

ECOSYNTHETIX INC.

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

1. PURPOSE

The audit committee (the “**Committee**”) is a committee of the board of directors (the “**Board**”) of EcoSynthetix Inc. (the “**Corporation**”). The primary purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting processes and internal controls for the Corporation.

2. COMPOSITION AND MEETINGS

The Committee shall be composed of three or more directors, as determined by the Board, each of whom shall be “independent” and “financially literate”, as further discussed below, within the meaning of National Instrument 52-110 - *Audit Committees*, as may be amended from time to time.

The members of the Committee shall be appointed by the Board at the annual organizational meeting of the Board, and serve at the pleasure of the Board for one year or until their successors are duly appointed. Unless a chairman of the Committee (the “**Chair**”) is appointed by the Board, the members of the Committee may designate a Chair by a majority vote of the full membership of the Committee. The position description and responsibilities of the Chair are set out in Schedule “A” attached hereto.

The Committee shall meet at least quarterly, or more frequently as circumstances dictate or as may be required by applicable legal or stock exchange requirements. The Committee shall meet within 45 days following the end of each of the first three financial quarters to review and discuss the unaudited financial results for the preceding quarter and the related management’s discussion and analysis (“MD&A”) and shall meet within 90 days following the end of the fiscal year end to review and discuss the audited financial results for the year and related MD&A prior to their publishing.

The Committee may ask members of management of the Corporation or others to attend meetings or to provide information as necessary.

Quorum for the transaction of business at any meeting of the Committee shall be a majority of the number of members of the Committee or such greater number as the Committee shall by resolution determine.

Meetings of the Committee shall be held from time to time as the Committee or the Chair shall determine upon 48 hours notice to each of its members. The notice period may be waived by unanimous resolution of the Committee. Each of the Chairman of the Committee, members of the Committee, Chairman of the Board, independent auditors, Chief Executive Officer, Chief Financial Officer or Secretary shall be entitled to request that the Chairman of the Audit Committee call a meeting which shall be held within 48 hours of receipt of such request.

The Committee shall keep minutes of its meetings which shall be submitted to the Board. The Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.

Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose. Actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such

purpose. The Committee shall report its determinations to the Board at the next scheduled meeting of the Board, or earlier as the Committee deems necessary. All decisions or recommendations of the Committee shall require the approval of the Board prior to implementation.

Each member of the Committee shall be “independent” and “financially literate”. An “independent” director is a director who has no direct or indirect material relationship with the Corporation. A “material relationship” is a relationship which, in the view of the Board, could be reasonably expected to interfere with the exercise of the director’s independent judgement or a relationship deemed to be a material relationship pursuant to Sections 1.4 and 1.5 of National Instrument 52-110 – *Audit Committees*, as set out in Schedule “B” attached hereto. A “financially literate” director is a director who has 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 accounting issues that can be reasonably expected to be raised in the Corporation’s financial statements.

The Committee and its membership shall meet all applicable legal, regulatory and listing requirements, including, without limitation, those of the Ontario Securities Commission (“OSC”), the Toronto Stock Exchange, the *Business Corporations Act* (Ontario) and all other applicable securities regulatory authorities.

3. RESPONSIBILITIES AND DUTIES

The responsibilities and duties of the Committee shall be the following:

Financial Accounting and Reporting Process and Internal Controls

- a. the Committee shall review the annual audited and interim financial statements and related management’s discussion and analysis and annual and interim earnings press releases before the Corporation publicly discloses this information to satisfy itself that the financial statements are presented in accordance with applicable accounting principles and report thereon and recommend to the Board whether or not same should be approved and filed with the appropriate regulatory authorities. With respect to the annual audited financial statements, the Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the external auditors as and when the Committee deems it appropriate to do so. The Committee shall satisfy itself that the information contained in the annual audited financial statements is not erroneous, misleading or incomplete and that the audit function has been effectively carried out.
 - (1) The Committee shall review significant and material financial documents and support related thereto to be released by the Corporation and other documents as outlined herein:
 - (a) Review analyses prepared by management and/or 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 IFRS methods on the financial statements.
 - (b) Review the effect of regulatory and accounting initiatives, as well as off balance sheet structures, on the financial statements of the Corporation.
 - (c) Ensure that adequate procedures are in place for the review of the Corporation’s public disclosure of financial information extracted or derived from the issuer’s financial statements, as well as review any financial information, non-GAAP metrics contained

