



**TERMS OF REFERENCE
AUDIT COMMITTEE
OF CANADA PACKERS INC.**

1. Mandate

The Audit Committee (the “Committee”) is a committee of the Board of Directors (the “Board”). Its mandate is to fulfill applicable public company obligations respecting audit committees and to assist the Board in fulfilling its oversight responsibilities in the following areas:

- **Financial Reporting and Accounting Policies and Practices:** the integrity, transparency, and quality of the Company’s financial statements, disclosures, and accounting practices.
- **External Audit** — the appointment, independence, qualifications, performance, and compensation of the external auditor.
- **Internal Controls and Internal Audit**— the scope, independence, and performance of the internal audit function and the adequacy of internal controls over financial reporting.
- **Risk Management and Compliance** — the Company’s processes for identifying, assessing, and managing financial, operational, regulatory, and compliance risks compliance with legal and regulatory requirements.
- **Pensions (Funding and Investments)** — oversight of the funding, investment performance, and financial condition of the Company’s pension plans, in coordination with the Human Resources and Compensation Committee.
- **Ethics and Whistleblowing** — processes for handling complaints and concerns

The Committee’s role is one of oversight related to the foregoing activities and is not accountable or responsible for the day-to-day operation or performance of such activities. The Committee shall have the functions and responsibilities set out in these Terms of Reference, as well as any other functions that are specifically delegated to the Committee by the Board and that the Board is authorized to delegate by applicable laws and regulations. In addition to these functions and responsibilities, the Committee shall perform the functions and responsibilities required of an audit committee by any exchange upon which securities of the Company are listed, or any governmental or regulatory body exercising authority over the Company, as are in effect from time to time (collectively, the “Applicable Requirements”) or as the Board otherwise deems necessary or appropriate.

Management is responsible for the preparation, presentation and integrity of the financial statements and for maintaining appropriate accounting and financial reporting principles and policies, systems of risk assessment and internal controls and procedures designed to provide reasonable assurance that assets are safeguarded and transactions are properly authorized, recorded and reported and to assure the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with accounting standards and applicable laws and regulations.

The internal auditor is responsible for monitoring and reporting on the adequacy and effectiveness of the system of internal controls.

The external auditors are responsible for planning and carrying out an audit of the annual consolidated financial statements in accordance with generally accepted auditing standards to provide reasonable assurance that, among other things, such financial statements are in accordance with generally accepted accounting principles. The external auditors are accountable to the Committee and the Board as the representatives of the shareholders of the Company and the Committee shall so instruct the external auditors and the external auditors shall report directly to the Committee.

2. Duties and Responsibilities

a) Financial Reporting and Accounting Policies and Practices

- Accounting principles and policies -Oversee, review and discuss, as the Committee deems necessary, with management, the external auditors and the internal auditors, the Company's accounting principles and policies, including:
 - Selection - the appropriateness and acceptability of the Company's accounting principles and practices used in its financial reporting, changes in the Company's accounting principles or practices and the application of particular accounting principles and disclosure practices by management to new transactions or events;
 - Significant financial reporting issues - all significant financial reporting issues and judgments made in connection with the preparation of the financial statements and any "second opinions" sought by management from an independent auditor with respect to the accounting treatment of a particular item;
 - Disagreements – disagreements between management and the external auditors or the internal auditors regarding the application of any accounting principles or practices;
 - Material change or proposed change - any material change or proposed change to the Company's accounting principles and practices;
 - Changes in regulatory and accounting requirements - the effect of changes in regulatory and accounting requirements;
 - Legal matters, claims and contingencies - any legal matter, claim or contingency that could have a significant impact on the financial statements, the Company's compliance policies and any material reports, inquiries or other correspondence received from regulators or governmental agencies and the manner in which any such legal matter, claim or contingency has been disclosed in the financial statements;
 - Non-IFRS measures - the use of any "pro forma" or "adjusted" information not in accordance with generally accepted accounting principles;
 - Goodwill impairment – management's determination of goodwill impairment, if any, as required by applicable accounting standards;
 - Off-balance sheet structures - Review any material effects off-balance sheet structures on the financial statements as presented by management; and
 - Estimates - Review management's process for formulating sensitive accounting estimates and the reasonableness of these estimates.
- Interim financial results - Prior to the release of any summary of interim financial results, including any associated press release, or the filing of such reports with the applicable regulators, review with the external auditors and management the interim consolidated financial statements and related MD&A and associated press release and approve for release.
- Annual audited consolidated financial statements - Review with the external auditors and management the annual audited consolidated financial statements and related MD&A and

associated press release, and report on the results of such review to the full Board prior to the approval and release to Shareholders of such results by the Board.

