

AUTOMOTIVE INDUSTRIES ASSOCIATION OF CANADA FINANCE AND AUDIT COMMITTEE CHARTER

PART I.

COMMITTEE STRUCTURE

1. PURPOSE OF COMMITTEE

The Finance and Audit Committee is established by the Board of Directors to assist the Board in fulfilling its responsibilities with respect to the integrity of the Association's financial statements, reports and financial reporting process. In so doing, it is the responsibility of the Committee to maintain free and open communication between the Board, the external auditors and management of the Association and monitor their performance, recognizing that the external auditors are ultimately responsible to the Committee, the Board and the members of the Association.

The Finance and Audit Committee has also been charged with reviewing a long term financial plan and strategy that secures the financial viability and growth of the Association

COMPOSITION OF COMMITTEE

The Committee shall consist of as many members as the Committee chair with approval from the Board of Directors shall determine as required but must include at least one Board director, one non-director and the Association President as an ex-officio member. At least two members of the committee (the chair may be counted in this number) must have direct accounting or financial experience. All committee members must be financially literate.

APPOINTMENT AND REMOVAL OF COMMITTEE MEMBERS

PART II.

The Chairperson for the Finance and Audit Committee will be appointed by the association's Board of Directors. The committee members will be appointed and/or removed by the Finance and Audit Committee Chair. All committee members, including the Chair, will be appointed for a two- year term.

COMMITTEE OPERATIONS

1. VACANCIES

Where a vacancy occurs in the membership of the Committee, it may be filled by the Finance and Audit Committee chair. .

2. COMMITTEE CHAIR

The Board chair shall appoint a Chair for the Committee. The Chair may be removed and replaced by the Board chair.

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3. ABSENCE OF CHAIR

If the Chair is not present at a meeting of the Committee, one of the other members of the Committee present at the meeting shall be chosen by the Committee to preside at the meeting.

4. SECRETARY OF COMMITTEE

Members of the Committee shall designate from time to time a person who may, but need not be, a member of the Committee, to be secretary of the Committee. The secretary shall keep minutes of the meetings of the Committee.

5. REGULAR MEETINGS

The Chair, in consultation with the Committee members, shall determine the schedule and frequency of the Committee meetings, provided that the Committee shall meet at least twice per year. The Committee may, at any time, and at each regularly scheduled Committee meeting shall, meet without the presence of management .Every meeting agenda will have an in-camera session.

6. SPECIAL MEETINGS

The Chair, or any two members of the Committee, may call a special meeting of the Committee.

7. QUORUM

A majority of the members of the Committee present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak to each other shall constitute a quorum.

8. NOTICE OF MEETINGS

Notice of the time and place of every meeting shall be given in writing or by e-mail or facsimile communication to each member of the Committee at least one week prior to the time fixed for such meeting; provided, however, that a member may in any manner waive a notice of a meeting and attendance of a member at a meeting is a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

9. AGENDA

The Chair shall develop and set the Committee's agenda in consultation with other members of the Committee, the Board and management. The agenda and information concerning the business to be conducted at each Committee meeting shall, to the extent practical, be communicated to the members of the Committee sufficiently in advance of each meeting to permit meaningful review.

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10. DELEGATION

The Committee shall have the power to delegate its authority and duties to subcommittees or individual members of the Committee, as it considers appropriate.

11. ACCESS

In discharging its responsibilities, the Committee shall have full access to all books, records, facilities and personnel of the Association. All such requests must be made in writing to the Association President with at least 48 hours notice.

12. ATTENDANCE OF OFFICERS OR EMPLOYEES AT A MEETING

At the invitation of the Chair, one or more officers or employees of the Association may, and if required by the Committee shall, attend a meeting of the Committee.

13. PROCEDURE, RECORDS AND REPORTING

The Committee shall fix its own procedure at meetings, keep records of its proceedings and report to the Board on its activities when the Committee may deem appropriate but no later than the next meeting of the Board.

14. OUTSIDE CONSULTANTS OR ADVISORS

The Committee may, subject to Board approval, retain, at the Association's expense, outside consultants or advisors to assist or advise the Committee independently on any matter within its mandate.

15. CONFIDENTIALITY AGREEMENT

All members of the Finance and Audit committee shall upon their appointment, and prior to attending their first meeting, sign a confidentiality agreement pertaining to all documents relating to the Association that they may receive, review or examine as part of their role as a committee member or Chair.

PART III.

