



**AUDIT, FINANCE AND RISK COMMITTEE
CHARTER**

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AGT FOOD AND INGREDIENTS INC.
AUDIT, FINANCE AND RISK COMMITTEE

CHARTER

PART I
ESTABLISHMENT OF COMMITTEE AND PURPOSE

1. **Purpose**

The Audit, Finance and Risk Committee (the “**Committee**”) is established by the Board of Directors (the “**Board**”) of AGT Food and Ingredients Inc. (the “**Corporation**”) to assist the Board in fulfilling its oversight responsibilities with respect to the following principal areas:

- (a) the Corporation’s external audit function; including the qualifications, independence, appointment and oversight of the work of the external auditors of the Corporation (the “**External Auditor**”);
- (b) the Corporation’s accounting and financial reporting requirements;
- (c) the Corporation’s reporting of financial information to the public;
- (d) the Corporation’s compliance with law and regulatory requirements;
- (e) the Corporation’s risks and risk management policies;
- (f) the Corporation’s system of internal controls and management information systems; and
- (g) such other functions as are delegated to it by the Board.

2. **Composition of Committee and Appointment of Committee Members**

The Committee shall consist of at least three independent directors who shall serve on behalf of the Board. The Board, at its organization meeting held in connection with each annual general meeting of the shareholders, shall appoint the members of the Committee for the ensuing year. Each member shall meet the independence, financial literacy and experience requirements of the TSX, any other exchange upon which any securities of the Corporation may be listed to the extent required by the rules of such exchange, *National Instrument 52-110 - Audit Committees* and of any other regulatory bodies, as applicable. Each member of the Committee must not have participated in the preparation of the financial statements of the Corporation at any time within the preceding three years. The Board may, at any time and from time to time, remove or replace any member of the Committee, fill any vacancy in the Committee or add a member to the Committee.

“Financial literacy” requires that all members of the Committee shall have the ability to read and understand a set of financial statements that present the breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation’s financial statements. At least one member of the Committee shall be able to analyze and interpret a full set of financial statements, including the related notes, in accordance with International Financial Reporting Standards (“**IFRS**”) and at least one member of the Committee shall qualify and be designated as the “Audit Committee Financial Expert” as determined in the judgment of the Board with reference to applicable law and stock exchange rules.

3. **Oversight Role**

Management of the Corporation (“**Management**”) is responsible for preparing the Corporation’s financial statements and the External Auditor is responsible for auditing those financial statements. It is not the duty of the Committee to plan or conduct audits or to determine that the Corporation’s financial statements are complete and accurate or are in accordance with IFRS and applicable rules and regulations. These are the responsibilities of Management and the External Auditor. The Committee and the Chair and any members of the Committee identified as having accounting or related financial expertise are members of the Board, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of the Corporation, and are not specifically accountable or responsible for the day to day operation or performance of such activities. Although the designation of a member as having accounting or related financial expertise for disclosure purposes is based on that individual’s education and experience, which that individual will bring to bear in carrying out his or her duties on the Committee, such designation does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Committee and the Board in the absence of such designation. Rather, the role of a member of the Committee who is identified as having accounting or related financial expertise, like the role of all members of the Committee, is to oversee the process, not to certify or guarantee the internal or external audit of the Company’s financial information or public disclosure.

**PART II
COMMITTEE PROCEDURE**

1. **Vacancies**

Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board on the recommendation of the Committee, and shall be filled by the Board if the membership of the Committee is fewer than three directors. The Board may remove and replace any member of the Committee.

2. **Committee Chair**

The Board upon recommendation of the Committee shall appoint a chair (the “**Chair**”) for the Committee. The Chair may be removed and replaced by the Board.

3. **Absence of Chair**

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

4. **Secretary of Committee**

The corporate secretary or such other person acceptable to the members shall act as secretary to the Committee.

5. **Meetings**

The Chair, in consultation with the Committee members, shall determine the schedule and frequency of the Committee meetings, provided that the Committee shall meet not less than in accordance with and pursuant to Part IV hereof. The Chair, any two members of the Committee, or the Chair of the Board may call a special meeting of the Committee. The Committee at any time may, and at each regularly scheduled Committee meeting shall, meet without Management present. Any member of the Committee may move the Committee in camera at any time during

the course of a meeting, and a record of any decisions made in camera shall be maintained by the Chair.

6. **Attendance by Other Members of the Board**

All members of the Board shall be entitled, but not required, to attend meetings of the Committee and to take part in discussions and considerations of the affairs of the Committee, provided that such members of the Board who are not members of the Committee shall not be counted when constituting a quorum, nor will they be entitled to vote on any matter before the Committee.

