



**AUDIT AND FINANCE COMMITTEE  
MANDATE**

**September 17, 2019**

## **CERES GLOBAL AG CORP.**

### **AUDIT AND FINANCE COMMITTEE MANDATE**

#### **1. General.**

The board of directors (the "Board") of Ceres Global Ag Corp. (the "Corporation") has delegated the responsibilities, authorities and duties described below to the Audit and Finance Committee (the "Audit and Finance Committee").

The principal functions of the Audit and Finance Committee are to appoint, compensate and oversee the Corporation's external auditors; to review and approve the annual financial statements, management's discussion and analysis accompanying such financial statements, and all legally required continuous and public disclosure documents containing financial information about the Corporation before they are submitted to the Board for approval and filed with securities regulatory authorities; to review and approve the interim financial statements, management's discussion and analysis accompanying such financial statements, and all legally required continuous and public disclosure documents containing financial information about the Corporation before they are filed with securities regulatory authorities; to review and approve the adequacy of internal accounting controls and the quality of financial reporting procedures and systems; to examine the presentation and impact of key financial and other significant risks that may be material to the Corporation's financial reporting; to review and approve the risk management corporate policies and oversee the risk management function of the Corporation; and to review and approve the nature and scope of the annual audit and review the results of the external auditors' examination. The Audit and Finance Committee reports its findings with respect to such matters to the Board. In so doing, the Audit and Finance Committee will comply with all applicable securities laws, rules and guidelines, any applicable stock exchange requirements and guidelines, and any other applicable regulatory requirements.

#### **2. Members**

The Audit and Finance Committee shall be composed of a minimum of three members. Every Audit and Finance Committee member must be a director of the Corporation. Members of the Audit and Finance Committee shall be appointed by the Board. The quorum at any meeting of the Audit and Finance Committee is a majority of its members. Each member shall serve until such member's successor is appointed unless that member resigns or is removed by the Board or otherwise ceases to be a director of the Corporation. The Board shall fill any vacancy if the membership of the Audit and Finance Committee is less than three directors. The Chair of the Audit and Finance Committee may be designated by the Board or, if it does not do so, the members of the Audit and Finance Committee may elect a Chair by vote of a majority of the full Audit and Finance Committee membership. The Chair shall not have a second, or casting, vote. The Chair of the Audit and Finance Committee shall be responsible for overseeing the performance by the Audit and Finance Committee of its duties, for assessing the effectiveness of the Audit and Finance Committee and individual Audit and Finance Committee members and for reporting periodically to the Board.

All members of the Audit and Finance Committee must satisfy the independence, financial literacy and experience requirements of applicable Canadian securities laws, rules and guidelines, any applicable stock exchange requirements and guidelines, and any other applicable regulatory requirements. In particular, each member shall be "independent" and "financially literate" within the meaning of National Instrument 52-110 – *Audit Committees*.

#### **3. Meetings**

The Audit and Finance Committee shall meet as many times per year as necessary to carry out its responsibilities and shall meet at least quarterly at such times and at such locations as the Chair of the Audit and Finance Committee shall determine, provided that meetings shall be scheduled so as to permit the timely review of the Corporation's interim and annual financial statements, the notes thereto and the related management's discussion and analysis accompanying such financial statements. Notice of every meeting shall be given to the external auditors, who shall, at the expense of the Corporation, be entitled to attend and to be heard thereat. The external auditors or any member of the Audit and Finance Committee

may also request a meeting of the Audit and Finance Committee.

The Chair of the Audit and Finance Committee shall hold in camera sessions of the Audit and Finance Committee, without management present, at every meeting.

The external auditors are entitled to attend and be heard at any meeting of the Audit and Finance Committee. In addition, management employees of the Corporation shall, when required by the Audit and Finance Committee, attend any meeting of the Audit and Finance Committee.

The Audit and Finance Committee shall submit the minutes of all meetings to the Board, and when requested to, shall discuss the matters discussed at each Audit and Finance Committee meeting with the Board.

#### **4. Committee Charter**

The Audit and Finance Committee shall have a written charter that sets out its mandate and responsibilities and the Audit and Finance Committee shall review and assess the adequacy of such charter and the effectiveness of the Audit and Finance Committee at least annually or otherwise, as it deems appropriate, and propose recommended changes to the Board for its approval. Unless and until replaced or amended, this mandate constitutes that charter.

