

## ENGHOUSE SYSTEMS LIMITED

### AUDIT COMMITTEE CHARTER

#### 1. PURPOSE

The purpose of the Audit Committee is to assist the Board of Directors (the "Board") in fulfilling its oversight responsibilities to the shareholders of Enghouse Systems Limited (the "Corporation"), to potential shareholders and to the investment community with respect to the integrity of the financial statements of the Corporation. The Audit Committee's primary responsibilities and duties are to:

- monitor the management of the principal risks that could impact the financial reporting of the Corporation;
- monitor the integrity of the Corporation's financial reporting process and system of internal controls regarding financial reporting and accounting compliance;
- monitor the independence and performance of the Corporation's external auditors;
- provide an avenue of communication among the external auditors, management, and the Board of Directors;
- require management to develop policies, procedures and practices to manage principal risks;
- monitor compliance with legal and regulatory requirements; and
- report to the Board.

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, subject to approval of the Board.

#### 2. COMPOSITION

The Audit Committee shall meet all requirements specified in the *Business Corporations Act* (Ontario) and in the Toronto Stock Exchange Company Manual. The Audit Committee shall be comprised of at least three members (each a "Member" and collectively the "Members"), each of whom shall be an independent Director in accordance with the provisions of Sections 1.4 and 1.5 of National Instrument 52-110. A Director is considered to be "independent" if he or she has no direct or indirect material relationship with the Corporation which could in the view of the Board reasonably interfere with the exercise of such Director's independent judgment. All Members shall be "financially literate" in accordance with the provisions of Section 1.6 of National Instrument 52-110, meaning able 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 issues that can reasonably be expected to be raised by the Corporation's financial statements. In addition, at least one Member (such Member, the "Chair") shall have employment experience in finance or accounting, requisite professional certification in accounting, or other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

Each Member must hold office until his or her term as Member expires or is terminated. Any Member may be removed and replaced at any time by the Board, and will automatically cease to be a Member as soon as the Member ceases to meet the qualifications set out herein. The Board must fill vacancies in the Audit Committee by appointment from among the members of the Board in accordance with the procedures set out herein. If a vacancy exists on the Audit Committee, the remaining Members shall exercise all its powers so long as a quorum remains in office.

#### 3. RESPONSIBILITIES AND DUTIES

In carrying out its responsibilities, the Audit Committee's policies and procedures should remain flexible, in order to best react to changing conditions and to ensure to the directors and shareholders that the corporate accounting and reporting practices of the Corporation are in accordance with all requirements and are of the highest quality. In particular, the Audit Committee shall have the following mandate:

- (a) **Oversight Responsibility.** Management of the Corporation is responsible for the design and

implementation of accounting and reporting systems, supported by internal controls to safeguard assets from loss or unauthorized use and to ensure the accuracy of the financial records as well as the preparation of the Corporation's financial statements. The auditor is responsible to plan and perform an audit to express an opinion on whether the financial statements present fairly, in all material respects, the financial position of the Corporation and the results of its operations and its cash flows in accordance with International Financial Reporting Standards ("IFRS"). The Audit Committee is responsible to oversee these processes and to set the tone for quality financial reporting, sound business risk practices and ethical behaviour.

- (b) **Relationship with the Auditor.** The Audit Committee is directly responsible for the selection, compensation and oversight of any auditor engaged by the Company to perform an audit. The Audit Committee must recommend to the Board the auditor to be nominated for the purpose of preparing or issuing and auditor's report or performing other audit, review or attest services for the Corporation. The Audit Committee is to instruct the auditor that it should report directly to the Audit Committee on matters pertaining to the work performed during its engagement and on matters required by all laws, rules or regulations promulgated by any government, exchange, board, council or regulatory agency which exercises authority over either the Company or the auditors (each a "Regulatory Body" and collectively, the "Regulatory Bodies"). On an annual basis, The Audit Committee is to discuss with representatives of the auditor the matters required to be discussed by the rules, regulations and guidelines of all applicable Regulatory Bodies. The Audit Committee is to meet with the auditor prior to the audit to review the planning and staffing of the audit and consider whether or not to approve the auditing services proposed to be provided.
- (c) **Evaluation of the Auditor.** At least annually, the Audit Committee shall review and evaluate the performance of the auditors and of the engagement partner and recommend to the Board the discharge of the auditors when the circumstances warrant, after taking into account the opinions of management. If a change to the auditor is proposed, the Audit Committee shall enquire as to the reasonableness for the change, including the response of the incumbent auditors, and shall enquire as to the qualifications of the newly proposed auditor before effecting such a change.
- (d) **Rotation of Lead Partner.** At least annually, the Audit Committee shall review the qualifications and performance of the lead partner(s) of the auditors and determine whether it is appropriate to adopt or continue a policy of rotating lead partners of the auditors.
- (e) **Independence of the Auditor.** At least annually, and before the auditor issues its report on the annual financial statements, the Audit Committee must:
- ensure that the auditor submits a formal written statement defining all relationships between the auditor (including all related businesses or practices) and the Corporation;
  - actively engage in a dialogue with the auditor regarding any disclosed relationships or services that may affect the objectivity and independence of the auditor;
  - obtain written confirmation from the auditor that they are objective within the meaning of the Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of Chartered Accountants to which they belong as well as within the laws, rules, regulations or standards promulgated by any Regulatory Body;
  - consider the safeguards implemented by the external auditor to minimize any threats to their independence; and
  - take all other action the Audit Committee believes is necessary to oversee the independence of the auditors.
- (f) **Non-Audit Services.** The Audit Committee must pre-approve any retainer of the auditor for the performance of any non-audit service (together with all non-audit service fees) that it deems advisable in accordance with policies and procedures duly passed by the board and with the rules, regulations or standards of any applicable Regulatory Body. The Audit Committee must consider the effect of such service and fees upon the independence of the auditor. The Audit Committee must review the fees billed to

