



ECOLOMONDO
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Governance

Audit Committee of the Board of Directors Charter

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I. Purpose

Assisting the Board. The Audit Committee is created by and from the Board of Directors (the “Board”) of Ecolomondo Corporation (“Ecolomondo”, or the “Company”) for the primary purpose of assisting the Board in overseeing the following matters:

- The integrity of the Company’s financial statements, accounting and financial reporting processes and financial statement audits;
- The Company’s compliance with regulatory requirements and legal financial aspects;
- The registered public accounting firm’s (independent auditor’s) qualifications and independence;
- The performance of the Company’s independent auditor and internal audit department; and
- The Company’s system of disclosure controls, procedures, internal controls over financial reporting, and compliance with ethical standards adopted by the Company.

Continuous improvement. The Audit Committee shall encourage continuous improvement of and adherence to the Company’s policies, procedures and practices at all levels.

Fostering communications. The Audit Committee shall also provide for open communication among the independent auditor, financial officers and senior management, the internal audit department, and the Board of Directors.

II. Authority

Authority. The Audit Committee has the authority to:

- Conduct investigations into any matters within its scope of responsibility;
- Obtain advice and assistance from outside legal, accounting, or other advisers, as necessary to perform its duties and responsibilities;
- Meet with and seek any information it requires from employees, officers, directors, or external parties; and
- Select and retain the Company’s independent auditors and accountants.

Funding. The Company will provide appropriate funding, as determined by the Audit Committee, for compensation to the independent auditor, any other advisers that the Audit Committee chooses to engage, and for the payment of ordinary administrative expenses of the Audit Committee that are necessary and appropriate in carrying out its duties.

III. Composition

Number of members. The Audit Committee will include three or more independent directors as determined by the Board.

Appointment. Committee members will be appointed by the Board during the Board's first meeting following the Company's annual shareholders meeting. The Committee members shall serve until their successors are elected and qualified.

Independence. Each Audit Committee member will meet the applicable standards of independence and the determination of independence will be made by the Board.

Financial literacy. All members of the Committee must comply with all financial-literacy requirements of the securities exchange(s) on which the Company is listed. To help meet these requirements, the Audit Committee will provide its members with annual continuing education opportunities in financial reporting and other areas relevant to the Audit Committee.

Financial expert. At least one member of the Committee will qualify as an "Audit Committee financial expert" as defined by the securities exchange(s) on which the Company is listed and will be determined as such by the Board.

Chairperson. Unless a chairperson is elected by the full Board, the members of the Committee may designate one of its members as a chairperson by majority vote.

IV. Meetings

Frequency. The Committee will meet at least quarterly, or more frequently as circumstances dictate.

Agenda. The Committee chairperson will approve the agenda for the Committee's meetings and any member may suggest items for consideration.

Materials. Briefing materials will be provided to the Committee as far in advance of meetings as practicable.

Executive session. Each regularly scheduled meeting will conclude with an executive session of the Committee absent members of management.

Other meetings. To foster open communication, the Committee will meet periodically with management, the director of the internal audit department, and the independent auditor in separate executive sessions. In addition, the Committee will meet with the independent auditor and management to discuss the annual audited financial statements and quarterly financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" (or "MD&A").

V. Responsibilities and duties

Documents, reports and accounting information. The Audit Committee must review the Company's financial statements, MD&A, and annual and interim profit or loss press releases before the Company discloses such information and in furtherance of this it shall:

1. *Charter.* Review this Charter at least annually and recommend to the Board of Directors any necessary or desirable amendments;
2. *Financial reports and information.* Meet with management and the independent auditor to review and discuss:
 - a. the Company's annual financial statements and quarterly financial statements (prior to the Company's filings to government authorities or release of earnings);
 - b. internal control and other relevant reports; and
 - c. financial information submitted by the Company to any governmental body or the public, including management certifications and relevant reports rendered by the independent auditor (or summaries thereof).
3. *Financial statements.* Recommend to the Board whether the financial statements should be approved and included in the annual report with filings to the governmental authorities;
4. *Information and press releases.* Discuss press release reporting on earnings. Discuss financial information and earnings information provided to analysts and rating agencies, including the type of information to be disclosed and the presentation of information, paying particular attention to any pro forma or adjusted non-generally accepted accounting principles ("GAAP") information. The Audit Committee must be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure made through the release of its financial statements, MD&A and annual or interim profit or loss press releases, and must periodically assess the adequacy of those procedures; and
5. *Internal reports.* Review the regular internal reports to management prepared by the internal audit department, as well as management's response.

