

# Finance and Audit Committee

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Terms of Reference

**Approved September 2022**



## **1. Introduction**

The Board of Directors of Nordiq Canada has a duty to monitor the operations and affairs of Nordiq Canada. Monitoring of risk exposure, financial performance and financial position are critical in this regard.

## **2. Purpose**

The Board has delegated to the Finance and Audit Committee (the “Committee”) the responsibility for reviewing and providing oversight to Nordiq Canada's financial affairs and risk management activities with Nordiq Canada Management and others and reporting on such topics to the Board.

## **3. Accountability**

Reports to the Nordiq Canada Board.

## **4. Mandate**

The Committee will ensure the appropriate skills, experience and perspectives are brought to bear to evaluate the actions of Management, the external auditors, investment managers and others and report to the Board on: Independent Auditor and external audit, budgets, financial controls and financial statements, risk management, and investments.

### **4.1 Independent Auditor - External Audit**

The committee shall:

- Recommend the appointment and compensation of and termination of the independent auditor subject to Board approval and Member approval at the AGM
- Ensure that the independent auditor reports directly to the Committee and the Board
- Oversee the work of the independent auditor

- Appoint the Committee Chair, Board Chair, and other Committee members at the discretion of the Committee Chair, to meet with management and the independent auditor to review and discuss the planning and staffing of the audit and any financial reporting, judgement or issues regarding accounting practices that may impact the preparation of financial statements

#### 4.2 Budgets, Financial Controls and Financial Statements

The Committee shall:

- Review variance reports and annual financial statements and related documents
- Review the disclosure of financial information to the membership

#### 4.3 Risk Management

The Committee shall:

- Review executive limitations to ensure the requirement to identify, assess, monitor, and manage risks to the organization
- Meet with senior management to review and discuss the identification, assessment, and management of the most significant risks
- Review policies and compliance with those policies that carry actual or potential liabilities
- Review the adequacy of the insurance coverage maintained by the Organization

#### 4.4 Investments

The Committee shall:

- Manage the investments relating to the Nordiq Canada Development Fund, the Emergency Reserve Fund, and the Strategic Priorities Fund
- Recommend how the income generated from the Nordiq Canada Development Fund , Emergency Reserve and the Strategic Priorities Fund should be allocated

## 5. Membership

The Committee shall be composed of a minimum of three independent members of the Board, to be appointed by the Board as voting members, plus the CEO and COO/CFO as non-voting. Appointments of Board members to the Committee are for one-year terms, concluding at the time of the Annual General Meeting.

## 6. Chairperson

The Chairperson of the Committee shall be an Independent Director and appointed by the Board. The Chairperson of the Committee shall be responsible for providing leadership to the Committee (i.e., convening meetings; developing agendas; assigning, supervising, and coordinating the Committee work); and representing the Committee in communication to the Board, Members, external auditors, and others.

## 7. Decision-Making

The Committee shall endeavour to make decisions by consensus. In case of disagreement, Committee members shall cast votes.

## 8. Meetings

- a. The Committee shall meet, in person or by teleconference, at least four times each year.
  - i. One such meeting shall be to review the operating budget proposed by Management for the coming year and to recommend to Management any changes it considers desirable prior to such a budget being submitted to the Board for approval.
  - ii. A second and third meeting shall be to review the results of a variance analysis prepared by Management.
  - iii. A fourth meeting shall be to review draft audited financial statements and any issues the external auditors wish to bring to the attention of the Board, prior to such statements being submitted to the Board for approval.

- iv. At one of these meetings, or in an additional meeting, the Committee will determine the funds available for distribution from the investment revenue of the Nordiq Canada Development Fund investment revenue.
  - v. At least one dedicated meeting will be for risk management review, in addition risk management discussion should be added as an agenda item to other meetings of the Committee.
- b. The Committee will report as required to all Nordiq Canada Board meetings and to the Annual General Meeting of Members.

## **9. Review**

These terms of reference are to be reviewed, updated as appropriate and approved annually by the Board.