#### **5. Duties of the Audit and Finance Committee**

##### **(a) General**

The overall duties of the Audit and Finance Committee shall be to:

- (i) assist the Board in the discharge of its duties relating to the Corporation's accounting policies and practices, reporting practices and internal controls;
- (ii) establish and maintain a direct line of communication with the Corporation's external auditors and assess their performance;
- (iii) oversee the work of the external auditors, which shall be responsible to report directly to the Audit and Finance Committee, including resolution of disagreements between management and the external auditors regarding financial reporting;
- (iv) ensure that management has designed, implemented and is maintaining an effective system of internal controls, and adequate disclosure controls and procedures;
- (v) monitor the credibility and objectivity of the Corporation's financial reports;
- (vi) report regularly to the Board on the fulfillment of the Audit and Finance Committee's duties;
- (vii) assist, with the assistance of the Corporation's legal counsel, the Board in the discharge of its duties relating to the Corporation's compliance with legal and regulatory requirements;
- (viii) assist the Board in the discharge of its duties relating to risk assessment and risk management, including reviewing and approving risk management corporate policies and the organizational structure and resources of the risk management function; and
- (ix) reviewing, approving and overseeing, as appropriate, the effectiveness of the process, framework, principles, operating procedures and systems, including the risk management corporate policies, developed to identify, evaluate and oversee appropriate management of applicable risks.

(b) External Auditors

The duties of the Audit and Finance Committee as they relate to the external auditors shall be to:

- (i) review management's recommendations for the appointment of the external auditors, and in particular their qualifications and independence, and, if advisable, select and recommend to the Board a firm of external auditors to be nominated and the compensation of such external auditor;
- (ii) review the performance of the external auditors and make recommendations to the Board regarding the appointment or termination of the external auditors;
- (iii) review, where there is to be a change of the external auditors, all issues related to the change, including the information to be disclosed in the notice of change of auditors required under National Instrument 51-102 – *Continuous Disclosure Obligations* ("NI 51-102") or any successor legislation, and the planned steps for an orderly transition;
- (iv) review all reportable events, including disagreements, unresolved issues and consultations, as defined in NI 51-102, on a routine basis, whether or not there is to be a change of the external auditors;
- (v) ensure the rotation of partners on the audit engagement team of the external auditors in accordance with applicable law;
- (vi) review and approve, in advance, the engagement letters of the external auditors, both for audit and for any permissible non-audit services, including the fees to be paid for such services, however the Audit and Finance Committee may delegate pre-approval authority to a member of the Audit and Finance Committee and the decisions of any member of the Audit and Finance Committee to whom this authority has been delegated must be presented to the full Audit and Finance Committee at its next scheduled Audit and Finance Committee meeting;
- (vii) review the performance, including the fee, scope and timing of the audit and other related services and any non-audit services provided by the external auditors;
- (viii) review the nature of and fees for any non-audit services performed for the Corporation by the external auditors and consider whether the nature and extent of such services could detract from the external auditors' independence in carrying out the audit function; and
- (ix) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.

(c) Audits and Financial Reporting

The duties of the Audit and Finance Committee as they relate to audits and financial reporting shall be to:

- (i) review the audit plan with the external auditors and management;
- (ii) review with the external auditors and management all critical accounting policies and practices of the Corporation, including any proposed changes in accounting policies, the presentation of the impact of significant risks and uncertainties, all material alternative accounting treatments that the external auditors have discussed with management, other material written communications between the external auditors and management, and key

estimates and judgments of management that may in any such case be material to financial reporting;

