

**SCHEDULE A TO AUDIT COMMITTEE CHARTER**  
**Services Provided by KPMG**  
**Pre-Approval Policy**

**BACKGROUND**

On January 1, 2004, the Canadian Institute of Chartered Accountants' revised Rules of Professional Conduct on auditor independence became effective. As they relate to public companies these new rules are very similar to the revised independence rules of the Securities and Exchange Commission (SEC) that became effective on May 6, 2003. They include prohibitions or restrictions on services that may be provided by auditors to their audit clients and require that all services provided to a listed entity audit client, including its subsidiaries, be pre-approved by the client's audit committee.

The rules identify the following ten types of non-audit services that are deemed inconsistent with an auditors' independence ("Prohibited Services").

1. Bookkeeping or other services related to the audit client's accounting records or financial statements.
2. Financial information systems design and implementation
3. Appraisal or valuation services for financial reporting purposes.
4. Actuarial services for items recorded in the financial statements.
5. Internal audit outsourcing services.
6. Management functions.
7. Human resources.
8. Certain corporate finance and other services.
9. Legal services.
10. Certain expert services unrelated to the audit.

The rules provide further details as to the specific nature of services within these categories that are prohibited.

In addition, under Canadian Securities Administrators ("CSA") rules, a public company's Audit Committee will be responsible for pre-approving all non-audit services to be provided to the Corporation or its subsidiaries by the Corporation's external auditors or the external auditors of the Corporation's subsidiaries.

Under the Institute, CSA and SEC rules pre-approval of services by the Audit Committee may be accomplished either by specific approval of each engagement or by adopting pre-approval policies and procedures. The CSA rules require public companies to disclose in their Annual Information Form a description of the policies and procedures their Audit Committee has established to pre-approve non-audit services. The CSA and SEC rules also require public disclosure of fees paid to the external

auditors under the captions “Audit Fees”, “Audit-Related Fees”, “Tax Fees”, and “All Other Fees”. The four categories of service, as defined in the CSA and SEC rules are:

Audit Services

Include services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements.

Audit Related Services

Include services by an external auditor that are reasonably related to the performance of the audit of the issuer’s financial statements and are not reported as Audit Services.

Tax Services

Include professional services rendered by an external auditor for tax compliance, tax advice, and tax planning.

All Other Services

Include products and services provided by the external auditor not included in the previous three categories.

**PRE-APPROVAL POLICY**

The Corporation and its subsidiaries will not engage KPMG to carry out any Prohibited Service. The Audit Committee will consider the pre-approval of permitted services to be performed by KPMG in each of the following broad categories.

**Audit Services**

**Audit Related Services**

**Tax Services**

- Compliance Services
- Canadian & United States Tax Planning Services
- Commodity Tax Services
- Executive Tax Services

**Other Services**

- Valuation Services
- Information Technology Advisory and Risk Management Services
- Forensic and Related Services
- Transaction Services
- Corporate Finance Services
- Project Risk Management Services
- Operational Advisory and Risk Management Services
- Regulatory and Compliance Services

For permitted services, all of which are listed in Appendix A, the following pre-approval policies will apply:

**A. Audit Services**

The Audit Committee will pre-approve all Audit Services provided by KPMG through their recommendation of KPMG as shareholders' auditors at the Corporation's annual meeting and through the Audit Committee's review of KPMG's annual Audit Plan. Audit services included are listed on Appendix A, attached.

**B. Pre-Approval of Audit Related, Tax and Other Non-Audit Services**

On an annual basis the Audit Committee will update the attached list of Pre-Approved Services and pre-approve services that are recurring or otherwise reasonably expected to be provided.

The Audit Committee will be subsequently informed quarterly of the services on the attached list for which KPMG has been actually engaged.

Any additional requests for pre-approval will be addressed on a case-by-case specific engagement basis as described in (C) below.

**C. Approval of Additional Services**

The Corporation employee making the request will submit the request for service to the President and / or Chief Financial Officer of Chartwell. The request for service should include a description of the service, the estimated fee, a statement that the service is not a Prohibited Service and the reason KPMG is being engaged.

**Services where the aggregate fees are estimated to be less than or equal to \$10,000**

Recommendations, in respect of each engagement, will be submitted by the Chief Financial Officer to the Chair of the Audit Committee, or his designate, for consideration and approval. The full Audit Committee will subsequently be informed of the service, at its next meeting. The engagement may commence upon approval of the Chair of the Audit Committee or his designate.

**Services where the aggregate fees are estimated to be greater than \$10,000.**

Recommendations, in respect of each engagement, will be submitted by the Chief Financial Officer to the full Audit Committee for consideration and approval, generally at its next meeting or at a special meeting called for the purpose of approving such services. The engagement may commence upon approval of the full Audit Committee.

## **LIST OF PRE-APPROVED SERVICES**

### **Audit Services**

- ❑ Audit, under Canadian Generally Accepted Auditing Standards, of the annual consolidated financial statements of Chartwell, prepared under Canadian GAAP
- ❑ Audit, under United States Generally Accepted Auditing Standards, of the annual consolidated financial statements of Chartwell, prepared under Canadian GAAP and with a United States / Canadian GAAP reconciliation
- ❑ Reviews of the quarterly interim financial statements of Chartwell;
- ❑ Services associated with private placement due diligence, prospectuses, periodic reports and other documents filed with securities regulatory bodies (such as the Alberta Securities Commission, SEC and TSX) or other documents issued in connection with securities offerings (e.g., comfort letters and consent letters) and assistance in responding to comment letters from securities regulatory bodies;
- ❑ Consultations with the Corporation's management as to the accounting or disclosure treatment of transactions or events and/or the actual or potential impact of final or proposed rules, standards or interpretations by the securities regulatory authorities, accounting standard setting bodies (such as the CICA), or other regulatory or standard setting bodies.

