



**PARK LAWN CORPORATION  
(THE "CORPORATION")**

***CHARTER OF THE AUDIT COMMITTEE***

This Charter of the Audit Committee (the "**Charter**") was adopted by the board of directors of the Corporation on August 25, 2020 and replaces the previous Charter of the Audit Committee of the Corporation.

**1. Purpose**

The Audit Committee (the "**Committee**") is a committee of the Board of Directors (the "**Board**") of the Corporation. The Committee assists the Board in fulfilling its oversight responsibilities by overseeing the Corporation's financial controls and reporting and monitoring whether the Corporation complies with financial covenants and legal and regulatory requirements governing financial disclosure matters and financial risk management, including evaluating and making recommendations to the Board as appropriate with respect to:

- financial reporting;
- the external auditors, including performance, qualifications, independence, and their audit of the Corporation's financial statements;
- the performance of the Corporation's internal audit function;
- internal controls and disclosure controls;
- financial risk management;
- the Corporation's Code of Business Conduct and Ethics (the "**Code**"); and
- related-party transactions.

The Audit Committee will also have authority to review and, in its discretion, approve certain matters, in accordance with and within the limitations prescribed by this Charter.

The Audit Committee's primary function is to assist the Board in fulfilling its responsibilities. It is, however, the Corporation's management which is responsible for preparing the Corporation's financial statements and it is the Corporation's external auditors who are responsible for auditing those financial statements.

**2. Composition and Member Qualification**

The Committee should be comprised of a minimum of three directors of the Corporation.

All members of the Committee must (except to the extent permitted by NI 52-110 – *Audit Committees*, as it may be amended or replaced from time to time ("**NI 52-110**")) be independent

(as defined by NI 52-110), and free from any relationship that, in the view of the Board, could be reasonably expected to interfere with the exercise of his or her independent judgment as a member of the Committee.

All members of the Committee must be financially literate (which is defined as the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements).

The members of the Committee and the chair of the Committee (the "**Chair**") are appointed by the Board on an annual basis (or until their successors are duly appointed), and shall hold office until the next annual meeting. Any member of the Committee may be removed or replaced at any time by the Board and will cease to be a member of the Committee on ceasing to be a director of the Corporation. The Board may fill vacancies on the Committee by election from among the Board. If and whenever a vacancy will exist on the Committee, the remaining members may exercise all powers of the Committee so long as a quorum remains.

### **3. Limitations on Committee's Duties**

In contributing to the Committee's discharge of its duties under this Charter, each member of the Committee will be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter is intended or may be construed as imposing 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 any member of the Board may be otherwise subject.

Members of the Committee are entitled to rely, absent actual knowledge to the contrary, on (i) the integrity of the persons and organizations from whom they receive information, (ii) the accuracy and completeness of the information provided, (iii) representations made by management of the Corporation ("**Management**") as to the non-audit services provided to the Corporation by the external auditor, (iv) financial statements of the Corporation represented to them by a member of Management or in a written report of the external auditors to present fairly the financial position of the Corporation in accordance with applicable generally accepted accounting principles, and (v) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

### **4. Meetings**

The Committee shall meet regularly, but not less frequently than quarterly, and more frequently if circumstances require. A quorum for the transaction of business at any meeting of the Committee will be the presence in person or via tele- or video-conference of a majority of the members of the Committee or such greater number as the Committee may by resolution determine. If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, the quorum for the adjourned meeting will consist of the members then present.

The Committee will keep minutes of each meeting of the Committee. A copy of the minutes will be provided to each member of the Committee.

Meetings of the Committee will be held from time to time and at such place as any member of the Committee will determine upon two days' prior notice to each of the other Committee members. The members of the Committee may waive the requirement for notice. A notice of a meeting of the Committee may be given verbally, in writing or by telephone, fax or other means of communication, and need not specify the purpose of the meeting. In addition, any member of the Committee the Chair of the Board, and each of the Chief Executive Officer, the Chief Financial Officer and the external auditor will be entitled to request that the Chair call a meeting.

The Committee may ask members of Management and employees of the Corporation (including, for greater certainty, its affiliates and subsidiaries) or others (including the external auditor) to attend meetings and provide such information as the Committee requests. Members of the Committee will have full access to information of the Corporation (including, for greater certainty, its affiliates, subsidiaries and their respective operations) and will be permitted to discuss such information and any other matters relating to the results of operations and financial position of the Corporation with Management, employees, the external auditor and others as they consider appropriate.

The Committee or its Chair should meet at least once per year with Management and the external auditor in separate sessions to discuss any matters that the Committee or either of these groups desires to discuss privately. In addition, the Committee or its Chair should meet with Management quarterly in connection with the Corporation's interim financial statements.

