

INSTITUTE OF CORPORATE DIRECTORS

AUDIT COMMITTEE CHARTER

**Approved by the Board of Directors on September 20, 2012
AND AMENDED BY THE BOARD ON JANUARY 26, 2015**

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AUDIT COMMITTEE CHARTER

1. Statement of Purpose

The Audit Committee (the “**Committee**”) of the board of directors (the “**Board**”) of the Institute of Corporate Directors (the “**ICD**”) has been established by the Board for the purposes of the Board’s oversight of:

- the quality and integrity of the ICD’s financial statements;
- the external auditor’s (as defined below) qualifications, performance and independence; and
- additional financial matters as specified herein.

2. Audit Committee Membership

Composition

The Board shall appoint annually from among its directors an Audit Committee, which shall consist of as many directors as the Board may determine but in any event not less than three directors. Each director who serves on the Committee (a “**Committee member**”) is approved for membership by the Board, after the recommendation of the Chair of the Board (after consultation with the Governance and Human Resources Committee which reviews qualifications).

Any Committee member may be removed and replaced at any time by the Board, and will automatically cease to be a Committee member if such director ceases to meet the qualifications set out herein. The Board will fill vacancies on the Committee by appointment from among qualified directors of the Board, taking into account any recommendation that may be made by the Chair of the Board (after consultation with the Governance and Human Resources Committee). If a vacancy exists, the remaining Committee members may exercise all of the Committee’s powers so long as there is a quorum and subject to any legal requirements regarding the minimum number of Committee members.

Chair of the Committee

The Board will designate one of the Committee members to be the Chair of the Committee, taking into account any recommendation that may be made by the Chair of the Board (after consultation with the Governance and Human Resources Committee). The appointment of the Chair of the Committee takes place annually at the first meeting of the Board following the annual meeting of members of the ICD at which directors are elected, or upon the occurrence of any vacancy in the position.

Qualifications

Each of the directors on this Committee must be financially literate, meaning each director is sufficiently versed in financial matters to understand the ICD's accounting practices and policies and the major judgments involved in preparing financial statements. In addition, each of the directors on this Committee must be independent (as defined in the Corporate Governance Guidelines).

Management Attendance

The Committee may invite, at its discretion, members of management and/or other guests to attend all or a portion of a meeting of the Committee.

3. Committee Operations

Meetings

The Chair of the Committee, in consultation with the other Committee members, will determine the schedule and frequency of meetings of the Committee. After the appointment of its members, the Committee shall establish a schedule of regular meetings for the coming year and, in addition, hold other meetings as required to carry out its responsibilities.

Meetings may also be convened at the request of any Committee member or at the request of the external auditor. There shall be not less than four Committee meetings per year.

The external auditor shall receive notice of the time and place of any meeting of the Committee and is entitled to appear (at the expense of the ICD) and be heard thereat. Any Committee member may require the attendance of the external auditor at any meeting of the Committee.

In-Camera Meetings

The Committee members shall meet in private session with the ICD's external auditor, with management and as Committee members only, to discuss matters relevant to the Committee's mandate. The Chair of the Committee shall determine the participants in any in-camera sessions.

Agenda and Reporting to the Board

The Committee shall communicate its expectations to management and the external auditor with respect to the nature, timing and extent of its information needs.

The Chair of the Committee will establish the agenda for meetings in consultation with the other Committee members and the Chair of the Board. To the extent possible, the agenda and meeting materials will be circulated to the Committee members at least 5-7 days in advance of regular meeting dates to ensure sufficient time for review prior to the meeting. The Committee shall report to the Board at the Board's next regularly scheduled meeting after a meeting of the Committee and as otherwise may be requested by the Board. Reporting shall normally be made through the Chair of the Committee.

Voting at Meetings

At meetings of the Committee each Committee member shall have one vote and motions shall be decided by a majority of votes. In case of an equality of votes, the chair of the meeting shall not have a second or casting vote.

Minutes

The minutes of all Committee meetings will be approved at the next meeting of the Committee.