7. **Quorum and Voting**

A majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak to each other, shall constitute a quorum. All decisions of the Committee shall be made by (i) a resolution in writing signed by all of the members who would have been entitled to vote on that resolution at a meeting of the Committee, or (ii) a majority vote of the members of the Committee present at the meeting, and in the event of an equality of votes, the Chair shall not be entitled to a second or casting vote.

8. **Notice of Meetings**

Notice of the time and place of every meeting shall be given in writing or by e-mail or facsimile communication to each member of the Committee and the chairs of the other formally constituted committees of the Corporation at least 24 hours prior to the time fixed for such meeting; provided, however, that a member may in any manner waive a notice of a meeting and attendance of a member at a meeting is a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

9. **Agenda**

The Chair shall develop and set the Committee's agenda, in consultation with other members of the Committee, the Board and Management. The agenda and information concerning the business to be conducted at each Committee meeting shall, to the extent practical, be communicated to the members of the Committee sufficiently in advance of each meeting to permit meaningful review.

10. **Delegation**

The Committee shall have the power to delegate its authority and duties to subcommittees or individual members of the Committee as it considers appropriate.

11. **Access**

In discharging its responsibilities, the Committee shall have full access to all books, records, facilities and personnel of the Corporation.

12. **Attendance of Officers at a Meeting**

At the invitation of the Chair, one or more officers or employees of the Corporation may, and if required by the Committee shall, attend a meeting of the Committee.

13. **Procedure, Records and Reporting**

The Committee shall fix its own procedure at meetings, keep records of its proceedings and report to the Board when the Committee may deem appropriate (but not later than the next meeting of the Board).

14. **Outside Consultants or Advisors**

The Committee, when it considers it necessary or advisable, may retain, at the Corporation's expense, outside consultants or advisors to assist or advise the Committee independently on any matter within its mandate including, but not limited to, the External Auditor. The Committee shall have the sole authority to retain and terminate any such consultants or advisors or any search firm to be used to identify director candidates, including sole authority to approve the fees and other retention terms for such persons. The Committee shall consider the following independence factors before it retains or receives advice from any external advisor:

- (a) other services that the advisor provides to the Corporation;
- (b) fees paid by the Corporation to the advisor as a percentage of the advisor's total revenue;
- (c) the advisor's policies respecting conflicts of interest;
- (d) the advisor's business or personal relationships with the Corporation's officers and members of the Committee; and
- (e) the advisor's ownership of shares of the Corporation.

**PART III
MANDATE OF COMMITTEE**

The Committee is directed and empowered by the Board to perform the following duties and responsibilities:

1. **Financial Reporting**

- (a) **Consolidated Financial Statements.** Recommend to the Board the approval of the interim and annual consolidated financial statements of the Corporation (the "**Consolidated Financial Statements**"). In this regard, the Committee shall first review, among other things:
 - (i) the report of the External Auditor on the Consolidated Financial Statements;
 - (ii) the accounting policies selected by Management in preparing the Consolidated Financial Statements;
 - (iii) the reasonableness of all significant estimates, accruals and reserves employed by Management in preparing the Consolidated Financial Statements;
 - (iv) any unadjusted differences noted by the External Auditor in its review or audit of the Consolidated Financial Statements;
 - (v) any disagreements between the External Auditor and Management with respect to the Consolidated Financial Statements; and
 - (vi) the certificates to be executed and filed by the Chief Executive Officer and the Chief Financial Officer in accordance with the requirements of *National*

Instrument 52-109 – Certification of Disclosure in Issuer’s Annual and Interim Filings.

- (b) **MD&A.** Recommend to the Board the approval of Management’s Discussion and Analysis (the “**MD&A**”) relating to the annual or interim Consolidated Financial Statements upon gaining reasonable assurance that the MD&A has been prepared in accordance with applicable legal requirements.
- (c) **Earnings News Release.** Recommend to the Board the approval of the earnings news release (the “**Earnings Release**”) relating to the annual or interim Consolidated Financial Statements.
- (d) **Accounting Choices.** Review, as required, with Management and the External Auditor any significant developments or choices that may impact the Corporation’s financial reporting.

