

CHARTER OF THE AUDIT, FINANCE, AND RISK COMMITTEE OF THE BOARD OF DIRECTORS OF ANDREW PELLER LIMITED

Purpose

The primary purpose of the Audit, Finance and Risk Committee (the “Audit Committee”) of the Board of Directors (the “Board”) of Andrew Peller Limited (the “Corporation”) is to assist the Board in fulfilling its oversight responsibilities for the Corporation’s internal control and management’s information systems; reviewing and recommending to the Board the approval of the quarterly financial statements and management’s discussion and analysis; reviewing and recommending to the Board the annual audited financial statements and management’s discussion and analysis; reviewing accounting and auditing developments and meeting with both financial and accounting personnel and the external auditors on issues relevant to the Corporation; reviewing the Corporation’s policies and practices relating to insurance coverage, foreign exchange and interest rate hedging and, reviewing and assessing the qualifications, independence, and performance of the Corporation’s auditors.

Consistent with this function, the Audit Committee should encourage continuous improvement of, and should foster adherence to, the Corporation’s policies, procedures, and practices.

Approval of Charter

This Audit Committee charter has been approved by the Board. Future changes to this charter require approval by the Board based on the recommendation of the Audit Committee.

Structure and Composition

The Audit Committee shall consist of no fewer than three members from among the Board.

Each member of the Audit Committee shall be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgement as a member of the Audit Committee; and meet the independence and experience requirements of the Toronto Stock Exchange and all applicable rules and regulations in Canada relating to corporate governance and audit committee matters, including Multilateral Instrument 52-110 (the “Regulations”).

All members of the Audit Committee must be “financially literate” as such term is defined by the Regulations. The Board shall make determinations as to whether each member of the Audit Committee satisfies this requirement. The members of the Audit Committee shall be appointed by the Board annually on the recommendations of the Governance and Human Resource Committee or until successors are duly appointed.

The Board shall normally designate the Chair of the Audit Committee. In the event that a Board designation is not made, the members of the Audit Committee shall elect a temporary Chair for such meeting by majority vote of the members in attendance at the meeting.

Once appointed, Audit Committee members shall cease to be a member of the Audit Committee only upon:

- resignation from the Board;
- death;
- disability; or
- not being re-appointed pursuant to the appointment process described above.

Meetings

The Audit Committee shall meet at least quarterly and more frequently as circumstances dictate.

A majority of Audit Committee members are required for meeting quorum. In the event that the number of Audit Committee members is an even number, one half of the number of members shall constitute a quorum.

The Audit Committee shall meet at least annually with management and the Corporation's auditor in separate committee sessions.

The Audit Committee may request any officer or employee of the Corporation or the Corporation's outside counsel or independent auditor to attend a meeting of the Audit Committee or to meet or provide consultations to the Audit Committee or any member thereof.

The CEO, the President, the CFO and Executive Vice-President, IT of the Corporation and representatives of the independent auditors shall normally attend meetings of the Audit Committee. Others may also attend meetings as the Audit Committee may request. Notice of all meetings of the Audit Committee shall be sent to the Auditors as well as Audit Committee members.

Resolutions

Resolutions of the Audit Committee shall require approval by a simple majority of members voting on such resolution. The Chair of the Audit Committee shall not have a deciding vote in the case of a tie.

Responsibilities and Duties:

1. Minutes and Reporting to the Board

The Audit Committee shall prepare written minutes of all meetings. The Chair of the Committee or designate shall report to the Board of Directors after each meeting, the significant matters addressed by the Committee at such meeting and a copy of the minutes shall be made available to all members of the Board. The Audit Committee shall make regular reports to the Board, but not less frequently than quarterly.

2. Independent Auditor

With respect to the Corporation's independent auditor the Audit Committee shall:

- be directly responsible for overseeing 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 issuer, including the resolution of disagreements between financial management and the external auditor regarding financial reporting;
- have sole authority to recommend to the Board the appointment or replacement of the independent auditor (subject to shareholder approval);
- recommend to the Board the compensation of the independent auditor;
- have the independent auditor report directly to the Audit Committee;
- determine the extent of involvement of the independent auditor in reviewing unaudited quarterly financial results;
- meet with the independent auditor prior to the annual audit to discuss the planning, scope and staffing of the audit;

- approve the selection of the senior audit partners having primary responsibility for the audit and the audit partner responsible for reviewing the audit;
- at least on an annual basis, evaluate the qualifications, performance, and independence of the independent auditor and the senior audit partner having primary responsibility for the audit;
- obtain and review a report from the independent auditor at least annually regarding:
 - the independent auditor's internal quality-control procedures;
 - any material issues raised by the most recent internal quality control review, or peer review, of the firm, or raised by any inquiry or investigation by government or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm;
 - any steps taken to deal with any issues; and
 - all relationships between the independent auditor and the Corporation.;
- review and approve the Corporation's hiring policies regarding partners, employees, and former partners and employees of the present and former independent auditor; and
- pre-approve all auditing services and permitted non-audit services (including fees and terms thereof) to be performed for the Corporation or its subsidiaries by its independent auditor.

3. Financial Reporting

With respect to the Corporation's reporting of unaudited quarterly financial results, the Audit Committee shall:

- Prior to their public release and filing with securities regulatory agencies, review and discuss with management and the independent auditor the:
 - press release;
 - consolidated financial statements and notes thereto;
 - management's discussion and analysis;
 - results of any independent auditor's review requested and approved by the Audit Committee;
 - review the Corporation's unaudited quarterly financial results; and
 - recommend to the Board whether the unaudited quarterly financial statements of the Corporation should be approved by the Board.

