



## CHARTER OF THE AUDIT COMMITTEE

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### 1.0 PURPOSE

The Audit Committee (the “Committee”) is a standing committee of the Board of Directors (the “Board”) of The Planting Hope Company Inc. (the “Company”). The Committee is appointed by the Board to assist the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for the Company. This Charter shall govern the operations of the Committee.

The Committee’s primary duties and responsibilities are to:

- (a) conduct such reviews and discussions with management and the external auditors relating to the audit and financial reporting as are deemed appropriate by the Committee;
- (b) assess the integrity of internal controls and financial reporting procedures of the Company and ensure implementation of such controls and procedures;
- (c) review the interim and annual financial statements and management’s discussion and analysis of the Company’s financial position and operating results and report thereon to the Board for approval of same;
- (d) select and monitor the independence and performance of the Company’s external auditors, including attending at private meetings with the external auditors and reviewing and approving all renewals or dismissals of the external auditors and their remuneration;
- (e) provide oversight to related party transactions entered into by the Company; and
- (f) provide oversight of all disclosure relating to, and information derived from, financial statements and management’s discussion and analysis.

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the external auditors as well as any officer of the Company, or outside counsel for the Company, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books and records of the Company and has the authority to retain, at the expense of the Company, special legal, accounting, or other consultants or experts to assist in the performance of the Committee’s duties.

The Committee shall review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval.

In fulfilling its responsibilities, the Committee will carry out the specific duties as set out in this Charter.



## **2.0 AUTHORITY OF THE AUDIT COMMITTEE**

The Committee shall have the authority to:

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for advisors employed by the Committee; and
- (c) communicate directly with the internal and external auditors of the Company.

## **3.0 COMPOSITION AND MEETINGS**

- (a) The Committee shall be composed of three or more directors as shall be designated by the Board from time to time. Unless a Chair is elected by the Board, the members of the Committee shall designate from amongst from among themselves a member who shall serve as Chair.
- (b) The Committee and its membership shall meet all applicable legal, regulatory and listing requirements, including, without limitation, those of the TSX Venture Exchange, the Business Corporations Act (British Columbia), and all applicable securities regulatory authorities. Each member of the Committee shall be financially literate (as defined in National Instrument 52-110 – Audit Committees (“NI 52-110”)).
- (c) At least a majority of the members of the Committee shall be “independent” (as defined in NI 52-110) and shall be remunerated only in accordance with applicable laws and regulations.
- (d) The Committee shall meet at least quarterly, at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements. A minimum of two and at least 50% of the members of the Committee present either in person or by electronic conference shall constitute a quorum.
- (e) 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, such 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 second adjourned meeting a quorum as hereinbefore specified is not present, the quorum for the adjourned meeting shall consist of the members then present.



- (f) If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.
- (g) The time and place at which meetings of the Committee shall be held, and procedures at such meetings, shall be determined from time to time by the Committee. A meeting of the Committee may be called by letter, telephone, email or other communication equipment, by giving at least 48 hours' notice, provided that no notice of a meeting shall be necessary if all of the members are present either in person or by means of electronic conference or if those absent have waived notice or otherwise signified their consent to the holding of such meeting.
- (h) Any member of the Committee may participate in the meeting of the Committee by means of electronic conference call or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.
- (i) 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 director of the Company may attend meetings of the Committee, and the Committee may invite such officers, directors and employees of the Company and its subsidiaries as it may see fit, from time to time, to attend at meetings of the Committee.
- (j) The Board may at any time amend or rescind any of the provisions hereof, or cancel them entirely, with or without substitution.
- (k) 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.
- (l) The Committee members will be appointed annually at the first meeting of the Board following the annual general meeting of shareholders of the Company.

#### **4.0 RESPONSIBILITIES**

- (a) Financial Accounting and Reporting Process and Internal Controls
  - (i) The Committee shall review the annual audited and interim financial statements



and related management's discussion and analysis before the Company publicly discloses this information to satisfy itself that the financial statements are presented in accordance with applicable accounting principles and in the case of the annual audited financial statements and related management's discussion and analysis, report thereon and recommend to the Board whether or not same should be approved prior to their being 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 consider whether the Company's financial disclosures are complete, accurate, prepared in accordance with International Financial Reporting Standards and fairly present the financial position of the Company. The Committee shall also satisfy itself that, in the case of the annual financial statements, the audit function has been effectively carried out by the auditors and, in the case of the interim financial statements, that the review function has been effectively carried out.

- (ii) The Committee shall review and assess the adequacy and effectiveness of the Company's systems of internal control and management information systems through discussion with management and the external auditor to ensure that the Company maintains appropriate systems, is able to assess the pertinent risks of the Company and that the risk of a material misstatement in the financial disclosures can be detected.
- (iii) The Committee shall 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, management's discussion and analysis and annual and interim financial press releases, and periodically assess the adequacy of these procedures in consultation with any disclosure committee of the Company.
- (iv) 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 otherwise pursuant to the policies of the Company (including before the Company publicly discloses this information).
- (v) The Committee shall meet no less frequently 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 Company 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, with the officer of the Company in charge of financial matters, deems



appropriate.

- (vi) The Committee shall inquire of management and the external auditors about significant risks or exposures, both internal and external, to which the Company may be subject, and assess the steps management has taken to minimize such risks.
  - (vii) The Committee shall review the post-audit or management letter containing the recommendations of the external auditors and management's response and subsequent follow-up to any identified weaknesses.
  - (viii) The Committee be responsible for monitoring compliance with any code of corporate conduct adopted by the Board and shall periodically review and make recommendations regarding such code.
  - (ix) The Committee shall establish procedures for:
    - (b) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
    - (c) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
  - (i) The Committee shall have the authority to adopt such policies and procedures as it deems appropriate to operate effectively.
- (b) Independent Auditors
- (i) The Committee shall be directly responsible for the selection, appointment, compensation and oversight of the external auditors and the external auditors shall report directly to the Committee.
  - (ii) The Committee shall pre-approve all audit and non-audit services not prohibited by law to be provided by the external auditors.
  - (iii) The Committee shall monitor and assess the relationship between management and the external auditors and monitor, confirm, support and assure the independence and objectivity of the external auditors. The Committee shall establish procedures to receive and respond to complaints with respect to accounting, internal accounting controls and auditing matters.
  - (iv) The Committee shall review the external auditor's audit plan, including scope,



procedures and timing of the audit.

- (v) The Committee shall review the results of the annual audit with the external auditors, including matters related to the conduct of the audit.
- (vi) The Committee shall obtain timely reports from the external auditors describing critical accounting policies and practices, alternative treatments of information within International Financial Reporting Standards that were discussed with management, their ramifications, and the external auditors' preferred treatment and material written communications between the Company and the external auditors.
- (vii) The Committee shall review fees paid by the Company to the external auditors and other professionals in respect of audit and non-audit services on an annual basis.
- (viii) The Committee shall review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former auditor of the Company.
- (ix) The Committee shall have the authority to engage the external auditors to perform a review of the interim financial statements.

(c) Other Activities

The Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.

## 5.0 PERFORMANCE EVALUATION

The Committee shall conduct an annual evaluation of the performance of its duties under this Charter and shall present the results of the evaluation to the Board.

## 6.0 ACCESS TO INFORMATION

The Committee shall be granted unrestricted access to all information regarding the Company that is necessary or desirable to fulfill its duties and all directors, officers and employees of the Company will be directed to cooperate as requested by members of the Committee.

## 7.0 APPROVAL

*Approved by the Board on September 2, 2021.*