- (iii) review the contents of the audit report;
  - (iv) question the external auditors and management regarding significant financial reporting issues discussed during the fiscal period and the method of resolution;
  - (v) review the scope and quality of the audit work performed;
  - (vi) review the adequacy of the Corporation's financial and auditing personnel;
  - (vii) review the co-operation received by the external auditors from the Corporation's personnel during the audit, any problems encountered by the external auditors and any restrictions on the external auditors' work;
  - (viii) review the evaluation of internal controls by management and the external auditors, together with management's response to the recommendations, including subsequent follow-up of any identified weaknesses;
  - (ix) review the appointments of the Chief Financial Officer, persons performing the internal audit function and any key financial executives involved in the financial reporting process;
  - (x) review with management and the external auditors and, if advisable, approve and recommend for Board approval the Corporation's annual audited financial statements in conjunction with the report of the external auditors thereon and management's discussion and analysis accompanying such financial statements, after having obtained an explanation from management of all significant variances between comparative reporting periods before recommending approval by the Board, filing with securities regulatory authorities and the release thereof to the public;
  - (xi) review with management and the external auditors and, if advisable, approve the Corporation's unaudited interim financial statements and management's discussion and analysis accompanying such financial statements, and after having obtained an explanation from management of all significant variances between comparative reporting periods before filing with securities regulatory authorities and the release thereof to the public;
  - (xii) review and, if advisable, approve and recommend for Board approval financial disclosure in a prospectus or other securities offering document of the Corporation, press releases disclosing, or based upon, financial results of the Corporation and any other material financial disclosure, including financial guidance provided to analysts, rating agencies or otherwise publicly disseminated; and
  - (xiii) review the terms of reference for an internal auditor or internal audit function (if applicable).
- (d) Accounting and Disclosure Policies

The duties of the Audit and Finance Committee as they relate to accounting and disclosure policies and practices shall be to:

- (i) review the effect of regulatory and accounting initiatives and changes to accounting principles of the Canadian Institute of Chartered Accountants or, if it should cease to exist, the entity which is the successor thereto, which would have a significant impact on the Corporation's financial reporting as reported to the Audit and Finance Committee by management and the external auditors;

- (ii) review the appropriateness of the accounting policies used in the preparation of the Corporation's financial statements and consider recommendations for any material change to such policies;
- (iii) review the status of material contingent liabilities as reported to the Audit and Finance Committee by management;
- (iv) review potentially significant tax issues or problems as reported to the Audit and Finance Committee by management;
- (v) review any errors or omissions in the current or prior years' financial statements; and
- (vi) review and approve before their release and filing with securities regulatory authorities, as applicable, all public disclosure documents containing audited or unaudited financial results, including all press releases, offering documents, annual reports, annual information forms and management's discussion and analysis containing such results.

(e) Audit and Finance Committee Whistleblower Procedures

The Audit and Finance Committee is responsible for administering the Whistleblower Policy of the Corporation with respect to (a) the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

(f) Audit and Finance Committee Disclosure

The Audit and Finance Committee shall prepare, review and approve any Audit and Finance Committee disclosures required by Canadian securities laws, rules and guidelines, any applicable stock exchange requirements and guidelines, and any other applicable regulatory requirements in the Corporation's disclosure documents.

(g) Delegation

The Audit and Finance Committee may, to the extent permissible by Canadian securities laws, rules and guidelines, any applicable stock exchange requirements and guidelines, and any other applicable regulatory requirements, designate a sub-committee to review any matter within this mandate as the Audit and Finance Committee deems appropriate.

(h) Other Duties

The other duties of the Audit and Finance Committee shall include:

- (i) reviewing any inquiries, investigations or audits of a financial nature by governmental, regulatory or taxing authorities;
- (ii) reviewing and reporting to the Board on difficulties and problems with regulatory agencies which are likely to have a significant financial impact;
- (iii) inquiring of management and the external auditors as to any activities that may be or may appear to be illegal or unethical;
- (iv) at the request of the Board, reviewing and advising on the risk impact of any strategic decision;
- (v) reviewing reports provided by management of principal risks associated with the Corporation's operations;
- (vi) reviewing management's evaluation of risk aspects of strategies or exposures to industry segments, countries and key markets to ensure they are in keeping with overall risk tolerances of the Corporation;

- (vii) understanding significant and emerging risks to which the Corporation is exposed; and
- (viii) any other questions or matters referred to it by the Board.

#### **6. Authority to Engage Independent Counsel and Other Advisors**

The Audit and Finance Committee has the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties, to set and pay the compensation for any advisors employed by the Audit and Finance Committee, and to communicate directly with the internal and external auditors.

The Corporation shall provide appropriate funding, as determined by the Audit and Finance Committee, in its capacity as a committee of the Board, for the payment of compensation to:

- (a) the external auditors employed by the Corporation for the purpose of rendering or issuing an audit report; and
- (b) any advisors employed by the Audit and Finance Committee.

#### **7. No Rights Created**

This mandate is a statement of broad policies and is intended as a component of the flexible governance framework within which the committees of the Board assist the Board in directing the affairs of the Corporation. While it should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of the Corporation's Articles and By-laws, it is not intended to establish any legally binding obligations.