- Other financial disclosures - Oversee the other financial disclosures by the Company, including:
 - Review and approve the disclosure in the annual information form and management proxy circular of the fees paid in the financial year to the external auditors by category;
 - Review with the external auditors and management, financial information contained in any prospectus or information circular of the Company and make recommendations regarding approval to the Board; and
 - Periodically assess the adequacy of the procedures in place for the review of the Company's public disclosure of financial information extracted or derived from financial statements and MD&A.

b) External Audit

- Appointment of external auditors - With respect to the appointment and oversight of the external auditors:
 - Make recommendations to the Board on the external auditors for the purpose of preparing or issuing an audit report or performing other audit, review or attest services of the Company to be nominated in the Company's proxy circular for appointment or reappointment by shareholders;
 - Approve or make a recommendation to the Board for the approval of compensation for the external auditors; and
 - Review, evaluate and approve the terms of engagement, performance, audit scope and approach to the conduct of the external auditors with respect to the annual audit.
- Independence of external auditors - Review the independence of the external auditors, including the lead partner(s) of the auditors and the senior members of the independent auditor team, and make recommendations to the Board on actions the Committee determines are necessary to protect and enhance the independence of the external auditors. In connection with such review, the Committee shall:
 - Actively engage in a dialogue with the external auditors about all relationships or services that may impact the objectivity and independence of the external auditors;
 - Require the external auditors submit to it on a periodic basis, and at least annually, a formal written statement delineating all relationships between the Company including its subsidiaries, and the external auditors including their affiliates, and obtain written confirmation from the auditors that they are objective and independent within the meaning of the applicable Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of chartered accountants to which the auditors belong and other Applicable Requirements; and
 - Review and approve clear policies for hiring by the Company of employees or former employees of the current or former external auditors.
- Non-Audit Services – Approve policies and procedures for the pre-approval by a Committee member of any non-audit services to be rendered by the external auditors which the external auditors are not otherwise prohibited from providing and which policies and procedures shall include reasonable detail with respect to the services covered, provided that the pre-approval of non-audit services by a Committee member with delegated authority must be presented to the full Committee at its next scheduled meeting. For greater certainty, all non-audit services to be provided to the Company or any of its affiliates by the external auditors or any of their affiliates which are not covered by pre-approval policies and procedures approved by the Committee shall be subject to pre-approval by the Committee.

- External audits - Oversee and monitor external audits, including:
 - Review with the external auditors, the internal auditors and management the audit function generally, the objectives, staffing, locations, co-ordination, reliance upon management and internal audit and general audit approach and scope of proposed audits of the financial statements, the overall audit plans, the responsibilities of management, the internal auditors and the external auditors, the audit procedures to be used and the timing and estimated budgets of the audits;
 - Discuss with the external auditors any difficulties or disputes that arose with management or the internal auditors during the course of the audit and the adequacy of management's responses in correcting audit-related deficiencies and resolve any outstanding disputes;
 - Take such other reasonable steps as the Committee may deem necessary to satisfy itself that the audit was conducted in a manner consistent with all applicable legal requirements and auditing standards of applicable professional or regulatory bodies; and
 - Review and resolve any disagreements between management and the external auditors regarding financial reporting or the application of any accounting principles or practice.
- Other reports of the external auditors - Review and discuss all reports which the external auditors are required to provide to the Committee or the Board under rules, policies or practices of professional or regulatory bodies applicable to the external auditors and any other reports which the Committee may require with the external auditors.

c) Internal Audit and Controls

- Internal Controls - Review and discuss with management, the external auditors and the internal auditors as it deems necessary and exercise oversight with respect to:
 - The adequacy and effectiveness of the system of internal accounting and financial controls and the recommendations of management, the external auditors and the internal auditors for the improvement of accounting practices and internal controls;
 - Any material weaknesses in the internal control environment, including with respect to computerized information system controls and security; and
 - Management's compliance with the Company's processes, procedures and internal controls.
- Internal audit function – Oversee and monitor the internal audit function, including:
 - Review the organizational structure, independence and qualifications of the internal audit department and its resources;
 - Review and approve the annual internal audit plan, and periodically review the mandate, plans, budget and staffing of the internal audit department, and direct management to make any changes it deems advisable;
 - Meeting periodically with the internal auditors to discuss the progress of their activities and any significant findings stemming from internal audits and any difficulties or disputes that arise with management and the adequacy of management's responses in correcting audit-related deficiencies; and
 - Reviewing summaries of reports to management prepared by the internal auditors and have available the full reports, communicate with the internal auditors with respect to their reports and recommendations as necessary with respect to the extent to which prior recommendations have been implemented, management's responses to such reports and any other matters that the internal auditor brings to the attention of the Committee.

d) **Risk Management and Compliance**

- Regulatory agency reviews - Review the findings of any examination by regulatory agencies concerning financial matters of the Company and make recommendations to the Board related thereto.
- Financial risk exposures - Periodically review and discuss the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including use of financial derivatives and hedging activities, appropriate crisis preparedness, business continuity, information system controls, cybersecurity and information security and disaster recovery plans.

