and guidelines.
- Review accounting, tax and financial aspects of the operations of Pason and the reporting thereon as the Committee considers appropriate.
- Consider and be satisfied that appropriate processes are in place with respect to applicable certification requirements regarding Pason's annual and interim financial statements and other disclosure.
- Consider and be satisfied that adequate procedures are in place for the review of Pason's public disclosure of financial information extracted or derived from Pason's financial statements and periodically assess the adequacy of such procedures.
- Review with management, the external auditors, and, if necessary, legal counsel, any litigation, claim or contingency, including legal, regulatory compliance and tax assessments that could have a material effect upon the financial position of Pason, and the manner in which these matters may be, or have been, disclosed in the financial statements.
- Review accounting principles and changes thereto, significant accruals, reserves or other estimates, accounting treatment of unusual or non-recurring transactions, compliance with covenants under loan agreements, disclosure requirements for commitments and contingencies and other accounting and auditing principles and practices including off balance sheet items.
- Review with management and recommend to the Board for approval, Pason's Annual Information Form.

### 3.2 Relationship with External Auditors

With respect to matters concerning the external auditors the Committee shall:

- Review and evaluate the external auditors, including the lead partner's performance, assuring rotation of the lead partner and make a recommendation to the Board as to the appointment or re-appointment of the external auditors, ensuring that such auditors are participants in good standing pursuant to applicable securities laws.
- Meet regularly with external auditors without management present.
- Consider and make a recommendation to the Board as to the compensation of the external auditors.
- Review and approve the annual audit plan of the external auditors.
- Oversee the work of the external auditors engaged for the purpose of preparing or issuing an auditor's report or performing other audit work, reviews or attesting services, including review of post audit management letters and the resolution of any disagreements between management and the external auditors.
- Review and discuss with the external auditors all significant relationships that the external auditors and their affiliates have with Pason 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 Pason, (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.
- As may be required by applicable securities laws, rules and guidelines, either:
  - Pre-approve all non-audit services and the fees for such services, to be provided by the external auditors to Pason or its subsidiaries, or in the case of de minimus non-audit services, approve such non-audit services prior to the completion of the audit; or
  - Adopt specific policies and procedures for the engagement of the external auditors for the purpose of the provision of non-audit services.
- Review and approve the hiring policies of Pason regarding partners, former partners, employees and former employees of the present and former external auditors of Pason.

### **3.3 Internal Controls**

With respect to internal controls the Committee shall:

- Review the appropriateness of the accounting practices and policies of Pason and review any proposed changes thereto.
- Review with management and the external auditors, the adequacy and effectiveness of the internal control and management information systems and procedures of Pason (with

particular attention given to accounting, financial statements, financial reporting matters and antifraud processes) and satisfy itself that Pason is in compliance with applicable legal and regulatory requirements and relevant Pason policies.

- Review with management the adequacy and effectiveness of the internal controls and procedures of Pason with respect to information technology, information systems and cybersecurity risks of Pason.
- Review the external auditors' recommendations regarding any matters, including internal control and management information systems and procedures, and management's responses thereto.
- 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, and any as required by applicable securities laws, rules and guidelines.
- Be responsible for monitoring the Ethics Hotline for financial matters and reporting any material findings to the Board and recommend a course of action.
- Establish procedures for 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 on an anonymous and confidential basis.
- Review policies and practices concerning the expenses and perquisites of the Chairman and CEO, including the use of the assets of Pason.
- Review with external auditors any corporate transactions in which directors or officers of Pason have a personal interest.

### **3.4 Financial Risk Management**

With respect to managing risks the Committee shall:

- Review with management and the external auditors the significant financial risks and exposures of Pason.
- Review and assess the steps, policies and procedures management has taken to mitigate such risks including insurance policies and coverage.
- 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 Pason and assessing Pason's risk management policies and procedures.
- Review and, if advisable, approve policies and procedures with respect to officers' and directors' expenses and perquisites and consider the results of any review of these areas by the internal or external auditors.



### **3.5 Cybersecurity, Information Security, and Data Protection**

The Committee will oversee, periodically review with management, and, as appropriate, make recommendations to the Board concerning the adequacy and effectiveness of Pason's cybersecurity, information and technology security, and data protection programs, procedures, and policies.

### **3.6 Related Party Transactions.**

The Committee will oversee, periodically review, and, as appropriate, make recommendations to the Board concerning relevant related party transactions governed by applicable accounting standards as described in Pason's Related Party Transactions Policy (other than conflicts of interest addressed by the Corporate Governance and Nomination Committee).

## 4 Membership and Organization

### 4.1 Duties and Responsibilities of the Committee Chair

In addition to the duties of the Committee, as set forth in this Mandate, the additional responsibilities of the Committee Chair are as follows:

- Be an independent member of the Board of Directors.
- Set the tone for the Committee work, ensuring Committee meetings are conducted in an efficient, effective and focused manner.
- Oversee the logistics of the Committee's operations in accordance with good governance practices including the schedule and frequency of meetings.
- Provide leadership to the Committee, assisting the Committee in monitoring its responsibilities and reporting to the Board on the recommendations and decisions of the Committee.
- Advise the Committee of any finance, accounting or misappropriation matters brought to the Chair's attention through the Corporations Ethics and Conduct hotline procedures.
- Ensure Committee meetings are conducted in an effective, efficient and focused manner.

### 4.2 Meetings

The procedures for Committee meetings shall be specified in the Mandate of the Board of Directors.

### 4.3 Authority to Engage Experts

The Committee has the authority to engage independent counsel and other advisors as it determines advisable to carry out its duties with such engagement to be at Pason's expense.

### 4.4 Review of Terms of Reference

The Committee shall review and reassess the adequacy of this mandate at least once per year, and otherwise as deemed appropriate, and recommend changes to the Board.

### 4.5 No Rights Created

This Mandate does not create any legally binding obligations on the Board, any Board committee, any Director or Pason.

## 5 Document Revision Record

The following table describes all revisions made to this document.

| Version | Date<br>MM.DD.YY | Changed By    | Description of Change / Reason for Change   |
|---------|------------------|---------------|---|
| 1.0     | 02-26-19         | Natalie Fenez | Mandate created                             |
| 1.0     | 04-29-21         | Natalie Fenez | Reviewed by Board of Directors. No change.  |
| 2.0     | 04-28-2022       | Natalie Fenez | Version 2.0 approved by Board of Directors. |
| 3.0     | 05-04-2023       | Natalie Fenez | Version 3.0 approved by Board of Directors  |
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