in the management's discussion and analysis and basis of presentation and earnings guidance provided to analysts and rating agencies, and periodically assess the adequacy of those procedures.

- (d) Review policies and procedures with respect to directors' and officers' expense accounts and management perquisites and benefits, including their use of corporate assets and expenditures related to executive travel and entertainment, and review the results of the procedures performed in these areas by the independent auditor, based on terms of reference agreed upon by the independent auditor and the Committee.
 - (e) Review expenses of the chair of the Board and of the Chief Executive Officer annually.
- b. the Committee shall review any internal control reports prepared by management and the evaluation of such report by the external auditors, together with management's response.
 - c. the Committee shall be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, MD&A and annual and interim earnings press releases, and periodically assess the adequacy of these procedures.
 - d. the Committee shall review any press releases containing disclosure regarding financial information that are required to be reviewed by the Committee under any applicable laws or by this Charter before the Corporation publicly discloses this information.
 - e. the Committee shall meet no less than annually with the external auditors and the Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, to review accounting practices, internal controls and such other matters as the Committee, Chief Financial Officer or, in the absence of a Chief Financial Officer, the officer of the Corporation in charge of financial matters, deem appropriate.
 - f. the Committee shall inquire of management and the external auditors about significant risks or exposures, both internal and external, to which the Corporation may be subject, and assess the steps management has taken to minimize such risks. At least annually, the Committee shall consult with the external auditor, out of the presence of management, about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the organization's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper.
 - g. the Committee shall review the post-audit or management letters containing the recommendations of the external auditors and management's response and subsequent follow-up to any identified weaknesses.
 - h. the Committee shall ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting and monitoring a corporate code of ethics for senior financial personnel and all employees.
 - i. the Committee shall follow procedures established as set out in Schedule "C" attached hereto, for:

- i. the receipt 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.
- j. the Committee shall provide oversight to related party transactions entered into by the Corporation.
- k. the Committee shall establish the budget process, which shall include the setting of spending limits and authorizations, as well as periodic reports from the Chief Financial Officer comparing actual spending to the budget.
- l. the Committee shall have the authority to adopt such policies and procedures as it deems appropriate to operate effectively.

External Auditors

- a. the Committee shall recommend to the Board the external auditors to be nominated for the purpose of preparing or issuing an auditors' report or performing other audit, review or attestation services for the Corporation, shall review and consider their independence and effectiveness and shall set the compensation for the external auditors, provide oversight of the external auditors and ensure that the external auditors report directly to the Committee;
- b. the Committee shall be directly responsible for overseeing the work of the external auditors, including the resolution of disagreements between management and the external auditors regarding financial reporting;
- c. Review and approve requests for any non-audit services to be performed by the external auditor and be advised of any other study undertaken at the request of management that is beyond the scope of the audit engagement letter and related fees. The pre-approval of the Committee shall be required as further set out in Schedule "D" prior to the undertaking of any non-audit services not prohibited by law to be provided by the external auditors in accordance with this Charter;
- d. the Committee shall monitor and assess the relationship between management and the external auditors and monitor, support and **assure** the independence and objectivity of the external auditors, including reviewing any management letters or other reports issued and discussing material differences of opinion. The Committee shall review and discuss, on an annual basis, with the external auditor all significant relationships they have with the Corporation to determine their independence and report to the Board of Directors.
- e. the Committee shall review the external auditors' audit plan, including the scope, procedures and timing of the audit.
- f. the Committee shall review the results of the annual audit with the external auditors, including matters related to the conduct of the audit.
- g. In consultation with the external auditor, review the integrity of the organization's financial and accounting controls and reporting processes, both internal and external. The Committee shall obtain timely reports from the external auditors describing critical accounting policies and practices, alternative treatments of information within selected accounting principles that were