### **Audit-Related Services**

- ❑ Due diligence services related to accounting and tax matters in connection with potential acquisitions / dispositions;
- ❑ Advice and documentation assistance with respect to internal controls over financial reporting and disclosure controls and procedures of the Corporation;

### **Tax Services**

#### Compliance Services

- ❑ Assistance with the preparation of Canadian and International corporate income tax returns and related schedules, for Chartwell and its subsidiaries;
- ❑ Assistance in responding to Canada Customs and Revenue Agency or other taxation authority on proposed reassessments and other matters.

### Canadian and United States Tax Planning Services

- ❑ Advice with respect to cross-border/transfer pricing tax issues;
- ❑ Assistance in interpreting and understanding existing and proposed domestic and international legislation, and the administrative policies followed by various jurisdictions in administering the law, including assisting in applying for and requesting advance tax rulings or technical interpretations;
- ❑ Assistance in understanding the tax implications of structured transactions and the assessment of associated potential risks;
- ❑ Assistance and advising on routine planning matters; and
- ❑ Assistance in advising on the implications of the routine financing of Canadian and International operations, including the tax implications of using debt or equity in structuring such financing, the potential impact of non-resident withholding tax and the taxation of the repatriation of funds as a return of capital, a payment of a dividend, or a payment of interest.

### Commodity Tax Services

- ❑ Assistance regarding GST/PST/Customs/Property Tax filings and assessments;
- ❑ Commodity tax advice and compliance assistance with business reorganizations;
- ❑ Advice and assistance with respect to government audits/assessments;
- ❑ Advice with respect to other provincial tax filings and assessments; and

### Executive Tax Services

- ❑ Departure and repatriation planning and counseling;
- ❑ Advice in interpreting existing legislative and administrative policies relating to employee compensation or benefits; and
- ❑ Expatriate policy consulting.

### **Other Services**

#### Valuation Services

- ❑ Provide valuation reports or analyses for non- financial reporting purposes, including tax-only valuations, compensation valuations, transfer pricing studies, or cost segregation studies;
- ❑ Provide a review of work performed by management or a third-party valuation specialist in determining the required amounts recorded in the financial statements;

#### Information Technology Advisory and Risk Management Services

- ❑ Performance of security reviews on information technology systems;
- ❑ Review, advice, and assistance with respect to risk and control over information technology resources;
- ❑ Review, advice, and assistance with respect to defining requirements for and selecting new or updated information systems; excludes design and implementation of financial information systems, but includes related independent review and advice to management;
- ❑ Review, advice, and assistance with respect to improving the performance of information systems and related business processes and resources;
- ❑ Review, advice, and assistance with respect to governance, control and security of information and information technology; and
- ❑ Review, advice, and assistance with respect to business continuity plans, information technology disaster recovery plans, and associated capabilities and resources.

#### Forensic and Related Services

- ❑ Forensic accounting investigations intended to assemble factual evidence to support or refute theories of financial irregularity as long as they are **not** undertaken in connection with, or in anticipation of litigation;
- ❑ Assistance with the conduct of background investigations of potential licensees and / or their key officers and directors;
- ❑ Investigations of concerns of fraud or misconduct intended to assemble factual evidence to support or refute theories of fraud or misconduct as long as they are **not** undertaken in connection with, or in anticipation of litigation
- ❑ Fraud and Misconduct Diagnostic reviews;
- ❑ Fraud Awareness training;
- ❑ Corporate Intelligence and background investigation services;
- ❑ Forensic technology services;

#### Transaction Services

- ❑ Provide commercial due diligence services, including in connection with market analyses, potential divestitures, acquisitions or financing transactions;
- ❑ Provide vendor assistance, including assistance with data room preparation;
- ❑ Provide financial modeling assistance, which will not be subsequently audited or disclosed (This would not be permitted for SEC registrant audit clients.);
- ❑ Perform sensitivity and risk analyses for a target of the Corporation where the assumptions are formulated by management of the Corporation or third-party experts;

- ❑ Provide a review of prospective financial information prepared by management of the Corporation, a target or third-party experts; and
- ❑ Provide advisory services in connection with post acquisition integration, provided the services are unrelated to the Corporation's financial statements or accounting records.

#### Corporate Finance Services

- ❑ Assist the Corporation by providing structuring advice and assisting the Corporation in analyzing the accounting effects of proposed divestitures, acquisitions, or financing transactions;
- ❑ Assist the Corporation in identifying or introducing possible sources of capital, including prospective purchasers, that meet the client's specifications or criteria;
- ❑ Participate, in an advisory capacity, with the client in transaction negotiations with prospective purchasers, sellers or sources of capital

#### Project Risk Management Services

- ❑ Review and advice with respect to project management processes, techniques, and activities; and
- ❑ Review, advice, and assistance with respect to risk management of a specific project including assessment and advice on project risks and project risk management processes, techniques, and activities.

#### Operational Advisory and Risk Management Services

- ❑ Review, advice, and assistance with respect to operational risks, including enterprise risk management reviews and advice;
- ❑ Review, advice, and assistance with respect to the documentation, analysis, and improvement of operational business processes;
- ❑ Review, advice, and assistance with respect to managing the risks associated with determining and implementing the sourcing of business and technology services (e.g. in-sourcing, out-sourcing, co-sourcing, shared services, and public-private partnerships);
- ❑ Review, advice, and assistance with respect to managing the risks associated with merging and integrating the operations of two or more entities; and
- ❑ Review and advice with respect to resolving reconciliation problems in financial information, information systems, and related processes.

#### Regulatory and Compliance Services

- ❑ Review, advice, and assistance with respect to regulatory risks and compliance with specific legislation or regulations, including privacy legislation and related regulations.