the Corporation for non-audit services and compare them to the fees estimated prior to the commencement of such service.

- (g) **Communications with the Auditor.** The Audit Committee must meet privately with the auditor at least once per annum to discuss any items of concern to the Audit Committee or the auditor, such as:
- problem areas that will be referred to in the auditor's management letter;
  - whether or not the auditor is satisfied with the quality and effectiveness of the financial recording procedures and systems;
  - the extent to which the auditor is satisfied with the nature and scope of the auditor's examination;
  - whether or not the auditor has received full co-operation from the management and employees of the Corporation; and
  - the auditor's opinion of the competence and performance of the Chief Financial Officer or person performing such role (the "CFO"), and other key financial personnel.
- (h) **Review of the Audit Plan.** Prior to the commencement of the audit, the Audit Committee must review with the auditor the planning and staffing of the audit (including without limitation any material changes to the scope of such plan) and, in addition, the Audit Committee must consider whether or not to approve the auditing services proposed to be provided by the auditor.
- (i) **Audit Fees.** The Audit Committee has the authority to recommend to the Board the amount of the auditor's fee. In determining the auditor's fee, the Audit Committee must consider the number and nature of reports issued by the auditors, the quality of the internal controls, the size, complexity and financial condition of the Corporation and the extent of internal audit and other support provided by the Corporation to the auditor.
- (j) **Disclosure of Financial and Related Information**

*Review of Annual Audited Financial Statements*

The Audit Committee must review the annual audited financial statements to assess whether or not they are presented fairly in all material respects in accordance with IFRS. In addition, the Audit Committee must review: (i) the financial condition, (ii) the results of operations; (iii) the statement of cash flow and related information, (iv) the auditor's report; and (v) the related management discussion and analysis (the "MD&A"). After reviewing the information described in this paragraph, the Audit Committee shall recommend to the Board whether the audited information described in this paragraph should be included in the Corporation's annual report (the "Annual Report").

In conducting their review, the Audit Committee must:

- discuss the annual audited financial statements and MD&A with management and the auditor;
- review the results of the audit, including any reservation or qualifications in the auditor's opinion;
- review the disclosure contained in the financial statements;
- consider the quality of, and not just the acceptability of: (i) the accounting principles, (ii) the reasonableness of the judgment of management with respect to all estimates that have a material effect upon the financial statements, and (iii) the clarity of the disclosures in the financial statements;
- review any material effects of regulatory accounting initiatives or off-balance sheet structures on the financial statements as presented by management, including requirements relating to complex or unusual transactions, significant changes to accounting principles and alternative treatments under IFRS;
- discuss with management, the auditor and legal counsel, as requested, any litigation, claim or other contingency, including tax assessments, that could have a material effect upon the financial position of the Corporation, and the manner in which these matters have been disclosed in the financial

- statements;
- review any material changes in accounting policies and any significant changes in accounting practices and their impact on the financial statements as presented by management;
  - review management’s report on the effectiveness of internal controls over financial reporting and discuss with the auditor any special audit steps taken in light of any material weaknesses in internal control disclosed in such report;
  - discuss with the auditor any difficulties encountered during the course of the audit and related activities, including without limitation: (i) any restrictions on the scope of the auditor’s procedures and on the auditor’s access to requested information, (ii) accounting adjustments proposed by the auditor that were not accepted by management (due to materiality or otherwise), and (iii) significant disagreements with management regarding financial reporting;
  - resolve any disagreements between management and the auditor regarding financial reporting in a manner which ensures the integrity of the financial statements and of the Corporation’s internal controls;
  - review the factors identified by management as factors that may affect future financial results;
  - review complaints received under the complaints procedure program outlined in Section 3(k) below; and
  - review any other matters related to the financial statements that are brought forward by the auditors, by the Corporation’s management or which are required to be communicated to the Audit Committee under IFRS or under the rules and regulations of any applicable Regulatory Body.

