



AUDIT COMMITTEE CHARTER

A. OVERALL RESPONSIBILITIES OF THE COMMITTEE

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

1. financial and corporate performance;
2. financial disclosure and accounting practices;
3. risk management and internal controls; and
4. internal and external audit processes.

B. RESPONSIBILITIES AND AUTHORITY OF THE COMMITTEE

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

1. Financial and Corporate Performance:

- a) Review and recommend to the Board for approval:
 - (i) key financial performance metrics and targets; and
 - (ii) declaration of dividends.

2. Financial Disclosure and Accounting Practices:

- a) Review and recommend to the Board for approval policy for the Corporation 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 Corporation's public disclosure of financial information extracted or derived from the Corporation'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 Proxy Circular containing significant information within the Committee's mandate;

- (iv) all financial statements including in prospectuses or other offering documents; and
 - (v) significant financial information respecting the Corporation contained in a press release, material change report, or that provides estimates or information regarding the Corporation's future financial performance or prospects, other than such significant financial information for which the Board has delegated approval authority to the Committee.
- d) Review and approve 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 press release related to the Corporation's release of Quarterly Financial Statements and Quarterly Management's Discussion and Analysis.
- e) Review and recommend to the Board for approval significant financial policies, particularly policies that address financial and corporate commitments that require Board approval.
- f) Review and recommend to the Board for approval significant financial transactions or commitments that require Board approval as required by applicable laws or as may be established by corporate policy.
- g) Review and report to the Board for approval any financial transactions or commitments that impact the financial statements in a significant manner that do not require Board approval.
- h) Review and recommend to the Board for approval the Corporation's auditing and accounting principles, policies and practices as recommended by the external auditor, management or the internal auditor.

3. Risk Management and Internal Controls:

- a) Review and report to the Board for approval the Corporation's plan to identify, mitigate and manage risks.
- b) Establish procedures for and monitor:
- (i) the receipt, retention and treatment of complaints received by the Corporation 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) Monitor the status of outstanding litigation and assurance claims and report material instances quarterly to the Board.
- d) Review disclosures by the Corporation'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 or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Corporation's internal controls.

4. 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

- a) On an annual basis, recommend to the Board for approval the external auditor to be nominated for approval by the Corporation'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 Corporation.
- b) Establish and maintain a direct reporting relationship with the external auditor.
- c) 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 Corporation and ensure that management implements appropriate recommendations of the external auditor, and report any exceptions to the Board.
- d) 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.
- e) Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation.
- f) On an annual basis, review the performance of the external auditor and recommend to the Board for approval the fees to be paid to the external auditor for the audit services.
- g) Review the audit scope and plan of the external auditor.
- h) On a regular basis, meet with the external auditor without the presence of management, to discuss the accuracy and quality of the Corporation'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.

Non-Audit Services

- j) Pre-approve, in accordance with applicable law, permitted non-audit services that are to be provided to the Corporation or its subsidiary entities by the Corporation'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.
- k) Monitor the Corporation's expenditures for non-audit services greater than \$100,000 performed by any accounting firm other than the external auditor.

5. General Responsibilities:

- a) 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 it has undertaken.
- b) Approve the CEO's expenses, through the Chair, and review, at least annually, director and executive officer expenses and report exceptions to the Board.
- c) The Committee may perform any other activities consistent with this Charter, the Corporation's By-Laws and applicable law, as the Committee or the Board deems necessary or appropriate.
- d) The Committee may engage independent counsel and other advisors the Committee determines necessary to carry out its duties and the Committee may set and pay the compensation for any advisors employed by the Committee.
- e) 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 CRITERIA

1. The Committee shall be comprised of a minimum of three and maximum of five directors, each of whom shall be "independent" according to the independence standards established by all applicable corporate and securities laws.
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 of the Board, 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. 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.
6. 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*.