4. Year-End Audit

With respect to the Corporation's annual audit, the Audit Committee shall:

- Prior to their public release and filing with securities regulatory agencies, review and discuss with management and the independent auditor the:
 - Press release;
 - consolidated financial statements and notes thereto;
 - management's discussion and analysis;
 - results of the independent auditor's audit;
 - notice of annual meeting of shareholders; and
 - annual information form.
- The review of the Corporation's audited financial results, shall include:
 - any significant judgements (e.g. estimates and reserves) made in the preparation of financial statements;
 - any significant disagreements among management and the independent auditors relating to the preparation of financial statements;
 - the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented;

- significant financial reporting issues and judgements made relating to the preparation of the Corporation's financial statements, including any significant changes in the Corporation's selection or application of accounting principles, any major issues as to the adequacy of the Corporation's internal controls and special steps adopted in light of material control deficiencies;
- the Corporation's use of "pro forma" or "adjusted" non-GAAP information;
- critical accounting policies and practices;
- review of alternative treatments of financial information in all cases, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor;
- any written communications between the independent auditor and management (e.g. management letters, schedule of unadjusted differences);
- the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the Corporation's financial statements;
- management certifications of reports filed by the Corporation pursuant to the Regulations;
- the integrity of the Corporation's financial reporting processes;
- any correspondence with regulators or government agencies and any published reports which raise material issues regarding the Corporation's financial statements or accounting policies;
- results of the independent auditor's audit;
- discussions with the independent auditor regarding significant adjustments, management judgements and accounting estimates, significant new accounting policies, any difficulties encountered during the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management; and
- a verbal and/or written report, as appropriate, from the independent auditors describing:
 - all critical accounting policies and practices to be used;
 - all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors; and
 - other material communications between the independent auditors and management, such as the annual management letter or schedule of unadjusted differences.
- Recommend to the Board whether the audited consolidated financial statements of the Corporation should be approved by the Board.

5. Annual Proxy Statement and Regulatory Filings

The Audit Committee shall:

- issue any reports required of the Audit Committee to be included in the Corporation's annual proxy statement;
- review and recommend to the Board the approval of all material documents filed with securities regulatory agencies including:
 - consolidated annual financial statements;
 - annual information form.; and
- satisfy itself that the 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, other than the documents referred to above, and periodically assess the adequacy of those procedures.

6. Related Party Transactions and Off-Balance Sheet Structure

The Audit Committee shall:

- Review all related-party transactions including those between the Corporation and its officers or directors and, if deemed appropriate, recommend approval of any transaction to the Board;
- Review any material off-balance sheet structures which the Corporation is a party to; and
- Review the audited financial statements for the Corporation's pension plans and the costs and obligations of such plans annually.

7. Internal Controls, Risk Management and Legal Matters

The Audit Committee shall:

- consider the effectiveness of the Corporation's internal controls over financial reporting and related information technology security and control including the process to communicate such controls and roles and responsibilities;
- satisfy itself that adequate procedures are in place for the review of the issuer's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to above, and will periodically assess the adequacy of those procedures;
- discuss with management the Corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Corporation's risk assessment and risk management policies including the use of derivative financial instruments. Areas to be considered in this respect include:
 - insurance coverage;
 - foreign exchange exposure;
 - interest rate exposure; and
- review with management, and if necessary, the Corporation's counsel on a quarterly basis:
 - any legal matter which could reasonably be expected to have a material impact on the Corporation's financial statements or accounting policies; and
 - the status of all material law suits.

8. Capital Structure, Investment and Cash Management Policies, Disclosure Policy

The Audit Committee shall:

- review and recommend to the Board whether any changes to the Corporation's capital structure should be approved;
- review and approve the Corporation's investment and cash management policy; and
- review and approve the Corporation's disclosure policy.

9. "Whistle Blower" and Related Procedures

- The Audit Committee shall oversee the establishment of procedures for the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters and for the confidential and/or anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters. The identity of any person making a submission on a confidential basis shall be revealed, at a minimum, to the Chair of the Audit Committee. The identity of any such person, however, will otherwise be treated as confidential. The Committee shall also be provided with such evidence as it requests to confirm that no disciplinary action has been taken against such person; and
- Management shall report to the Audit Committee on a timely basis all discovered incidents of fraud within the Corporation, regardless of monetary value.

10. Review of Charter and Self-Assessment

The Audit Committee shall:

- Review and reassess annually the adequacy of this Charter; and
- Review annually the Audit Committee's own performance.

11. Corporate Knowledge and Other Activities

The Audit Committee shall:

- Strive to expand continually its knowledge of the Corporation's activities; and
- Carry out such other activities consistent with this Charter, the Corporation's by-laws and governing law, that the Audit Committee or the Board deem necessary or appropriate.

Other Advisors

The Audit Committee shall have the authority to retain independent legal, accounting or other advisors including consulting with the national office of the independent auditor. The Corporation shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report and to any advisors employed by the Audit Committee.

Limitations on Committee's Duties

While the Audit Committee has the responsibilities and power set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Corporation's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of either management and/or the independent auditor.

In discharging its duties, each member of the Audit Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter, including designating any member of the Committee as an "audit committee financial expert" is intended, or should be determined to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all members of the Board are subject.