e) **Pensions (Funding and Investments)**

- Pension Advisory Committee - In coordination with the Human Resources and Compensation Committee (which is responsible for overseeing the governance and administration of the Company's pension, retirement and benefits plans), oversee the activities of the Pension Advisory Committee.
- Investment objectives, policies and asset investment mix –receive the recommendation of the Pension Advisory Committee (of management) investment objectives, policies and asset investment mix and approve any material changes.
- Engage investment managers - Receive the recommendation of the Pension Investment Advisory Committee and approve the engagement and termination of investment management suppliers.
- Pension plan performance - Receive reports from the Pension Advisory Committee on pension fund performance and make reports to the Board.
- SIP&P - Receive the recommendation of the Pension Advisory Committee and approve the filing of the SIP&P.

f) **Ethics and Whistleblowing**

- Complaints regarding accounting, controls or audit matters - Establish and monitor procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or audit matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters and review periodically with management and the internal auditors these procedures and any significant complaints received.
- Independent investigations - Conduct independent investigations into any matters which come under its scope of responsibilities.

g) **Other Matters**

- Audit committees of material subsidiaries - Receive and review the minutes of meetings of the audit committee of material subsidiaries of the Company.
- Other delegated matters - Review and/or approve any other matter specifically delegated to the Committee by the Board and undertake on behalf of the Board such other activities as may be necessary or desirable to assist the Board in fulfilling its oversight responsibilities with respect to financial matters.
- Communications between management, the internal and external auditors - Provide an open avenue of communication between management, the internal auditors, the external auditors and the Board.

3. Authority and Accountability

- The Committee is accountable to the Board for the discharge of its mandate and shall report regularly to the Board on the performance of its responsibilities.
- The Committee shall have the authority to:
 - Access any and all relevant information from management and employees of the Company as required to discharge its duties;
 - Engage, retain, and terminate external advisors, including compensation consultants, legal counsel, or other experts, as it deems necessary or advisable, with sole authority over the terms of such engagements and related fees (which fees shall be borne by the Company);
 - Require the external auditors and internal auditors to perform such supplemental reviews or audits as the Committee may deem desirable.
 - Communicate directly with external and internal auditors, as well as other external advisors; and
 - Recommend to the Board such actions and decisions as the Committee considers appropriate in the discharge of its responsibilities.
- Absent actual knowledge or belief to the contrary which shall be promptly reported to the Board, each member of the Committee shall be entitled to rely on (i) the integrity of those persons or organizations within and outside the Company from which it receives information, (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations and (iii) representations made by management and the external auditors as to any non-audit services provided by the external auditors to the Company and its subsidiaries.
- In performing its duties, the Committee shall act in a manner consistent with the best interests of the Company and its stakeholders. Except as set out herein, or delegated by resolution by the Board, the Committee shall have no authority to bind the Board.
- Annually, the Committee shall evaluate its performance with reference to its duties and responsibilities under these Terms of Reference, and the results of its evaluation shall be submitted to the Corporate Governance Committee.

4. Composition and Membership

- The Committee shall be comprised of a minimum of three members. Each member of the Committee shall be both an “unrelated” director and “independent” director as such terms are defined in the Applicable Requirements and the Governance Agreement between the Company, McCain Capital and Maple Leaf Foods.
- All members of the Committee must be “financially literate” as that term is defined from time to time under the requirements or guidelines for Audit Committee service under securities laws and the rules of any stock exchange on which the Company's securities are listed for trading or if it is not so defined as that term is interpreted by the Board in its business judgement.
- At least one member must be a “financial expert” as that term is defined from time to time under the requirements or guidelines for Audit Committee service in the Applicable Requirements or if it is not so defined as that term is interpreted by the Board in its business judgement.
- Members shall be appointed annually by the Board upon the recommendation of the Corporate Governance Committee.
- The Board shall designate one member of the Committee as Chair. In the absence of the Chair, the members present may appoint an interim Chair.

5. Meetings and Procedures

- The Committee shall meet at least four (4) times annually, or more frequently as circumstances require.
- A majority of the members of the Committee shall constitute a quorum.
- At each regularly scheduled meeting the Committee shall designate time to meet in-camera without members of management present with the head of the internal audit function the external auditors, and such persons shall have unrestricted access to the Committee to bring forward matters requiring its attention. The Committee shall also designate time for Committee members to meet in-camera with management present and to meet in-camera with only Committee members present.
- The Committee may invite officers, employees, advisors, or other individuals to attend meetings as it deems necessary or appropriate.
- All directors of the Company are invited to attend Committee meetings as guests, subject to compliance with the Company's conflict of interest rules and governance policies.
- The Corporate Secretary, or their delegate, shall act as secretary to the Committee and record minutes of its proceedings.
- Minutes of each meeting shall be shared with Committee members, approved at subsequent meetings, and made available to the Board.

6. Review of Terms of Reference

- The Committee shall review and reassess the adequacy of this Charter at least annually and otherwise as it determines appropriate and recommend changes to the Corporate Governance Committee.
- The Committee shall ensure that this Charter is disclosed on the Company's website and that this Charter is disclosed in the annual information form of the Company in accordance with the Applicable Requirements.