2. **External Audit**

- (a) **External Auditor Appointment.** Recommend to the Board a firm of chartered professional accountants to be nominated by the Board for appointment by the Corporation’s shareholders as the External Auditor.
- (b) **Audit Fees.** Recommend to the Board for approval the fees to be charged by the External Auditor for the audit of the annual Consolidated Financial Statements and the review of the interim Consolidated Financial Statements (the “**Audit Fees**”).
- (c) **External Auditor Oversight.** In order to ensure appropriate oversight of the External Auditor’s work:
 - (i) approve the External Auditor’s engagement letter;
 - (ii) review the External Auditor’s written disclosure of all relationships between it and the Corporation and its related entities that may reasonably be thought to bear on the External Auditor’s independence, as well as the External Auditor’s written confirmation to the Committee that, in the External Auditor’s professional judgment, it is independent of the Corporation;
 - (iii) approve the scope, focus areas and materiality thresholds for the audit of the annual Consolidated Financial Statements;
 - (iv) oversee the work of the External Auditor in preparing and issuing an auditor’s report or performing other audit, review or attest services for the Corporation;
 - (v) confirm with the External Auditor that Management has not placed any restrictions on the External Auditor with respect to the scope of its activities, its access to any required information or the reporting of its findings to the Committee;
 - (vi) attempt to resolve any disagreements that may arise between the External Auditor and Management;
 - (vii) discuss any observations by the External Auditor with respect to any matters that could reasonably be thought to bear on the reliability of the Consolidated Financial Statements, including, among other things:

- (A) the reasonableness and consistency from one year to the next of the accounting principles, policies, practices, estimates, judgments or disclosure practices employed by the Corporation;
 - (B) any significant deficiencies or weaknesses in the Corporation's control environment;
 - (C) any significant deviations from the annual audit plan approved by the Board; and
 - (D) any significant adjustments that have been made by Management to the Consolidated Financial Statements as a result of the External Auditor's audit or review activities; and
- (viii) review the performance of the External Auditor.
- (d) **Non-Audit Services.** Pre-approve, as required, all fees for non-audit services to be provided by the External Auditor to the Corporation or its subsidiaries.
 - (e) **Hiring Policies.** Approve, and review annually, the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former External Auditor.

3. **Internal Audit and Risk Management**

- (a) **Internal Audit Functions Review.** Review, annually, the internal audit functions and processes of the Corporation, and, recommend and approve, as required, existing or new functions and processes, as applicable.
- (b) **Mandate and Plan.** Approve the internal audit mandate and plan for each fiscal year of the Corporation.
- (c) **Principal Risks.** Review, annually, Management's (i) assessment of the principal financial and other risks to the Corporation, and (ii) procedures for continually identifying, monitoring and managing those risks.

4. **Controls and Compliance**

- (a) **Internal Controls over Financial Reporting.** Review (i) quarterly, any material weaknesses identified by Management in relation to the design or operation of the Corporation's internal controls over financial reporting ("**ICFR**") and Management's actions to remediate such weaknesses, and (ii) annually, Management's process for assessing any required updates or changes to the Corporation's ICFR.
- (b) **Disclosure Controls and Procedures.** Review (i) quarterly, any material weaknesses identified by Management in relation to the design or operation of the Corporation's disclosure controls or procedures ("**DC&P**") and Management's actions to remediate such weaknesses, and (ii) annually, Management's process for assessing any required updates or changes to the Corporation's DC&P. In connection therewith, approve the Corporation's Public Disclosure Policy.
- (c) **Accounting, Control or Auditing Concerns.** Approve, and review annually, procedures for the receipt, retention and treatment of complaints received by the Corporation and its subsidiaries regarding accounting, internal accounting controls, or auditing matters.

- (d) **Confidential Submission of Wrongdoing.** Approve, and review annually, procedures for the confidential, anonymous submission by employees of the Corporation or its subsidiaries of concerns regarding questionable accounting or auditing matters.
- (e) **Confidential Reports.** Review, quarterly, a summary of all complaints and reports submitted pursuant to the procedures referenced in paragraphs (c) and (d) above.
- (f) **Tax Compliance.** Review, quarterly, a certificate from Management confirming compliance by the Corporation and its subsidiaries with all material tax withholding and remittance obligations.
- (g) **Covenant Compliance.** Review, quarterly, a report from Management confirming compliance by the Corporation and its subsidiaries with all debt covenants and providing a forecast of future compliance.
- (h) **Legal Compliance.** Review, as required, reports from counsel concerning material violations of applicable law by the Corporation or any of its subsidiaries.
- (i) **Trade and Sanctions Policies.** Review, as required, the trade and sanctions policies of the Corporation and oversee compliance with the *Corruption of Foreign Public Officials Act* (Canada) and similar applicable law, including a quarterly report from Management confirming compliance by the Corporation and its subsidiaries with such policies and legislation or where violations or claims in respect of trade policies, sanctions or other similar legislation have arisen.
- (j) **Litigation.** Review, as required, all legal claims or proceedings involving the Corporation or its subsidiaries that Management reasonably expects could have a significant effect on the financial position, results of operations or cash flows of the Corporation.