discussed with management, their ramifications, and the external auditors' preferred treatment and material written communications between the Corporation and the external auditors review. The Committee shall consider the external auditor's judgments about the quality and appropriateness, not just the acceptability, of the Corporation's accounting principles and financial disclosure practices, as applied in its financial reporting, particularly about the degree of aggressiveness or conservatism of its accounting principles and underlying estimates and whether those principles are common practices or are minority practices. Consider and approve, if appropriate, major changes to the Corporation's accounting principles and practices as suggested by management with the concurrence of the external auditor and ensure that the accountants' reasoning is described in determining the appropriateness of changes in accounting principles and disclosure.

- h. the Committee shall review fees paid by the Corporation to the external auditors and other professionals in respect of audit and non-audit services on an annual basis. The Committee shall ensure that both the audit and non-audit fees are disclosed to shareholders by category and in compliance with applicable laws.
- i. the Committee shall 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.
- j. review the performance of the external auditor and approve any proposed discharge and replacement when circumstances warrant. Consider with management and the external auditor the rationale for employing accounting/auditing firms other than the principal independent auditor. Present the results to the Board.

Other Responsibilities

- a. prepare or approve the disclosure regarding the Audit Committee for inclusion in the Corporation's Management Information Circular and Annual Information Form, including information on the Committee's composition and responsibilities and how they were discharged.
- b. the Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.
- c. the Committee shall review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval.

4. REPORTING

The Committee is responsible for reviewing and submitting to the Board, as a whole, recommendations concerning the Corporation's financial affairs, code of ethics, whistleblower and corporate disclosure, confidentiality and insider trading policies.

5. AUTHORITY

The Committee shall have the authority to:

- a. engage independent counsel and other advisors including accounting or other consultants or experts as it determines necessary to carry out its duties;

- b. set and pay the compensation for advisors employed by the Committee;
- c. communicate directly with the internal and external auditors;
- d. access, on an unrestricted basis, the books and records of the Corporation; and
- e. conduct any investigation appropriate to its responsibilities, and it may request the external auditors, as well as any officer of the Corporation, or outside counsel for the Corporation, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee.
- f. the Committee shall have the authority to engage the external auditors to perform a review of the interim financial statements.

Dated: August 10, 2011, as amended March 19, 2015.

Schedule “A”

ECOSYNTHETIX INC.

Position Description for the Chairman of the Audit Committee

I. Purpose

The Chairman of the Audit Committee of the Board shall be an independent director who is elected by the Board to act as the leader of the Committee in assisting the Board in fulfilling its financial reporting and control responsibilities to the shareholders of the Corporation.

II. Who may be Chairman

The Chairman will be selected from amongst the independent directors of the Corporation who have a sufficient level of financial sophistication and experience in dealing with financial issues to ensure the leadership and effectiveness of the Committee.

The Chairman will be selected annually at the first meeting of the Board following the annual general meeting of shareholders.

III. Responsibilities

The following are the primary responsibilities of the Chairman:

- chairing all meetings of the Committee in a manner that promotes meaningful discussion;
- ensuring adherence to the Committee’s Charter and that the adequacy of the Committee’s Charter is reviewed annually;
- providing leadership to the Committee to enhance the Committee’s effectiveness, including:
 - providing the information to the Board relative to the Committee’s issues and initiatives and reviewing and submitting to the Board an appraisal of the Corporation’s independent auditors and internal auditing functions;
 - ensuring that the Committee works as a cohesive team with open communication, as well as ensuring open lines of communication among the independent auditors, financial and senior management and the Board of Directors for financial and control matters;
 - ensuring that the resources available to the Committee are adequate to support its work and to resolve issues in a timely manner;
 - ensuring that the Committee serves as an independent and objective party to monitor the Corporation’s financial reporting process and internal control systems, as well as to monitor the relationship between the Corporation and the independent auditors to ensure independence;
 - ensuring that procedures are in place to assess the audit activities of the independent auditors and the internal audit functions;

