



GLOBAL RISK INSTITUTE IN FINANCIAL SERVICES

FINANCE AND AUDIT COMMITTEE CHARTER

The Finance and Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of the Global Risk Institute in Financial Services (the “Corporation”) shall be responsible for the matters set out in this Charter, together with such other responsibilities as may be assigned to the Committee by the Board from time to time.

This Charter shall be read together with the Committee Appointments and Operations Policy of the Board and with the by-laws of the Corporation (the “By-laws”). To the extent that there is any conflict or inconsistency between the provisions of this Charter and the Committee Appointments and Operations Policy, the provisions of this Charter shall apply. To the extent that there is any conflict or inconsistency between the provisions of this Charter and By-laws, the provisions of the By-laws shall govern.

1. Financial Reporting and Disclosure

a) Audited Annual Financial Statements: Review the audited annual financial statements, MD&A if necessary, and reports to Members for submission to the Board for approval.

b) Interim Review: Review the interim financial statements and reports to Members for submission to the Board for approval.

c) Significant Accounting Principles and Disclosure Issues: Review with management and the external auditor, significant accounting principles and Member disclosure issues, including complex or unusual transactions, investment of excess funds, significant changes to accounting principles, and alternative treatments under Canadian GAAP for material transactions. This shall be undertaken with a view to understanding their effects on the financial statements, and gaining reasonable assurance that the statements are accurate, complete, do not contain any misrepresentations, and present fairly the Corporation’s financial position and the results of its operations in accordance with Canadian GAAP.

d) Compliance: Confirm through discussions with management that Canadian



GAAP and all applicable laws or regulations related to financial reporting and disclosure have been complied with.

e) Legal Events: Review any actual or anticipated litigation or other events, including Harmonized Sales Tax treatment, which could have a material current or future effect on the Corporation’s financial statements, and the manner in which these have been disclosed in the financial statements.

f) Off-Balance-Sheet Transactions: Discuss with management the effect of any off-balance-sheet transactions, arrangements, obligations and other relationships with unconsolidated entities or other persons that may have a material current or future effect on the Corporation’s financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components or incomes and expenses.

g) Other Disclosures: Satisfy itself that adequate procedures are in place for the review of the Corporation’s public disclosure of financial information, other than the Member disclosure of the information referred to above, and periodically assess the adequacy of those procedures.

2. Oversight of Internal Controls

The Committee shall be responsible for monitoring the effectiveness of internal controls and shall, on an ongoing basis:

a) Review and Assessment: Review and assess the adequacy and effectiveness of the Corporation’s system of internal control and management information systems through discussions with management, the Chief Financial Officer (“CFO”), and the external auditor.

b) Oversight: Oversee system of internal control by:

i) Monitoring and reviewing policies and procedures for internal financial control and reporting;

ii) Consulting with the external auditor regarding the adequacy of the Corporation’s internal controls;

iii) Reviewing with management its philosophy with respect to internal



controls and, on a regular basis, all significant control-related findings together with management's response; and

iv) Obtaining from management adequate assurances that all statutory payments and withholdings have been made.

c) Complaints: Review with management that appropriate procedures exist for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters, and for the protection from retaliation of those who report such complaints in good faith.

3. External Audit

a) Appointment or Replacement: Recommend the appointment or replacement of the external auditor to the Board, which will consider the recommendation prior to submitting the selection to the Members for their approval.

b) Compensation: Review with management, and make recommendations to the Board, regarding the compensation of the external auditor. In making a recommendation with respect to compensation, the Committee shall consider the number and nature of reports issued by the external auditor, the quality of internal controls, the size, complexity and financial condition of the Corporation, and the extent of support provided by the Corporation to the external auditor.

c) Reporting Relationships: The external auditor will report directly to the committee.

d) Performance: Review with management, on a regular basis, the terms of the external auditor's engagement, accountability, experience, qualifications and performance. Evaluate the performance of the external auditor.

e) Transition: Review management's plans for an orderly transition to a new external auditor, if required

f) Review of Results: Review, in the absence of management, the results of the annual external audit, the audit report thereon, and discuss with the external auditor



the quality (not just the acceptability) of accounting principles used, any alternative treatments of financial information that have been discussed with management, the ramifications of their use and the auditor's preferred treatment, and any other material communications with management.