*Review of Interim Financial Statements and Other Financial Information*

The Audit Committee must discuss with the Corporation’s management: (i) the interim financial statements, (ii) related MD&A, and (iii) the results of the auditors review of these items. The Audit Committee has the authority to approve and to recommend for Board approval the interim financial statements and the related MD&A if it is satisfied that these items present fairly in all material respects in accordance with IFRS the financial condition, results of operations and cash flows and other material financial information with respect to the Corporation for such interim period. The interim financial statements and related MD&A may not be disclosed to the public unless and until the Audit Committee approves these items and recommends them for Board approval.

The Audit Committee must review and recommend to the Board for the Board's approval, before its public release, all press releases disclosing, or based upon, the Corporation’s profit or loss or other financial results and any other material financial disclosure, including without limitation financial guidance provided to analysts, rating agencies or otherwise publicly disseminated.

*Review of Prospectuses and Other Regulatory Filings*

Unless otherwise determined by the Board, the Audit Committee must review all other financial statements that require approval by the Board before they are released to the public, including, without limitation, financial statements for use in prospectuses, other securities offering documents or any applicable public disclosure documents.

(k) **Relationship with Management.** The Audit Committee must:

- meet privately with management at least once per year to discuss any applicable areas of concern raised by either the Audit Committee or by management;
- review and assess the performance of the CFO and other senior executives involved in the financial reporting process and provide recommendations to the chief executive officer (the “CEO”) and to the Corporation’s Compensation Committee (the “Compensation Committee”) with respect to the award of any applicable monetary or other bonus to such executives in accordance with any incentive program established by the Compensation Committee;
- review, approve and recommend to the Board the Corporation’s hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation; and

- keep management informed of all significant matters addressed by the Audit Committee.

(l) **Complaints Procedure.** The Audit Committee shall:

- establish a procedure for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters;
- establish and maintain a procedure for the confidential, anonymous submission of concerns by employees of the Corporation regarding questionable accounting, internal control, or auditing matters;
- review any complaints or concerns described in this Section 3(l) that are received by it and, if it determines that the matter requires further investigation, direct the Chair to engage outside advisors, as necessary or appropriate, to investigate the matter and to work with management and the Corporation's legal counsel to reach a satisfactory conclusion; and
- investigate any allegations that any officer or director of the Corporation, or any other person acting under the direction of any such person, took any action to fraudulently influence, coerce, manipulate, or mislead any independent public or certified accountant engaged in the performance of an audit of the Corporation's financial statements for the purpose of rendering such financial statements materially misleading and, if such allegations prove to be correct, take or recommend to the Board appropriate disciplinary action.

(m) **Oversight of Internal Controls and Disclosure Controls.** The Audit Committee must be satisfied that adequate procedures are in place for review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and it must periodically assess the adequacy of those procedures. Towards that end, the Audit Committee shall require management to implement and maintain appropriate systems of internal controls in accordance with the rules and regulations of any applicable Regulatory Body and to review, evaluate and approve these systems. In addition, the Audit Committee shall require the Corporation's CEO and CFO to submit to the Audit Committee a report, dated no earlier than 10 days prior to the date of filing the Annual Report or any interim reports (as applicable), that evaluates the design and operation of the Corporation's internal financial and accounting controls. Such report shall disclose:

- the effectiveness of, or weaknesses in: (i) the design or operation of the Corporation's internal controls; (ii) the overall control environment for managing business risks; and (iii) the accounting, financial and disclosure controls, non-financial controls, and legal and regulatory controls;
- the effect of any identified weaknesses in internal controls referenced above on management's conclusions;
- any material issues raised by any inquiry or investigation by any applicable Regulatory Body;
- any significant deficiencies discovered in the design and operation of the internal controls which could adversely affect the Corporation's ability to record, process, summarize, and report financial data; and
- any fraud, whether or not material, that involves the Corporation's management or other employees who have a significant role in the Corporation's internal controls.

The Audit Committee shall direct the actions to be taken and/or make recommendations to the Board of actions to be taken, to the extent such report indicates the finding of any significant deficiencies in internal controls or fraud with respect to the development or implementation of such internal controls. In addition, the Audit Committee shall at least annually consider and review with management and with the auditors possible changes or enhancements in the Corporation's internal controls over financial reporting that are disclosed, or are considered for disclosure, including those in the Corporation's periodic regulatory filings.

