



## **AUDIT COMMITTEE CHARTER**

December 8, 2020

### **A. OVERALL RESPONSIBILITIES OF THE COMMITTEE**

The Audit Committee (the "Committee") shall assist the Board of Directors (the "Board") of Information Services Corporation (the "Company") in fulfilling its obligations and oversight responsibility for:

1. Corporate financial performance, disclosure and accounting practices;
2. internal and external audit processes; and
3. internal controls and the enterprise risk management process.

### **B. RESPONSIBILITIES AND AUTHORITY OF THE COMMITTEE**

Subject to the Company's Articles and By-Laws, the Committee has authority over the following areas of responsibility:

#### **1. Corporate Financial Performance, Disclosure and Accounting Practices.**

- a) Review, and recommend to the Board for approval, policies and material amendments to such policies for the Company addressing disclosure and confidentiality of material financial information and monitor compliance and report exceptions to the Board.
- b) Ensure adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and periodically assess the adequacy of these procedures.
- c) Review and recommend to the Board for approval and public disclosure:
  - i. the annual Financial Statements and notes thereto;
  - ii. the annual Management's Discussion and Analysis of financial results and operations;
  - iii. the portions of the Annual Information Form and Management Information Circular containing significant information within the Committee's mandate;
  - iv. all financial statements included in prospectuses or other offering documents; and
  - v. significant financial information respecting the Company contained in a news release, material change report, or that provides estimates or information regarding the Company's future financial performance or prospects, other than such significant financial information for which the Board has delegated approval authority.

- d) Approve, including for public disclosure:
  - i. the quarterly Financial Statements and notes thereto;
  - ii. the quarterly Management's Discussion and Analysis of financial results and operations; and
  - iii. the news release related to the Company's release of quarterly Financial Statements and quarterly Management's Discussion and Analysis.
- e) Review and recommend the declaration of dividends to the Board for approval.
- f) Review and recommend to the Board for approval significant financial policies and material amendments to those policies, particularly policies that address financial and corporate commitments that require Board approval.
- g) Review and advise the Board on the financial considerations associated with significant transactions or commitments that require Board approval as required by applicable laws or as may be established by corporate policy.
- h) Review and report to the Board any matters that impact the financial statements in a significant manner.
- i) Approve the Company's accounting principles, policies and practices as recommended by the external auditor, management or the internal auditor.

## **2. Internal and External Audit Process:**

### ***Internal Audit***

- a) Approve the appointment of the internal auditor or the individual or entity to deliver the functions and responsibilities of the internal auditor.
- b) Review and approve any internal audit charter and the internal audit scope and plan, including the costs of such plan.
- c) Direct, review, monitor, oversee and provide guidance to the internal audit function and review the performance of the internal auditor at least annually.
- d) Monitor the independence of the internal auditor through open communication and meeting *in camera* at the request of the Committee or the internal auditor at least annually without management present and report exceptions to the Board.

### **External Audit**

- e) On an annual basis, recommend to the Board for approval:
  - (i) the external auditor to be nominated for approval by the Company's shareholders at the annual shareholders' meeting for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company; and
  - (ii) the fees to be paid to the external auditor for audit services.
- f) Review the audit scope and plan of the external auditor.
- g) Directly oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company and ensure that management implements appropriate recommendations of the external auditor and report any exceptions to the Board.
- h) On a regular basis, meet with the external auditor without the presence of management, to discuss the accuracy and quality of the Company's financial statements, financial reporting, internal controls, and the quality, consistency and appropriateness of the accounting policies and standards used, and accounting estimates made.
- i) Inquire regularly of management and the external auditor whether there have been any significant issues between them regarding financial reporting or other matters and directly oversee the resolution of any disagreements.
- j) Establish and maintain a direct reporting relationship with the external auditor.
- k) Monitor and review at least annually the external auditor's independence in accordance with guidelines for independence established by the Canadian Securities Administrators and report exceptions to the Board.
- l) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.
- m) Review the performance of the external auditor.

### **Non-Audit Services**

- n) Pre-approve, in accordance with applicable law, permitted non-audit services that are to be provided to the Company or its subsidiary entities by the Company's external auditor, subject to:
  - i. delegation by the Committee to one or more independent members to provide the pre-approval and inform the Committee at its next scheduled meeting of any pre-approvals; and
  - ii. adoption by the Committee of specific policies and procedures for the engagement of non-audit services.
- o) Monitor the Company's expenditures for non-audit services greater than \$100,000 performed by any accounting firm other than the external auditor.

### **3. Internal Controls and Enterprise Risk Management:**

- a) Review with management the evaluation by either the internal or external auditors of management's internal control systems, and management's responses to any identified deficiencies or weaknesses.
- b) Establish procedures for:
  - i. the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
  - ii. the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- c) Review disclosures by the Company's Chief Executive Officer ("CEO") and Chief Financial Officer during their certification process about any significant deficiencies in the design or operation of internal controls over financial reporting or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls over financial reporting.
- d) Monitor the adequacy of ISC's enterprise risk management process.
- e) Review any significant implications of the annual financial plan and associated financial risks or changes in financial risks facing the Company.
- f) Review the Company's insurance coverage.
- g) Monitor the status of outstanding or potential litigation and assurance or other claims of a significant or material nature and report material instances quarterly to the Board.

### **4. General Responsibilities:**

- a) Approve the CEO's expenses, through the Chair, and review, at least annually, director and executive officer expenses and report exceptions to the Board.
- b) The Committee, through the Chair, will provide a report to the Board at each regularly scheduled Board meeting outlining the results of the Committee's activities and any reviews the Committee has undertaken.
- c) The Committee may perform any other activities consistent with this Charter, the Company's By-Laws and applicable law, as the Committee or the Board deems necessary or appropriate.
- d) Monitor existing or potential strategic risks in alignment with the Committee mandate and report to the Board as required.
- e) The Committee may engage independent counsel and other advisors the Committee determines necessary to carry out its duties at the Company's expense.
- f) The Committee will assist the Governance and Nominating Committee in the evaluation of this Committee's performance and this Charter on a regular basis.

### **C. MEETINGS**

The Committee shall meet at least four times per year.

### **D. DELEGATION**

The Committee may delegate any of its responsibilities and authority to a subcommittee comprised of one or more Committee members. The Committee remains accountable for the work and decisions of any subcommittee to which the Committee has delegated decision-making authority.

### **E. COMMITTEE COMPOSITION AND FUNCTIONING CRITERIA**

1. The Committee shall be comprised of a minimum of three and maximum of five independent directors.
2. A quorum for the transaction of business at any Committee meeting shall consist of a majority of currently appointed members of the Committee.
3. The Governance and Nominating Committee will recommend for approval by the Board, independent directors for appointment to the Committee and the Chair of the Committee.
4. Every Committee member must be considered “financially literate” according to the definition established by the Canadian Securities Administrators, as amended from time to time. A Committee member who is not “financially literate” may be appointed to the Committee provided that the member becomes “financially literate” within a reasonable period of time following his/her appointment.
5. Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee.
6. The Board Chair may attend any Committee meeting as may be appropriate but can only vote at such Committee meetings if the Board Chair is a member of the Committee.
7. The Committee Chair may invite other directors of the Board or management to attend any Committee meeting as may be appropriate as a non-voting participant.

### **F. GENERAL**

The Committee shall be bound by the terms of the National Instrument 52-110 — *Audit Committees*.