- g) Disagreements with Management:** Resolve any disagreements between management and the external auditor regarding financial reporting.
- h) Material Written Communications:** Review all other material written communications between the external auditor and management, including the post-audit management letter containing the recommendations of the external auditor, management's response and, subsequently, follow up identified weaknesses.
- i) Interim Financial Statements:** Engage the external auditor to review all interim financial statements when required and review, in the absence of management, the results of the auditor's review of the interim financial statements.
- j) Other audit matters:** Review any other matters related to the external audit that are to be communicated to the Committee under generally accepted auditing standards.
- k) Meeting with External Auditor:** Meet with the external auditor in the absence of management at least annually to discuss and review specific issues as appropriate as well as any significant matters that the auditor may wish to bring to the Committee for its consideration.
- l) Correspondence:** Review with management and the external auditor any correspondence with regulators or governmental agencies, employee complaints or published reports that raise material issues regarding the Corporation's financial statements or accounting policies.
- m) Independence:** At least annually, and before the external auditor issues its report on the annual financial statements, review and confirm the independence of the external auditor through discussions with the auditor on their relationship with the Corporation, including details of all non-audit services provided. Consider the safeguards implemented by the external auditor to minimize any threats to their independence, and take action to eliminate all factors that might impair, or be perceived to impair, the independence of the external auditor.



n) **Non-Audit/Audit Services:** Pre-approve any non-audit services to be provided to the Corporation by the external auditor, with reference to compatibility of the service with the external auditor’s independence.

4. Oversight of Finance and Accounting

a) **Finance and Accounting Function:** Review and approve the mandate of the Finance and Accounting function of the Corporation at least annually;

b) **Chief Financial Officer:** Review and approve the appointment, replacement or dismissal of the CFO. The CFO reports to the Chief Executive Officer (“CEO”) administratively and functionally, but has an overriding reporting responsibility to the Committee.

c) **Meeting:** Meet with the CFO in the absence of management at least annually to discuss and review specific issues as appropriate as well as any significant matters that the auditor may wish to bring to the Committee for its consideration, including a discussion of any restrictions or limitations placed on the CFO with respect to scope of work or access to required information.

5. Annual Planning

a) **Business Plan:** Review and recommend the Business Plan, including the annual Operating and Capital Budgets for submission to the Board for approval prior to communicating such plans to Members, in particular those that require such plans as a condition of their financial commitments

6. Investments

a) **Investment Policy:** On an annual basis, conduct a review of the investment policies pertaining to the funds received from the following sources:

- (i) The Government of Ontario;
- (ii) The Government of Canada; and
- (iii) Non-Government.

b) **Risk.** Measure, monitor and report to the Board on the performance and risk



exposures of the Investment Portfolio.

c) Investment Manager: Appoint an Investment Manager if this is deemed necessary.

7. Compliance

a) Reporting to Members. Review with management the timeliness of the reporting that is a condition of certain Members financial support of the Corporation.

8. Communication

a) Communication Channels: Establish and maintain direct communication channels with management, the CFO, the external auditor and the Board to discuss and review specific issues as appropriate.

b) Coordination with Management: The Committee will coordinate with management on audit and financial matters, and will:

i) Meet privately with management at least annually to discuss any areas of concern to the Committee or management; and

ii) Review expenses incurred by the Chair of the Board and CEO of the Corporation. Ensure that the CEO reviews all expenses incurred by direct executive reports of the CEO.

9. Related Party Transactions

a) Review with management all related party transactions and the development of policies related to those transactions.

10. Insurance

a) Review the Corporation's insurance policies and recommend to the Board the appropriate levels of insurance required.

This Charter was approved by the Board of Directors of the Global Risk Institute in Financial Services on April 21, 2016.