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# DEVONIAN

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## AUDIT COMMITTEE CHARTER

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APPROVED BY THE BOARD OF DIRECTORS ON OCTOBER 19, 2015



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The following charter is adopted in compliance with *Regulation 52-110 respecting Audit Committees* (“**Regulation 52-110**”).

## **I. PURPOSE**

The purpose of the Audit Committee (the “**Committee**”) is to assist the board of directors (the “**Board**”) of Devonian Health Group Inc. (the “**Corporation**”) in fulfilling its responsibilities regarding the quality and integrity of financial reporting, the adequateness of its internal controls and the appropriateness of its accounting policies.

## **II. COMPOSITION AND MANDATE**

The Committee consists of at least three (3) directors. The members of the Committee shall be independent within the meaning of Regulation 52-110 and be financially literate.

The Committee is appointed by the Board at the meeting of the Board following the annual meeting of shareholders, and each member of the Committee sits on this Committee until the next annual meeting. If the appointment of members of the Committee is not so made, the directors who are then serving as members of the Committee shall continue to serve as members until their successors are validly appointed.

The Board may appoint a member to fill a vacancy that occurs on the Committee until the next annual meeting of shareholders.

The Board appoints the chairman of the Committee.

## **III. MEETINGS AND PROCEDURES**

The Committee has at least four (4) ordinary meetings during the year. The Committee’s ordinary meetings are called by the Committee’s secretary to allow the Committee to review the Corporation’s annual and interim consolidated financial statements before they are approved by the Board, and before the annual or interim reports are distributed to the shareholders.

The chairman or two (2) members of the Committee can call an extraordinary meeting of the Committee. The secretary sends a written notice of this extraordinary meeting, which must be delivered to the Committee members at least seven (7) days before the date of the



extraordinary meeting, and must include the reason for the meeting. The chair and the secretary of the Corporation can call an extraordinary meeting of the Committee at the request of the independent auditor.

A quorum consists of at least two members of the Committee.

The powers of the Committee may be exercised at a meeting where a quorum of the Committee is present in person or by telephone or any other electronic means or by a resolution signed by all members entitled to vote on that resolution at a meeting of the Committee.

Each member, including the chair of the Committee, is entitled to one vote in Committee proceedings.

The Corporation's Board chair and Chief Financial Officer as well as the independent auditor, receive notices for all ordinary and extraordinary meetings of the Committee and are entitled to participate in these meetings. The Chief Financial Officer must attend all meetings unless he/she is excused. The independent auditor must attend all meetings to approve the quarterly financial documents, unless he/she is excused. At every ordinary meeting of the Committee, the Committee meets with the independent auditor in camera, without management.

#### **IV. DUTIES AND RESPONSIBILITIES**

The following are the general duties and responsibilities of the Committee:

##### **1. Financial Statements and Disclosure Matters**

**1.1.** Review all the financial statements, management reports and press releases that deal with the Corporation's results that must be approved by the Board. The financial statements and management reports that must be reviewed by the Committee include:

- The year-end consolidated financial statements and the non-audited interim financial statements as well as the management reports; and
- Any financial statements to be distributed to the shareholders, other security holders or regulatory bodies and/or that, directly or by reference, are incorporated in any prospectus, preliminary prospectus, proxy statement, annual notice or other document that must be filed under the law.

**1.2.** Ensure that appropriate procedures regarding the review of financial information extracted or derived from the Corporation's financial statements (other than financial



statements, management reports and press releases on the results of the Corporation) are implemented and periodically evaluate the appropriateness of these procedures.

**1.3.** Review, if applicable, the scope of the internal audit work undertaken within the Corporation. The review must ensure that the internal audit program is designed such that any major weak area, fraud or other illegal act in the internal controls is found.

**1.4.** Review and ensure the nature of the internal controls in the main accounting systems and in the reporting of financial information. The review:

- Shall focus on the key internal control weaknesses found by the independent auditor and/or external consultants on the effectiveness of the measures taken by management to correct such problems;
- Shall ensure that no question that might have an impact on the financial statements remain outstanding between the management and the independent auditor. To ensure this, the Committee shall meet with management or the independent auditor, each separately, on a regular basis;
- Shall include a specific assessment of the controls to verify compliance with the financial commitments contained in trust agreements, prospectuses, security instruments or other significant financing agreements.

**1.5.** Ensure the appropriateness and examine the application of accounting conventions and practices.

**1.6.** Monitor and ensure compliance with the Corporation's code of professional conduct and business practice regarding the integrity of the financial information presented by performing a general review of the controls and ensuring they comply with the code.

## **2. Independent Auditor**

**2.1.** Determine the mandate and oversee the work of the independent auditor, which generally include:

- The determination of the scope of the audit, the audit plan and the audit's degree of reliability in finding internal control weaknesses, fraud and other illegal acts;
- The review of the audit fees required for these services and other special audit services;
- The prior approval of non-audit services provided by auditors who are external to the Corporation or its subsidiaries;



- A general confirmation that the services provided are of good quality and that management has no reservations as to the quality or cost of such services;
- The making of recommendations to the Board regarding the appointment or dismissal of the independent auditor, as well as the compensation for the independent auditor;

**2.2.** Review and approve the Corporation's hiring policies with respect to the associates and employees, both former and present, of the Corporation's independent auditor, whether they are present or former auditors.

### **3. Risk Management**

**3.1.** Oversee the identification, prioritization and management of the risks faced by the Corporation.

**3.2.** Direct the facilitation of risk assessments and measurement to determine the material risks to which the Corporation may be exposed and to evaluate the strategy for managing those risks.

**3.3.** Monitor the changes in the internal and external environment and the emergence of new risks.

**3.4.** Review the adequacy of insurance coverage.

**3.5.** Monitor the procedures to deal with and review disclosure of information to third parties insofar as these disclosures represent a risk for the Corporation.

### **4. Whistleblowing Policy**

**4.1.** Monitor and review compliance with the Corporation's Whistleblowing Policy.

**4.2.** Establish procedures for the receipt and treatment of complaints received by the Corporation concerning accounting, internal accounting control issues and auditing issues.

**4.3.** Establish a procedure for the confidential and anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

### **5. Other Responsibilities**

**5.1.** Ensure that all corporate governance issues that are before the Committee are submitted to the Board.



## **6. Report to the Board**

The Committee reports the results of its activities, as well as its conclusions and recommendations, to the Board at the first meeting of the Board following each meeting of the Committee.

## **7. Annual Evaluation**

Annually, the Committee shall, in a manner it determines to be appropriate:

- conduct a review and evaluation of the performance of the Committee and its members, including the compliance of the Committee with its charter; and
- review and assess the adequacy of this charter and recommend to the Board any improvements to this charter that the Committee determines to be appropriate, except for minor technical amendments to this charter, authority for which is delegated to the corporate secretary, who will report any such amendments to the Board at its next regular meeting.

# **V. AUTHORITY**

## **External Consultants**

The Committee may hire, when it deems appropriate, legal counsel or other independent external consultants to assist it in carrying out its duties and responsibilities. It sets the remuneration and compensates the external consultants it hires. The Corporation provides the funds reasonably necessary to pay for the services of these external consultants.