

## Audit Committee Charter

### 1. General objectives

The Audit committee of Savaria (the “Committee”) is established by and among the board of directors (the “Board”) for the purpose of overseeing the accounting and financial reporting processes, as well as the audit of the financial statements of the Corporation.

### 2. Composition

The Committee shall be comprised of three or more directors as determined by the Board, none of whom are members of management of Savaria and all of whom are “independent” (as such term is used in Multilateral Instrument 52-110 – Audit Committees (“MI 52-110”)) unless the Board shall have determined that the exemption contained in section 3.6 of MI 52 110 is available and has determined to rely thereon.

The expression “independent” shall mean a person with no direct or indirect relationship with the Corporation.

All of the members of the Committee shall be “financially literate” (as defined in MI 52 110) unless the Board shall determine that an exemption under MI 52 110 from such requirement in respect of any particular member is available and has determined to rely thereon in accordance with the provisions of MI 52 110.

The expression “financial literacy” shall mean the ability to read and understand financial statements that are presenting accounting issues that could reasonably be raised in the Corporation’s financial statements.

The members of the Committee shall be appointed by the Board at the annual organizational meeting of the Board and remain as members of the Committee until their successors shall be duly elected and qualified.

Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

### 3. Organization

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. The members of the Audit committee shall meet before or after each meeting without management. As part of its mandate to foster open communication, the Committee should meet at least annually with management and the external auditors in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately. The Chief Financial Officer may, at the discretion of the Committee, be present at meetings of the Committee and may be excused from all or part of any such meetings by the Chairman.

Minutes of all meetings of the Committee shall be taken and the Committee shall report the results of its meetings and reviews undertaken and any associated recommendations or resolutions to the Board. A written resolution signed by all Committee members entitled to vote on that resolution at a meeting of the Committee shall be a valid resolution of the Committee.

A quorum for meetings of the Committee shall be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those governing the Board.

Members of the Committee may participate in a meeting of the Committee by means of telephone or other communication device or facilities that permit all persons participating in any such meeting to hear one another.

The Committee shall ensure the existence of an annual procedure to assess the performance of the Committee and its members.

#### **4. Responsibilities and Duties**

##### **a. Financial Reporting and Disclosure of Documents**

To fulfill its responsibilities and duties, the Committee shall:

- i. Review with management and the external auditors the annual financial statements and accompanying notes, the external auditors' report thereon and the related press release, including the information contained in management's discussion analysis, before recommending Board approval and prior to their release, filing and distribution.
- ii. Review, with management, the quarterly financial statements and accompanying notes and the related press release, including the information contained in management's discussion analysis, before recommending Board approval and prior to their release, filing and distribution.
- iii. Review the financial information contained in the annual information form, annual report, management proxy circular, prospectus and other documents containing similar information and prior to their release, filing and distribution with regulatory authorities in Canada.
- iv. Ensure that the quarterly and annual audited financial statements of the Corporation accurately represent the financial situation, in accordance with generally accepted accounting principles, before recommending Board approval.
- v. Review, with the external auditors and management, the quality, appropriateness and adequacy of the Corporation's accounting principles and policies, underlying assumptions and financial reporting practices.
- vi. Review, together with the Corporation's management and the external auditors, the proposed changes to the Corporation's accounting principles and policies, as well as the different estimates performed by management that could have a material impact on the financial information.
- vii. Review the reports to management prepared by the external auditors and management's responses.
- viii. Review of significant auditors' findings during the year, including the status of previous audit recommendations.
- ix. Ensure that adequate procedures are in place for the review of the public disclosure of financial information extracted or derived from the financial statements and periodically review those procedures.
- x. Review and update this Charter, as conditions dictate.

**b. Risk management and Internal Controls**

To fulfill its responsibilities and duties, the Committee shall:

- i. Ensure, through discussion with management and external auditors, the effectiveness of the internal controls and the reliability of the financial information disclosed.
- ii. Remain informed, through the external auditors, of any weakness in the systems that could cause errors or deficiencies in financial reporting or deviations from the accounting policies of the Corporation or from applicable laws and regulations.
- iii. Review the financial and accounting aspects of transactions between related parties.
- iv. Review risk management policies and procedures of the Corporation (i.e., hedging, litigation and insurance).
- v. Review the liability insurance coverage for the board members (annually and as required).
- vi. Review requests for information from the *Autorité des marchés financiers* and any recommendations made and the steps taken by the Corporation to deal with any such issues.
- vii. Assist the Board with the oversight of the Corporation's compliance with applicable regulatory requirements.

**c. External Auditors**

To fulfill its responsibilities and duties, the Committee shall:

- i. 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.
- ii. Recommend to the Board the external auditors to be nominated for appointment by the shareholders.
- iii. Recommend to the Board the terms of engagement of the external auditors, including their compensation and a confirmation that the external auditors shall report directly to the Committee.
- iv. On an annual basis, review and discuss with the auditors all significant relationships the auditors have with the Corporation to determine the auditors' independence.
- v. Review the performance of the external auditors and approve any proposed discharge of the external auditors when circumstances warrant.
- vi. When there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change.
- vii. Periodically consult with the external auditors, without the presence of management, about internal controls and the fullness and accuracy of the organization's financial statements.
- viii. Review, in consultation with the external auditors, the audit scope and plan of the external auditors.
- ix. Pre-approve the completion of any non-audit services by the external auditors and determine which non-audit services the external auditors are prohibited from providing.
- x. 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.

**d. Ethical and Legal Compliance**

To fulfill its responsibilities and duties, the Committee shall:

- i. Establish a procedure for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters.
- ii. Establish a procedure for the confidential transmittal, on condition of anonymity, by the Corporation's employees of concerns regarding questionable accounting or auditing matters.
- iii. Conduct and authorize investigations into any matters within the Committee's scope of responsibilities. The Committee shall be empowered to retain, and to set and pay compensation for any independent counsel and other professionals to assist in the conduct of any investigation, subject to the Board approving any expenditure in excess of \$10,000 in this regard.
- iv. See to the establishment and respect by the Corporation's Executive Management of the disclosure policy and any other governance policy regarding financial information, operations, activities, facts or events having a material impact effect on the Corporation's financial condition.
- v. Perform any other activities consistent with this Charter, the Corporation's by-laws and governing law, as the Committee or the Board deems necessary or appropriate.

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