Independent auditor. The Audit Committee shall:

1. *Overview.* Appoint, and recommend that the Board submit for shareholder approval, the independent auditor for the purpose of preparing and issuing an audit report and related work, the compensation of said external auditor, and oversee all work performed by the independent auditor;
2. *Supervision.* Review the performance and independence of the independent auditor and remove the independent auditor if circumstances warrant. The independent auditor will report directly to the Audit Committee and the Audit Committee will oversee the resolution of disagreements between management and the independent auditor if they arise;

3. *Independence.* Actively engage in dialogue with the independent auditor with respect to any disclosed relationships or services that may affect the independence and objectivity of the auditor and take appropriate actions to oversee the independence of the independent auditor;
4. *Approval of services.* Review and approve both audit and nonaudit services to be provided by the independent auditor. The authority to grant preapprovals may be delegated to one or more designated members of the Audit Committee, whose decisions will be presented to the full Audit Committee at its next regularly scheduled meeting;
5. *Non-audit services.* Consider whether the auditor's provision of permissible nonaudit services is compatible with the auditor's independence;
6. *Canadian Public Accountability Board ("CPAB").* Discuss with the independent auditor the matters required to be reviewed under the standards of the CPAB;
7. *Auditor difficulties.* Review with the independent auditor any problems, difficulties and management's response;
8. *Meetings.* Hold timely discussions with the independent auditor regarding:
 - a. Critical accounting policies and practices
 - b. Alternative treatments of financial information within generally accepted accounting principles related to material items that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor
 - c. Other material written communications between the independent auditor and management, including, but not limited to, the management letter and schedule of unadjusted differences.
9. *Report.* At least annually, obtain and review a report by the independent auditor describing:
 - a. The independent auditor's internal quality-control procedures
 - b. Any material issues raised by the most recent internal quality-control review or peer review, or by any inquiry or investigation by governmental or professional authorities within the preceding five years with respect to independent audits carried out by the independent auditor, and any steps taken to deal with such issues
 - c. All relationships between the independent auditor and the Company.

This report should be used to evaluate the independent auditor's qualifications, performance and independence.
10. *Personnel of auditor.* Set policies consistent with governing laws and regulations, including but not limited to, the review and approval of the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.

Financial reporting processes, accounting policies, and internal control structure. The Audit Committee shall:

1. *Reporting processes.* In consultation with the independent auditor and the internal audit department, review the integrity of the Company's financial reporting processes, both internal and external;
2. *Disclosure and Internal controls.* Periodically review the adequacy and effectiveness of the Company's disclosure controls and procedures and the Company's internal control over financial reporting, including any significant deficiencies and significant changes in internal controls;
3. *Scope.* Understand the scope of the internal and independent auditors' review of internal control over financial reporting and obtain reports on significant findings and recommendations, together with management responses;

4. *Deficiencies or fraud.* Receive and review any disclosure from the Company's CEO and CFO made in connection with the certification of the Company's quarterly and annual reports filed with the governmental authorities of: a) significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize, and report financial data; and b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls;
5. *Issues.* Review major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles; major issues as to the adequacy of the Company's internal controls; and any special audit steps adopted in light of material control deficiencies;
6. *Analyses.* Review analyses prepared by management and the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP and audit methods on the financial statements;
7. *Initiatives.* Review the effect of regulatory and accounting initiatives, as well as off-balance-sheet structures, on the financial statements of the Company;
8. *Related-party transactions.* Review and approve, if the Audit Committee finds it suitable, related-party transactions, required to be disclosed; and
9. *Complaints.* Establish and oversee procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting controls, or auditing matters, including procedures for confidential, anonymous submissions by Company employees regarding questionable accounting or auditing matters.

Internal Audit. The Audit Committee shall:

1. *Internal audit director.* Review and advise on the selection and removal of the internal audit director;
2. *Overview.* Review the activities and organizational structure of the internal audit department, as well as the qualifications of its personnel;
3. *Audit charter.* Review annually and recommend changes (if any) to the internal Audit Committee Charter;
4. *Difficulties.* Periodically review, with the internal audit director, any significant difficulties, disagreements with management, or scope restrictions encountered in the course of the internal audit department's performing its duties; and
5. *Review.* Periodically review, with the independent auditor, the internal audit department's responsibility, budget, and staffing.

Ethical compliance, legal compliance, and risk management. The Audit Committee shall:

1. *Code of business conduct and ethics.* Oversee, review, and periodically update the Company's Code of business conduct and ethics and the Company's system to monitor compliance with and enforce this code;
2. *Legal.* Review, with the Company's counsel, legal compliance and legal matters that could have a significant impact on the Company's financial statements;
3. *Risk management.* Discuss policies with respect to risk assessment and risk management, including appropriate guidelines and policies to govern the process, as well as the Company's major financial risk exposures and the steps management has undertaken to control them; and

4. *Internal controls.* Consider the risk of management's ability to override the Company's internal controls.

Reporting. The Audit Committee shall:

1. *Reporting.* Report regularly to the Board regarding the execution of the Audit Committee's duties, responsibilities, activities, any issues encountered, and related recommendations;
2. *Financial statements.* Recommend to the Board that the audited financial statements be approved and included in the Company's annual report on filings with the governmental authorities and shareholders; and
3. *Proxy statement.* Review and approve any reports that the governmental authorities require to be included in the Company's annual proxy statement.

Other responsibilities. The Audit Committee shall:

1. *Improvements.* Discuss with the independent auditor, the internal audit department and management, the extent to which changes or improvements in financial or accounting practices have been implemented;
2. *Finance department.* Review with management the Company's finance department, including its budget, organization, and quality of personnel;
3. *Self-assessment.* Conduct an annual performance assessment relative to the Audit Committee's purpose, duties, and responsibilities outlined herein; and
4. *Others.* Perform any other activities consistent with this Charter, the Company's bylaws, and governing laws that the Board or Audit Committee determines are necessary or appropriate.

► Approved and adopted

APPROVED AND ADOPTED: December 2019.

Approved by Ecolomondo's Board of Directors