MANDATE OF COMMITTEE

1. MONITORING THE PRESENTATION OF FINANCIAL INFORMATION

The Committee shall:

- a) verify the quality and integrity of: accounting procedures and the process for presenting financial information; controls and the procedures for disclosing information; and the Association's internal control systems by means of discussions with management and external auditors;

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- b) review with management and the external auditors and recommend to the Board for approval the annual audited financial statements, including information provided in the Association's Management Report and annual and interim earnings press releases, prior to their publication, filing or circulation;
- c) review with management and recommend to the Board for approval the audited financial statements of the Association and related information, including information provided in the Association's Management Report, prior to their publication, filing and communication, and review the level and type of financial information communicated, on occasion, to the financial markets.
- d) review with the external auditors and management the quality, relevancy and the communication of the Association's accounting principles and policies and the underlying hypothesis and practices with regards to the presentation of information as well as, proposed amendments to the above;
- e) review the analyses and other written communications prepared by management or the external auditors raising important questions regarding the presentation of the financial information and the decisions taken in the preparation of the financial statements, including, the analyses of the impact of using other accounting methods, in accordance with generally accepted accounting principles, on the financial statements;
- f) review the results of the external audit, any problems that caught the attention of the auditors during the audit as well as, the reaction or plan of action of management with regards to all letters of recommendation of the external auditors and all important recommendations submitted.

2. MONITOR THE MANAGEMENT OF RISK AND INTERNAL CONTROLS

The Committee shall:

- a) receive and review, an annual report outlining compliance on key financial policies and procedures. If this report is part of the audited statements a copy should be provided to the committee, if not then a separate report should be developed.
- b) examine the adequacy of insurance coverage each year and as needed;
- c) review the evaluation and risk management policies of the Association, including the Association's policies with regards to credit;
- d) manage, review and recommend, when deemed advisable, the Associations Whistleblower Procedures for staff and volunteers.
- e) request that a special audit be undertaken, as needed;
- f) review the litigations, claims or contingent liabilities, regulatory or accounting initiatives that may influence, in a significant manner, the financial situation or results of the Association and verify the relevancy of their communication in the documents examined by the Committee. In addition, the Committee must

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ensure the Association has appropriate procedures to cover any such litigations, claims or liabilities.

3 MONITORING THE EXTERNAL AUDITORS

The Committee shall:

- a) recommend to the Board the appointment of the external auditors and, if required, their removal (in each case, subject to member approval), evaluate and recommend the approval of the remuneration of the auditors, as well as, review their qualifications and their independence;
- b) approve all the auditing services provided by the external auditors of the Association or its subsidiaries, determine the services, other than auditing services, that the external auditors are not authorized to provide and review and approve in advance all non-audit services that the external auditors are authorized to provide and the fees for such services;
- c) ensure that the external auditors report freely to the Committee and the Board;
- d) discuss with the external auditors the compliance of the Association's accounting principles as well as their quality, including (i) all essential accounting practices and policies used, (ii) other ways of treating the financial information that is the subject of discussions with management, the scope of their usage and the treatment preferred by the external auditors and (iii) all other important written communications between the Association and the external auditors (including any disagreements with management) and to report to the Board on such meetings;
- e) review, at least once a year, the external auditor's report describing their internal quality control procedures, all important questions raised at the last internal quality control review of their firm or, on occasion, during a control by their peers or at the time of an investigation by governmental or professional authorities in the preceding five years, relating to one or more audit mandates executed by the auditors, as long as the documents are available, and the solutions implemented pursuant to such review;
- f) review, at least once a year, the official disclosure report of the external auditors describing all their relations with the Association and confirming their independence, and have discussions with the external auditors with regards to the relations or services that may influence their objectivity or their independence;
- g) oversee the work of the external auditor including, the resolution of disagreements between management and the external auditor regarding financial reporting;
- h) ensure that the Committee has, at all times, direct communications with the external auditor and meets separately with the external auditors, in the absence of management, at the scheduled audit review meeting.

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4 REVIEW OF FINANCINGS AND/OR INVESTINGS

Review the appropriateness and the conditions of financings and investments in accordance with the Board approved investment policy and established internal controls.

5 LIMITATION OF RESPONSIBILITY

Although the Committee has the responsibilities and powers established by the present Charter, it is not obligated to plan or conduct the audits or to determine if the financial statements of the Association are complete and accurate and if they are in compliance with generally accepted accounting principles. This responsibility rests with management and the external auditors.

No provision of the present Charter assigns to the Committee the Board's responsibility of ensuring that the Association respects all laws or applicable regulations or to extend the scope of the standards that apply to the liability of the directors or the members of the Committee pursuant to legal or regulatory requirements. Even if the Committee has a precise mandate and its members may have financial experience, they do not have the obligation to act as auditors or to conduct an audit, nor to determine if the financial statements of the Association are complete and accurate. The members of the Committee have the right to rely upon, absent information to the contrary, (i) the integrity of the persons and the organizations that submit information to them, (ii) the exactness and integrity of the information provided, and (iii) the representations made by management regarding services, other than auditing services, that the external auditors provide to the Association. The Committee has not been given the responsibility to monitor so that it may determine independently if (i) management applied the proper principles with regards to accounting or the presentation of the financial information or proper internal controls and procedures or (ii) the financial statements of the Association were reviewed and, where applicable, audited according to generally accepted accounting principles.

6. REVIEW OF COMMITTEE'S CHARTER

The Committee shall assess the adequacy of this Charter on an annual basis and recommend any changes to the Board.

7. NON-EXHAUSTIVE LIST

The foregoing list of duties is not exhaustive and the Committee may, in addition, perform such other functions as may be necessary or appropriate for the performance of its responsibilities, or as required by the Board.