- ensuring that procedures are in place to review the Corporation's public disclosure of financial information and assess the adequacy of such procedures periodically, in consultation with the Disclosure Committee;
 - ensuring that clear hiring policies are put in place for partners and employees of the auditors; and
 - ensuring that procedures are in place for dealing with complaints received by the Corporation regarding accounting, internal controls and auditing matters, and for employees to submit confidential anonymous concerns regarding questionable accounting or auditing matters.
- managing the Committee, including:
 - adopting procedures to ensure that the Committee can conduct its work effectively and efficiently, including committee structure and composition, scheduling, and management of meetings;
 - preparing the agenda of the Committee meetings and ensuring pre-meeting material is distributed in a timely manner and is appropriate in terms of relevance, efficient format and detail;
 - ensuring meetings are appropriate in terms of frequency, length and content;
 - obtaining and reviewing with the Committee an annual report from the independent auditors, and arranging meetings with the auditors and financial management to review the scope of the proposed audit for the current year, its staffing and the audit procedures to be used;
 - overseeing the Committee's participation in the Corporation's accounting and financial reporting process and the audits of its financial statements;
 - ensuring that the auditors report directly to the Committee, as representatives of the Corporation's shareholders; and
 - annually reviewing with the Committee its own performance.
 - Ensuring the establishment of a budget process, which shall include the setting of spending limits and authorizations and periodical reports from the Chief Financial Officer of actual spending as compared to the budget.

Schedule "B"

ECOSYNTHETIX INC.

National Instrument 52-110 *Audit Committees* ("NI 52-110")

Section 1.4 - Meaning of Independence

- (1) An audit committee member is independent if he or she has no direct or indirect material relationship with the issuer.
- (2) For the purposes of subsection (1), a "material relationship" is a relationship which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgment.
- (3) Despite subsection (2), the following individuals are considered to have a material relationship with an issuer:
 - (a) an individual who is, or has been within the last three years, an employee or executive officer of the issuer;
 - (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;
 - (c) an individual who:
 - (i) is a partner of a firm that is the issuer's internal or external auditor,
 - (ii) is an employee of that firm, or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;
 - (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
 - (i) is a partner of a firm that is the issuer's internal or external auditor,
 - (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;
 - (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer's current executive officers serves or served at that same time on the entity's compensation committee; and
 - (f) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than \$75,000 in direct compensation from the issuer during any 12 month period within the last three years.

- (4) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because
 - (a) he or she had a relationship identified in subsection (3) if that relationship ended before March 30, 2004; or
 - (b) he or she had a relationship identified in subsection (3) by virtue of subsection (8) if that relationship ended before June 30, 2005.
- (5) For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.
- (6) For the purposes of clause (3)(f), direct compensation does not include:
 - (a) remuneration for acting as a member of the board of directors or of any board committee of the issuer, and
 - (b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.
- (7) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member
 - (a) has previously acted as an interim chief executive officer of the issuer, or
 - (b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.
- (8) For the purpose of section 1.4, an issuer includes a subsidiary entity of the issuer and a parent of the issuer.

Section 1.5 - Additional Independence Requirements for Audit Committee Members

- (1) Despite any determination made under section 1.4 of NI 52-110, an individual who
 - (a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or
 - (b) is an affiliated entity of the issuer or any of its subsidiary entities,is considered to have a material relationship with the issuer.
- (2) For the purposes of subsection (1), the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by

- (a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or
 - (b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.
- (3) For the purposes of subsection (1), compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

Schedule “C”

ECOSYNTHETIX INC.

