



MAKING *Life* BETTER

## CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

### I. MANDATE AND RESPONSIBILITIES

The audit committee is appointed by the board of directors (the “**Board**”) of the Green Organic Dutchman Holdings Ltd. (the “**Corporation**”) to oversee the accounting and financial reporting process of the Corporation and audits of the financial statements of the Corporation. The audit committee’s primary duties and responsibilities are to:

- a. recommend to the Board the external auditor to be nominated for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Corporation;
- b. recommend to the Board the compensation of the external auditor;
- c. 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, including the resolution of disagreements between management and the external auditor regarding financial reporting;
- d. pre-approve all non-audit services to be provided to the Corporation or its subsidiaries by the Corporation’s external auditor;
- e. review the Corporation’s financial statements, MD&A and annual and interim earnings press releases before the Corporation publicly discloses this information;
- f. be satisfied that adequate procedures are in place for the review of all other public disclosure of financial information extracted or derived from the Corporation’s financial statements, and to periodically assess the adequacy of those procedures;
- g. establish procedures for:
  - 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 the Corporation of concerns regarding questionable accounting or auditing matters; and

- h. 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.

The Board and management will ensure that the audit committee has adequate funding to fulfill its duties and responsibilities.

## **II. PRE-APPROVAL OF NON-AUDIT SERVICES**

The audit committee may delegate to one or more of its members the authority to pre-approve non-audit services to be provided to the Corporation or its subsidiaries by the Corporation's external auditor. The pre-approval of non-audit services must be presented to the audit committee at its first scheduled meeting following such pre-approval.

The audit committee may satisfy its duty to pre-approve non-audit services by adopting specific policies and procedures for the engagement of the non-audit services, provided the policies and procedures are detailed as to the particular service, the audit committee is informed of each non-audit service and the procedures do not include delegation of the audit committee's responsibilities to management.

## **III. EXTERNAL ADVISORS**

The audit committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the external auditors as well as anyone in the organization. The audit committee has the ability to retain, at the Corporation's expense, special legal, accounting or other consultants or experts it deems necessary in the performance of its duties.

## **IV. EXTERNAL AUDITORS**

The external auditors are ultimately accountable to the audit committee and the Board, as representatives of the shareholders. The external auditors will report directly to the audit committee. The audit committee will:

- a. review the independence and performance of the external auditors and annually recommend to the Board the nomination of the external auditors or approve any discharge of external auditors when circumstances warrant;
- b. approve the fees and other significant compensation to be paid to the external auditors;
- c. on an annual basis, review and discuss with the external auditors all significant relationships they have with the Corporation that could impair the external auditors' independence;
- d. review the external auditors' audit plan to see that it is sufficiently detailed and covers any significant areas of concern that the audit committee may have;
- e. before or after the financial statements are issued, discuss certain matters required to be communicated to audit committees in accordance with the standards established by the Chartered Professional Accountants of Canada;
- f. consider the external auditors' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in the Corporation's financial reporting;
- g. consider the external auditors' judgments regarding any 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 external auditors;

- h. resolve any disagreements between management and the external auditors regarding financial reporting; and
- i. approve in advance all audit services and any non-prohibited non-audit services to be undertaken by the external auditors for the Corporation.

## **V. LEGAL COMPLIANCE**

On at least an annual basis, the audit committee will review with the Corporation's legal counsel any legal matters that could have a significant impact on the organization's financial statements, the Corporation's compliance with applicable laws and regulations and inquiries received from regulators or governmental agencies.

## **VI. COMPLAINTS**

Individuals are strongly encouraged to approach a member of the audit committee with any complaints or concerns regarding accounting, internal accounting controls or auditing matters. The audit committee will from time to time establish procedures for the submission, receipt and treatment of such complaints and concerns. In all cases the audit committee will conduct a prompt, thorough and fair examination, document the situation and, if appropriate, recommend to the Board appropriate corrective action.

To the extent practicable, all complaints will be kept confidential. The Corporation will not condone any retaliation for a complaint made in good faith.