The Committee shall meet *in camera*, without management, at each meeting of the Committee, and otherwise as considered appropriate by the members of the Committee. Any member of the Committee may move the Committee *in camera* at any time during the course of a meeting, and a record of any decisions made *in camera* shall be maintained by the Chair of the Committee.

The Committee will determine any desired agenda items.

## **5. Committee Activities**

As part of its function in assisting the Board in fulfilling its oversight responsibilities (and without limiting the generality of the Committee's role), the Committee will have the power and authority to:

### **A. Financial Disclosure**

- (a) Review and recommend for Board approval the Corporation's interim financial statements, including any certification, report, opinion or review rendered by the external auditor and the related management's discussion & analysis and press release.
- (b) Review and recommend for Board approval the Corporation's annual financial statements, including any certification, report, opinion or review rendered by the external auditor, the annual information form and the related management's discussion & analysis and press release.

- (c) Review and approve any other press releases that contain financial information and such other financial information of the Corporation provided to the public or any governmental body as the Committee requires.
- (d) Satisfy itself that adequate procedures have been put in place by Management for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and the related management's discussion & analysis.
- (e) Before the release of financial statements and related disclosures to the public, obtain confirmation from the Chief Executive Officer and Chief Financial Officer as to the matters addressed in the certifications required by the securities regulatory authorities.
- (f) Review any litigation, claim or other contingency and any regulatory or accounting initiatives that could have a material effect upon the financial position or operating results of the Corporation and the appropriateness of the disclosure thereof in the documents reviewed by the Committee.
- (g) Receive periodically Management reports assessing the adequacy and effectiveness of the Corporation's disclosure controls and procedures.

**B. Internal Control**

- (a) Review Management's process to identify and manage the significant risks associated with the activities of the Corporation.
- (b) Review the effectiveness of the internal control systems for verifying the accuracy of financial records and monitoring compliance with financial disclosure matters, financial risk management, laws and regulations.
- (c) Have the authority to communicate directly with the internal auditor (if any).
- (d) Receive periodical Management reports assessing the adequacy and effectiveness of the Corporation's internal control systems, including with respect to the integrity and quality of the Corporation's financial statements and other financial information.
- (e) Assess the overall effectiveness of the internal control and risk management frameworks through discussions with Management, the internal auditor (if any) and the external auditors and assess whether recommendations made by the internal auditor (if any) or the external auditors have been implemented by Management.
- (f) In consultation with the Corporate Governance and Nominating Committee, oversee management's disclosure controls and procedures regarding the Corporation's financial information to confirm that the Corporation's financial information that is required to be disclosed under applicable law or stock exchange rules is disclosed.

- (g) Review any special audit steps adopted in light of material control deficiencies.

**C. Relationship with the External Auditor**

- (a) Recommend to the Board the selection of the external auditor and the fees and other compensation to be paid to the external auditor.
- (b) Have the authority to communicate directly with the external auditor and the Chief Financial Officer of the Corporation and arrange for the external auditor to be available to the Committee and the Board as needed.
- (c) Oversee the work of the external auditors 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 auditors regarding financial reporting,
- (d) Require, in accordance with applicable law, that the external auditors report directly to the Committee Advise and not to Management.
- (e) Monitor the relationship between Management and the external auditor, including reviewing any Management letters or other reports of the external auditor, discussing any material differences of opinion between Management and the external auditor, any audit problems or difficulties experienced by the external auditor in performing the audit, and resolving disagreements between the external auditor and Management.
- (f) Review and discuss with the external auditor all critical accounting policies and practices to be used in the Corporation's financial statements, all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, the ramifications of the use of such alternative treatments and the treatment preferred by the external auditor.
- (g) Review any major issues regarding accounting principles and financial statement presentation with the external auditor and management, including any significant changes in the Corporation's selection or application of accounting principles and any significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements.
- (h) If considered appropriate, establish separate systems of reporting to the Committee by each of Management and the external auditor.
- (i) Review and discuss on an annual basis with the external auditor all significant relationships they have with the Corporation, Management, the external asset manager or employees that might interfere with the independence of the external auditor.
- (j) Pre-approve all non-audit services (or delegate such pre-approval, as the Committee may determine and as permitted by applicable securities laws) to be provided by the external auditor.

- (k) Review the performance of the external auditor and recommend any discharge of the external auditor when the Committee determines that circumstances warrant.
- (l) Periodically consult with the external auditor without Management present about (i) any significant risks or exposures facing the Corporation, (ii) internal controls and other steps that Management has taken to control such risks, and (iii) the completeness and accuracy of the financial statements of the Corporation, including the adequacy of internal controls to expose any payments, transactions or procedures that might be deemed illegal or otherwise improper.
- (m) Review and approve any proposed hiring of current or former partners or employees of the current (and any former) external auditor of the Corporation.
- (n) Consider any matter required to be communicated to the Audit Committee by the external auditors under applicable generally accepted auditing standards, applicable law and listing standards, including the auditor's report to the Audit Committee (and management's response thereto).

