

**Subject: *Audit Committee Charter***

**Revised Date: July 2017**

## **1. Mandate**

The mandate of the Audit Committee (the “Committee”) shall be to provide assistance to the Board of Directors (the “Board”) of Corus Entertainment Inc. (“Corus” or the “Company”) in fulfilling their oversight responsibilities relating to: (i) the integrity of the Company’s financial statements; (ii) the Company’s compliance with legal and regulatory requirements; (iii) the external auditor’s qualifications and independence; and, (iv) the performance of the Company’s internal audit function and external auditors.

In fulfilling its mandate, it is the responsibility of the Committee to maintain free and open communication between the Committee, external auditors, the internal auditors, and management of the Company, and to determine that all parties are aware of their responsibilities.

## **2. Composition and Operations**

2.1 The Committee shall be composed of three or more directors, as determined and appointed by the Board on an annual basis. Every Committee member must be independent as defined by National Instrument 52-110 *Audit Committees*. In this regard, to maintain their independence, members of the Committee may not accept any consulting, advisory or other compensatory fee (other than regular Board and Committee fees) from the Company or any of its affiliates. Members also may not receive any indirect payments from the Company or any of its affiliates, including payments (whether or not material) made to spouses or family members, or payments for services to law firms, accounting firms, consulting firms and investment banks for which the Committee member serves as a partner, member, managing director or executive. The members of the Committee and the Chair will be appointed annually by the Board and each member shall serve until the next Annual General Meeting of the shareholders of the Company or until his or her earlier resignation or removal by the Board.

2.2 Every Committee member must be financially literate as defined by National Instrument 52-110 *Audit Committees*. The determination of whether any given member of the Committee meets such definition, will be made by the Board, in consultation with the Corporate Governance Committee, in accordance with applicable laws, policies and guidelines of securities regulatory authorities.

2.3 The Committee should meet at least quarterly. Special meetings should be authorized at the request of any member of the Committee or at the request of the external auditor, internal auditor or senior members of management. The external and internal auditors should have the right to attend all meetings of the Committee.

---

**CORUS.**

- 2.4 The Committee has access to Corus senior management and documents as required to fulfill its responsibilities and is provided with the resources necessary to carry out its responsibilities.
- 2.5 The Board should be kept informed of the Committee's activities by a report following each Committee meeting. The person designated to act as secretary should prepare minutes of all meetings, to be filed in the corporate records.
- 2.6 The Committee has the authority to engage the services of independent outside advisors or counsel in consultation with the Executive Chair and to set and pay the compensation for these advisors.
- 2.7 The secretary to the Committee shall be either the Corporate Secretary or a person delegated by the Chair and that person will be responsible to keep minutes of all meetings.
- 2.8 Notice of each meeting of the Committee shall be given to each member of the Committee as far in advance of the time for the meeting as possible, but in any event, not later than 24 hours preceding the time stipulated for the meeting (unless otherwise waived by all members of the Committee). Each notice of meeting shall state the nature of the business to be transacted at the meeting in reasonable detail and to the extent practicable, be accompanied by copies of documentation to be considered at the meeting.
- 2.9 A quorum for the transaction of business at a meeting shall consist of not less than a majority of the members of the Committee. Members of the Committee may participate in any meeting by means of such telephonic, electronic or other communication facilities as permit all persons participating in the meeting to communicate adequately with each other, and a member participating by any such means shall be deemed to be present at that meeting. Senior management of the Company and other parties may attend meetings of the Committee, as may be deemed appropriate by the Committee.

### **3. Duties and Responsibilities**

The Committee has the responsibilities and powers set forth in this Charter:

#### ***General***

- 3.1 The Committee shall review and reassess the charter at least annually and obtain the approval of the Board.
- 3.2 The Committee shall perform an evaluation of its performance at least biennially to determine whether it is functioning effectively.
- 3.3 The Committee shall meet separately, periodically, as it deems appropriate, with management, with internal auditors and with external auditors.

### ***Financial Statements and other Reports***

- 3.4 The Committee has the authority to communicate directly with the internal and external auditors and shall review the Company's quarterly and annual financial statements, Management's Discussion and Analysis ("MD&A"), Annual Information Form ("AIF"), Management Information Circular ("MIC") and annual and interim earnings press releases prior to their release and make recommendations to the Board for their approval. In addition, the Committee will review any report of management that accompanies published financial statements.
- 3.5 The Committee's review of the annual audited financial statements shall include but are not limited to the following: (i) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles; (ii) major issues as to the adequacy of the Company's internal controls and any specific remedial actions adopted in light of material control deficiencies; (iii) discussions with management and the external auditors regarding significant financial reporting issues and judgments made in connection with the preparation of the financial statements and the reasonableness of those judgments; (iv) consideration of the effect of regulatory accounting initiatives, as well as off-balance sheet structures on the financial statements; (v) consideration of the judgment of both management and the external auditors about the quality and disclosure, not just the acceptability, of accounting principles; (vi) the clarity of the disclosures in the financial statements; and (vii) discussions with management and the external auditors regarding accounting adjustments that were noted or proposed by the external auditors but were "passed" (as immaterial or otherwise).
- 3.6 The Committee shall, on an annual basis, review and assess the adequacy of the Company's procedures in place for the review of the Company's public disclosure of financial information extracted or derived from the issuer's financial statements, other than the information referred to in subsection 3.5.