The Corporate Secretary of the ICD is responsible for ensuring that draft minutes are completed after each meeting. The Corporate Secretary will circulate the draft minutes with the notice of meeting and the agenda for the next meeting 5-7 days prior to the next Committee meeting date. These may be circulated earlier to assist communication between and among management and the Committee.

Quorum and Transaction of Business

A quorum at any meeting will be a simple majority of the Committee members. The powers of the Committee may be exercised at any meeting where a quorum is present or by resolution in writing signed by all Committee members.

In the case of an emergency situation or a situation requiring a decision to be made without delay, the Chair of the Committee may, upon 24 hours' notice to the Committee, call a meeting of the Committee, in which case the members of the Committee who attend such meeting will constitute a quorum.

Committee Operating Principles and Procedures

The procedure at meetings will be determined by the Committee.

Absence of Chair of the Committee

In the absence of the Chair of the Committee, the Committee shall appoint one of its other Committee members to act as Chair of that meeting.

4. Committee Duties and Responsibilities

The Committee is responsible for performing the duties set out below and any other duties that may be assigned to it by the Board:

(a) Integrity of Financial Reporting

1. review the audited financial statements of the ICD and make recommendations to the Board;
2. receive the statement of management's responsibility for financial reporting as signed by senior management;

3. receive reports from management relating to the ICD's internal control policies and procedures and recommend to the Board changes where appropriate;
4. in consultation with the CEO, approve and monitor policies from time to time with respect to accounting, expenses and the effectiveness of accounting systems and internal controls;
5. review and ensure the appropriateness of the accounting policies used in the preparation of the ICD's financial statements, and recommend any changes to such policies;

(b) External Auditor's Qualifications, Performance and Independence

6. make recommendations to the Board with respect to the appointment of the external auditor of the ICD;
7. maintain a direct line of communication with the external auditor and monitor the scope of the external auditor's audit activities and assess its performance;
8. ensure that there is a proper relationship between management and the external auditor;
9. review with the external auditor and approve its annual audit plan for ICD and, thereafter, the results of the external audit of the ICD, any significant problems encountered in performing the audit, and the contents of any management letters issued by the external auditor;
10. review with the external auditor the contents of its annual audit report;
11. review any significant unresolved significant issues between management and the external auditor which could affect the financial reporting or internal controls of the ICD;
12. ensure that where there are unresolved issues, there is an agreed upon course of action for resolution of such issues or a recommendation to the Board to decide upon such issues;
13. receive an annual report from the external auditor on its independence that covers all matters that could have a bearing on its independence;
14. meet privately, at least annually, with the external auditor;
15. approve the fees and costs incurred or to be incurred by ICD's external auditor;

(c) Risk

16. review with the CEO and senior management their assessment of the principal financial risks to the ICD's business and where applicable, the identification and implementation of systems and procedures to manage these risks;

d) Additional Financial Matters and Oversight

17. review, on an annual basis, this Audit Committee charter and provide a report of any changes that the Audit Committee considers appropriate to the Governance and Human Resources Committee;
18. review and make recommendations to the Board on the annual budget for approval by the Board;
19. review and make recommendations to the Board relating to the financial implications of any significant changes to approved budgets and other major undertakings or projects that may be contemplated during the year;
20. review quarterly and make recommendations to the Board relating to budgets against actual results;
21. receive the Compliance Certificate from the CEO and CFO quarterly and assess the appropriateness of remedial actions for any outstanding matters;
22. recommend to the Board investment policies and cash reserve policies for the ICD;
23. assess and keep under review the need for and extent of insurance coverage; and
24. review with management the tax status of the ICD and ensure management files required returns with tax authorities.

5. Access to Advisors

The Committee may, with the consent of the Chair of the Board, retain counsel, auditors or other advisors in connection with the execution of its duties and responsibilities and may determine the fees of any advisors so retained. The ICD will provide the Committee with appropriate funding for payment of reasonable compensation to such counsel, auditors or other advisors and for such ordinary administrative expenses of the Committee as are necessary or appropriate in carrying out its duties.

6. Authority of the Committee

The Committee is empowered to make such enquiries and investigations and require such explanations from management as it considers reasonably necessary, and to require management to promptly inform the Committee and the external auditor of any material misstatement or error in the ICD's financial statements following the discovery of any such situation.