**D. Audit Process**

- (a) Review the scope, plan and results of the external auditor's audit and reviews, including the auditor's engagement letter, the post-audit management letter, if any, and the form of the audit report. The Committee may authorize the external auditor to perform supplemental reviews, audits or other work as deemed desirable.
- (b) Following completion of the annual audit and quarterly reviews, review separately with each of Management and the external auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and, if applicable, reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditor received during the course of the audit and, if applicable, reviews.
- (c) Review any significant disagreements among Management and the external auditor in connection with the preparation of the financial statements.
- (d) Where there are significant unsettled issues between Management and the external auditor that do not affect the audited financial statements, the Committee will seek to ensure that there is an agreed course of action leading to the resolution of such matters.
- (e) Review with the external auditor and Management significant findings and the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented.
- (f) Review the system in place to seek to ensure that the financial statements, management's discussion & analysis and other financial information disseminated to regulatory authorities and the public satisfy applicable requirements.

**E. Financial Reporting Processes**

- (a) Review the integrity of the Corporation's financial reporting processes, both internal and external, in consultation with the external auditor.
- (b) Periodically consider the need for an internal audit function, if not present.
- (c) Review all material balance sheet issues, material contingent obligations and material related party transactions.
- (d) Review with Management and the external auditor the Corporation's accounting policies and any changes that are proposed to be made thereto, including all critical accounting policies and practices used, any alternative treatments of financial information that have been discussed with Management, the ramification of their use and the external auditor's preferred treatment and any other material communications with Management with respect thereto. Review the disclosure and impact of contingencies and the reasonableness of the provisions, reserves, estimates and special issues (e.g., major transactions, changes in the selection or application of accounting policies, off-balance sheet items, effect of regulatory and financial initiatives) that may have a material impact on financial reporting.
- (e) Review and approve, if appropriate, major changes to the Corporation's accounting principles and practices as suggested by management with the concurrence of the external auditors.

**6. General**

- (a) Inform the Board of matters that may significantly impact on the financial condition or affairs of the business.
- (b) Respond to requests by the Board with respect to the functions and activities that the Board requests the Committee to perform.
- (c) Periodically review this Charter and, if the Committee deems appropriate, recommend to the Board changes to this Charter.
- (d) Review the public disclosure regarding the Committee required from time to time by NI 52-110.
- (e) Review in advance, and approve, the hiring and appointment of the Corporation's Chief Financial Officer.
- (f) Establish and oversee the effectiveness of procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing under the Corporation's whistleblower policy.
- (g) Perform any other activities as the Committee or the Board deems necessary or appropriate.

## **7. Responsibilities of Committee Chair**

The primary responsibility of the Chair of the Audit Committee is to be responsible for the management and effective performance of the Committee and provide leadership to the Committee in fulfilling this Charter and any other matters delegated to it by the Board. To that end, the Committee Chair's duties and responsibilities shall include:

- (a) Working with the Chair of the Board and the Chief Executive Officer to establish the frequency of Committee meetings and the agendas for such meetings.
- (b) Providing leadership to the Committee and presiding over Committee meetings.
- (c) Facilitating the flow of information to and from the Committee and fostering an environment in which the Committee members may ask questions and express their viewpoints.
- (d) Reporting to the Board with respect to the significant activities of the Committee and any recommendations made by the Committee.
- (e) Taking such other steps as are reasonably required to ensure that the Committee carries out this Charter.

## **8. Other Organizational Matters**

The members and the Chair of the Committee shall be entitled to receive remuneration for acting in such capacity as the Board may from time to time determine.

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to:

- (a) with the prior approval of the Chair of the Board, engage, select, retain, terminate, set and approve the fees and other compensation and other retention terms of special or independent counsel, accountants or other advisors, as it deems appropriate;
- (b) subject to the prior approval of the Chair of the Board, obtain appropriate funding to pay, or approve the payment of, such approved fees at the expense of the Corporation; and
- (c) communicate directly with the internal and external auditors.

The Committee shall have full access to books, records, facilities, and personnel of the Corporation, as it deems necessary to carry out its duties.

The Committee's performance shall be evaluated annually, in accordance with a process developed by the Corporate Governance and Nominating Committee and approved by the Board, and results of that evaluation shall be reported to the Corporate Governance and Nominating Committee and to the Board.