(n) **Legal Compliance.** The Audit Committee shall review reports from the Corporation's Secretary, the Corporation's legal counsel and other management members (as applicable) on: (i) legal or compliance matters that may have a material effect on the Corporation; (ii) the effectiveness of the Corporation's compliance policies; and (iii) material communications received from any Regulatory Body. The Audit Committee shall review management's evaluation of, and representations relating to, compliance with specific

applicable law or with the rules and regulations of any applicable Governing Body, and management's plans to remediate any deficiencies identified.

- (o) **Risk Management.** The Audit Committee must meet periodically with the Corporation's management to discuss the Corporation's major financial risks and the steps management has taken to monitor and control these risks.
- (p) **Financial Planning and Investments.** The Audit Committee must review: (i) the annual business plan (including the annual budget), and (ii) periodic financial forecasts. If acceptable to the Audit Committee, it may recommend these plans and forecasts to the Board for approval. The Audit Committee must review and approve the Corporation's investment policy, as well as specific investment opportunities of a value exceeding management's authority in accordance with such policy, and review reports from management on the results of such specific investment decisions.
- (q) **Conduct and Ethics.** The Audit Committee must:
- establish policies and practices concerning the examination and approval of officers' expenses and perquisites, including the use of the Corporation's assets;
  - approve any waivers of the Code of Business Conduct and Ethics that are sought by officers or by members of the Board;
  - oversee the investigation of any alleged breach by the Corporation's officers of the Code of Business Conduct and Ethics; and
  - ensure that waivers of the Code of Business Conduct and Ethics are disclosed to shareholders in accordance with applicable regulatory requirements.
- (r) **Related Party Transactions and Conflicts of Interest.** The Audit Committee must review and pre-approve: (i) all proposed transactions between the Corporation and any employee or director of the Corporation, and (ii) all other situations that may create a potential conflict of interest unless such transactions or situations are required to be addressed by an "independent special committee" pursuant to rules or regulations of any applicable Regulatory Body.

#### **4. REVIEW AND DISCLOSURE OF CHARTER**

This Charter shall be reviewed by the Audit Committee periodically (but on at least an annual basis) and be submitted to the Board for approval with such amendments as the Audit Committee deems necessary. This Charter must be disclosed to shareholders in a manner consistent with the rules or regulations of any applicable Regulatory Body.

#### **5. ASSESSMENT OF AUDIT COMMITTEE**

The Board (excluding the Members) must assess at least annually the effectiveness of the Audit Committee in meeting its objectives by reference to the duties set out in this Charter.

#### **6. MEETINGS AND QUORUM**

The Chair may call a meeting of the Audit Committee at any time, and must call a meeting of the Audit Committee when requested to do so by a Member, the external auditor, the chair of the Board, the CEO or the CFO. In any event, the Audit Committee must meet at least four times annually.

Notices of Audit Committee meetings shall be sent to all Members, to the CEO and CFO, and to all Directors. The Committee may meet on not less than 48 hours written notice from the Chair to all Members (or without notice if all persons entitled to notice have waived or are deemed to have waived such notice). The auditor must be given notice of a meeting of the Audit Committee and shall be entitled to attend all such meetings. At each such meeting,

provision will be made for the Audit Committee to meet privately with the auditor without the Corporation's management present.

A majority of the Members will constitute a quorum for the transaction of business. In the absence of the Chair at a meeting of the Audit Committee, the Members in attendance must select one of them to act as chair of that meeting.

#### **7. SECRETARY AND MINUTES**

The Secretary of the Board, or such other person as the Chair may appoint, shall be appointed Secretary of the Audit Committee. The Audit Committee shall maintain minutes or other records of meetings and activities of the Audit Committee in sufficient detail to convey the substance of all discussions held. Upon approval of the minutes by the Audit Committee, the minutes shall be circulated to the members of the Board. The minutes will be duly entered into the books of the Corporation. The Chair may report orally to the Board on any matter the Chair believes requires the immediate attention of the Board.

#### **8. RETENTION OF EXPERTS**

To the extent deemed necessary by the Audit Committee to carry out its duties, it shall have the sole authority to engage outside counsel, independent accounting consultants and/or other advisors, in each case at the Corporation's expense, to review any matter relevant to the Audit Committee's roles and responsibilities under this Charter. The Audit Committee has the authority to set and pay compensation for the advisors it hires pursuant to this paragraph or to any other provision of this Charter.

#### **9. ACCESS TO RECORDS**

The Audit Committee, and any legal, accounting or other experts engaged by the Audit Committee, shall be given unrestricted access to all records and information relating to the Corporation, as well as to the management and/or employees of the Corporation (including without limitation any internal auditors employed by the Corporation) as the Audit Committee believes is relevant to the execution of the Audit Committee's roles and responsibilities under this Charter.