### ***Risk Management, Internal Controls and Information Systems***

- 3.7 The Committee shall discuss with management, the internal auditors and the external auditors the adequacy and effectiveness of disclosure controls and procedures and internal control over financial reporting, including any significant deficiencies or material weaknesses identified by management of the Company in connection with its required quarterly certifications with securities regulatory authorities.
- 3.8 The Committee shall review management's assessment of the effectiveness of internal control over financial reporting as of the end of the most recent fiscal year.
- 3.9 The Committee shall review with management, the external auditor and if necessary with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Company, and the manner in which these matters have been disclosed in the financial statements.

- 3.10 The Committee shall monitor compliance with statutory laws and regulations and obtain regular updates from management and the Company's legal counsel regarding compliance matters.
- 3.11 The Committee is responsible for establishing appropriate processes and procedures for the receipt, retention, and treatment of accounting, internal controls or auditing matter complaints received by the company. In addition the Committee shall ensure that the company has a mechanism to allow employees to communicate concerns regarding questionable accounting or auditing matters on a confidential, anonymous basis without fear of reprisal.
- 3.12 The Committee shall discuss the Company's policies with respect to risk assessment and risk management, including the risk of fraud. The Committee also shall review, on a quarterly basis, management's risk assessment of key enterprise risks and the steps management has taken to mitigate risk exposures.

### ***External Audit Services***

- 3.13 The external auditors will report directly to the Committee.
- 3.14 The Committee will recommend to the Board of Directors:
- (a) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services of the Company; and
  - (b) the compensation of the external auditor.
- 3.15 The Committee will oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including but not limited to the following:
- (a) reviewing objectives and scope of audit, review or attest services;
  - (b) reviewing the results of the external audit and any changes in accounting practices or policies and the financial statement impact thereof;
  - (c) reviewing any accruals, provisions or estimates that have a significant effect upon the financial statements; and
  - (d) reviewing any audit problems or difficulties encountered during the course of the audit work, including any restrictions on the scope of the external auditors' activities or access to requested information, and management's response.
- 3.16 The Committee will pre-approve all audit and non-audit services provided to the Company or its subsidiaries by the external auditors and shall not engage the external auditors to perform non-audit services proscribed by law or regulation.
- 3.17 The Committee may delegate to one or more members of the Committee the authority to pre-approve any audit and non-audit services up to a pre-determined cap in satisfaction of the requirement under subsection 3.17.
- 3.18 The pre-approval of audit and non-audit services pursuant to subsection 3.17 must be presented to the Committee at its first scheduled meeting following such pre-approval.

- 3.19 The Committee shall determine that the external audit firm has a process in place to address the rotation of the lead audit partner and other audit partners serving the account in accordance with applicable laws, policies and guidelines of securities regulatory authorities.
- 3.20 At least annually, the Committee shall obtain and review a report by the external auditors describing: (i) the audit firm's internal quality control procedures; (ii) any material issues raised by the most recent internal quality control review, or peer review, of the audit firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the audit firm, and any steps taken to deal with any such issues; and (iii) all relationships between the external auditors and the Company (to assess the auditor's independence).
- 3.21 The Committee shall review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors.

### ***Internal Audit***

- 3.22 The internal auditors will report directly to the Committee.
- 3.23 The Committee will oversee the work of the internal auditor including but not limited to the following:
- (a) reviewing the objectives and scope of internal audit plans;
  - (b) reviewing the quarterly reports summarizing audit activities for the quarter;
  - (c) reviewing the audit findings of internal audits;
  - (d) reviewing the findings from any special investigations as needed; and
  - (e) reviewing any audit problems or difficulties encountered during the course of the audit work, including any restrictions on the scope of the internal auditors' activities or access to requested information, and management's response.

## **4. Committee Timetable**

The Committee shall fulfill its oversight responsibilities primarily by carrying out the activities set forth in a detailed quarterly schedule, as well as all such other actions which may be incidental thereto or which may be necessary for the Committee to comply with the spirit and intent of this Charter. The items enumerated in the schedule are not intended to be exhaustive of the duties of the Committee. The schedule is reviewed annually by the Board and may be supplemented and revised from time to time as may be appropriate.

## 5. **Committee Chair – Job Description**

At the time of the annual appointment of the members of the Audit committee, the Board of Directors shall appoint a Chair of the Audit Committee. In the absence of the appointed Chair of the Committee from any meeting, the members shall elect a Chair from those in attendance to act as Chair of the meeting. The Chair shall: be a member of the Audit Committee, preside over all Audit Committee meetings, coordinate the Audit Committee's compliance with this charter, work with management to develop the Audit Committee's annual work-plan and provide reports of the Audit Committee to the Board. The Chair may vote on any matter requiring a vote and shall provide a second vote in the case of a tie vote.