Procedures for Receipt of Complaints and Submissions Relating to Accounting Matters

The Audit Committee has adopted the following procedures:

- a) Management of the Corporation shall promptly forward to the Audit Committee any complaints that it has received regarding financial statement disclosures, accounting, internal accounting controls or auditing matters.
- b) Any employee of the Corporation may submit, on a confidential or anonymous basis if the employee so desires, any concerns regarding financial statement disclosures, accounting, internal accounting controls, auditing matters or violations of the Corporation’s Code of Business Conduct and Ethics. All such concerns shall be set forth in writing and forwarded in a sealed envelope to the Chairman of the Audit Committee labeled with a legend such as “To be opened by the Audit Committee only, being submitted pursuant to the Whistleblower Policy adopted by the Corporation.” If an employee would like to discuss any matter with the Audit Committee, the employee should indicate this in the submission and include a telephone number at which he or she might be contacted if the Audit Committee deems it appropriate. If management receives any such envelope, it shall be forwarded promptly and unopened to the Chairman of the Audit Committee. The Chairman of the Audit Committee can be reached as follows:

PRIVATE AND CONFIDENTIAL

Attn: Chairman of the Audit Committee
EcoSynthetix Inc.
3365 Mainway
Burlington, Ontario L7M 1A6

- c) Following the receipt of any complaints submitted hereunder, the Audit Committee will investigate each matter so reported and take corrective and disciplinary actions where appropriate, which may include, alone or in combination, a warning or letter of reprimand, demotion, loss of merit increase, bonus or stock options, suspension without pay or termination of employment. The Audit Committee shall notify the Board and, if appropriate, the Chief Executive Officer of such investigations.
- d) During investigations, the Audit Committee shall endeavour to act in a prudent and reasonable manner, with minimal disruption to the business and affairs of the Corporation and with sensitivity to the personal circumstances of the individual being investigated.
- e) In circumstances of impropriety alleged against the Board, as a whole or any member thereof, the Chief Executive Officer shall be responsible to investigate such allegations and the Chief Executive Officer shall report his or her findings to the Board.

- f) The Audit Committee may enlist employees of the Corporation and/or outside legal, accounting or other advisors, as appropriate, to conduct any investigation of complaints regarding financial statement disclosures, accounting, internal accounting controls, auditing matters or violations of the Corporation's Code of Business Conduct and Ethics. In conducting any investigation, the Audit Committee shall use reasonable efforts to protect the confidentiality and anonymity of the complainant.
- g) The Audit Committee shall retain as a part of the records of the Audit Committee any such complaints or concerns for a period of no less than seven (7) years.

Schedule “D”

ECOSYNTHETIX INC.

Procedures for Approval of Non-Audit Services

1. The Corporation’s external auditors shall be prohibited from performing for the Corporation the following categories of non-audit services:
 - (1) bookkeeping or other services related to the Corporation’s accounting records or financial statements;
 - (2) appraisal or valuation services, fairness opinion or contributions-in-kind reports;
 - (3) actuarial services;
 - (4) internal audit outsourcing services;
 - (5) management functions;
 - (6) human resources;
 - (7) broker or dealer, investment adviser or investment banking services;
 - (8) legal services; and
 - (9) any other service that the Canadian Public Accountability Board or International Accounting Standards Board or other analogous board which may govern the Corporation’s accounting standards, from time to time determines is impermissible.
2. In the event that the Corporation wishes to retain the services of the Corporation’s external auditors for tax compliance, tax advice or tax planning, the Chief Financial Officer of the Corporation shall consult with the Chair of the Committee, who shall have the authority to approve or disapprove on behalf of the Committee, such non-audit services. All other non-audit services shall be approved or disapproved by the Committee as a whole.
3. The Chief Financial Officer of the Corporation shall maintain a record of non-audit services approved by the Chair of the Committee or the Committee for each fiscal year and provide a report to the Committee no less frequently than on a quarterly basis.