5. **Environment, Health and Safety**

- (a) **EHS Monitoring.** Review, quarterly, the performance of the Corporation's operating subsidiaries in relation to their environmental, health and safety ("**EHS**") obligations by reviewing:
 - (i) all EHS incidents involving a serious injury or fatality, significant harm to the natural environment, or significant loss or damage to property ("**Significant Incidents**");
 - (ii) all EHS incidents (whether or not Significant Incidents) that required reporting to regulatory authorities;
 - (iii) performance against each operating subsidiary's EHS performance targets; and
 - (iv) the results of EHS compliance audits and the corrective actions taken by the Corporation's operating subsidiaries.

6. **Business Plan and Performance**

- (a) **Year-to-Date.** Review, quarterly, the Corporation's consolidated year-to-date financial performance, including any significant variances to the current year business plan and prior year financial performance.

- (b) **Balance-of-Year Forecast.** Review, quarterly, Management's most recent financial forecast for the balance of the year, including projected earnings and cash-flows.
- (c) **Budget and Capital Budget.** Review and approve, annually, and as required, as updated, the budget and capital budget of the Corporation.

7. **Other Duties**

Without limiting any of the duties set out above, the Committee shall:

- (a) recommend to the Board, annually, the approval of the Corporation's delegation of authority policy;
- (b) review, annually, the Corporation's procedures for approving the reimbursement of expenses claimed by the Corporation's officers;
- (c) approve the Committee's report that is included in the Corporation's annual proxy circular and the information about the Committee that is required to be included in the Corporation's annual information form;
- (d) review this charter annually and provide any comments thereon to the Corporate Governance and Nominating Committee of the Board for consideration; and
- (e) perform such other duties as from time to time are assigned to the Committee by the Board.

8. **Non-Exhaustive List**

The foregoing list of duties is not exhaustive, and the Committee may, in addition, perform such other functions as may be necessary or appropriate for the performance of its responsibilities.

**PART IV
MEETINGS**

The Committee shall meet regularly and at least on a quarterly basis. The Committee shall hold in camera sessions without the presence of Management after each meeting.

1. **Regular Quarterly Meetings (to be held prior to quarterly director meetings)**

The Committee will be presented with more detailed quarterly financial information than that given to the other directors. Members will have the opportunity to ask questions with respect thereto, to meet with Management and the External Auditor (without Management present).

2. **Pre-Year End Audit/Miscellaneous Meeting**

The purpose of the meeting will be to help ensure the annual audit is conducted in an efficient, cost-effective and objective manner.

The Committee shall:

- (a) review with the External Auditor the scope of the current year's audit, including the areas where the External Auditor has identified a risk of potential error in the financial condition and/or results of operations and will review the materiality on which the audit is based;

- (b) review the control weaknesses detected in the prior year's audit, and determine whether all practical steps have been taken to overcome them;
- (c) review and approve the External Auditor's engagement letter, including the Audit Fees and expenses; and
- (d) assess procedures and processes for identifying and dealing with risk Management as necessary or desirable.

3. **Post-Year End Audit Meeting**

It is proposed that this post year-end audit meeting will take the following format:

- (a) External Auditor to review proposed report on the financial statements;
- (b) Management to review financial statements/disclosure;
- (c) The Committee is to question;
 - (i) the selection of, and changes in accounting policies, particularly those in areas that are controversial or for which there is no authoritative guidance;
 - (ii) the methods used to account for unusual or particularly significant transactions;
 - (iii) the issues on which Management has made estimates or judgements that had a significant effect on the financial statements; and
 - (iv) transactions with related parties;
- (d) The Committee to recommend to the Board the approval of the financial statements including the selection of appropriate accounting policies;
- (e) The Committee to inquire about changes in professional standards or regulatory requirements and recent accounting pronouncements;
- (f) The Committee to inquire into the major financial risks faced by the Corporation, and the appropriateness of related controls to minimize their potential impact;
- (g) Review of the External Auditor's "management letter" documenting weaknesses in internal control systems and commenting on other matters;
- (h) The Committee to meet privately with the External Auditor (without any member of Management being present) to ascertain whether there are concerns that should be brought to the Committee's attention, such as: lack of cooperation of, or disagreements with, Management; adequacy of staffing in the financial areas; attempts to restrict the scope of the External Auditor's examination; or significant, or potentially significant, misstatements, and any irregularities that the External Auditor has discovered;
- (i) The Committee is to meet privately with Management (without the External Auditor being present) to ensure that Management has no concerns about the conduct of the audit and to inquire as to the experience and capabilities of the individuals being proposed to conduct the audit, their objectivity and independence;
- (j) External Auditor to present invoice/following year quote; and

- (k) Committee to recommend to the Board the appointment of the External Auditor for the following year.

4. **Special Telephone Meetings**

Special Telephone meetings may be scheduled to:

- (a) Review all prospectuses, offering memoranda and other offering documents containing audited and unaudited financial information before release;
- (b) Review MD&A for consistency with the financial statements; and
- (c) Cover other items on an as needed basis.