

# 2021 Annual Information Form

**Trusted leadership  
in mental health  
and wellbeing**

**For the year ended  
December 31, 2021**

**March 16, 2022**



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# Explanatory notes

The information in this Annual Information Form (“AIF”) in respect of LifeWorks Inc. (“LifeWorks” or the “Company”) is stated as at December 31, 2021, unless otherwise indicated, and covers the operating period from January 1, 2021 to December 31, 2021. All dollar amounts are expressed in Canadian dollars and references to “\$” are to Canadian dollars.

This AIF contains “forward-looking information” within the meaning of applicable securities laws, such as statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Specific statements used in this AIF that may contain “forward-looking information” include but are not limited to statements with respect to: the discussion of our business and operating segments, focuses and strategies, our expectations of future performance for our various operating segment units and our consolidated financial results; the conversion of long-term incentive plan units into common shares; considerations in determining when to declare dividends and the amount of such dividends; the Company’s management and monitoring of commitments and contractual obligations to ensure that they can be met with funding provided by operations and capital resources available; future lease and credit facility commitments; and future consideration related to acquisitions. They are based on certain factors and assumptions, including expected growth, results of operations, business prospects and opportunities. Use of words such as “may,” “will,” “expect,” “believe,” “could,” “would,” “intend,” or other words of similar effect may indicate “forward-looking information.” Forward-looking information is not a guarantee of future performance and is subject to numerous risks and uncertainties, including those described in the Company’s publicly filed documents (available on SEDAR at [sedar.com](https://www.sedar.com)) and in the Company’s MD&A under the heading “Risks and Uncertainties.”

Those risks and uncertainties include, among other things, the ability to maintain profitability and manage growth, competition, reliance on information systems and technology, reputational risk, satisfactory performance of client obligations, general economic conditions, and pandemics, natural disasters or other unanticipated events (including the novel coronavirus and variants thereof (“COVID-19”)), dependence on key clients and key channel partners, risk of future legal proceedings, protection of intellectual property, foreign exchange risk, insurance, indebtedness and interest rates, credit risk, dividends, market price and dilution of common shares. Many of these risks and uncertainties can affect the Company’s actual results and could cause the Company’s actual results to differ materially from those expressed or implied in any forward-looking information or statement made by the Company or on the Company’s behalf. Given these risks and uncertainties, investors should not place undue reliance on forward-looking information as a prediction of actual results.

All forward-looking information in this AIF is qualified by these cautionary statements. These statements are made as of the date of this AIF and, except as required by applicable law, the Company undertakes no obligation to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise. Additionally, the Company undertakes no obligation to comment on analyses, expectations or statements made by third parties in respect of the Company, its financial or operating results or its securities.

# Definitions

In this AIF, the following expressions have these meanings:

“**AIF**” means this Annual Information Form;

“**Board**” means the board of directors of the Company;

“**Common Shares**” means common shares in the capital of LifeWorks;

“**Company**” means LifeWorks Inc.;

“**Credit Facilities**” means (1) the \$600 million senior secured revolving facility, which includes a swing line of \$14 million which matures on July 27, 2023 and (2) the \$100 million incremental facility that matures on April 14, 2022, as further described under the Credit Facility Agreement and any amendments thereto;

“**Credit Facility Agreement**” means the fifth amended and restated credit agreement dated April 17, 2020, entered into by LifeWorks with a number of bank lenders, as amended from time to time;

“**Directors**” means the members of the board of directors of the Company;

“**EFAP**” means employee and family assistance program;

“**LTIP**” or “**Long-term Incentive Plan**” means the Phantom Plan, 2017 LTIP, 2011 LTIP and the Income Fund LTIP;

“**MD&A**” means LifeWorks’ Management’s Discussion and Analysis, respecting the year ended December 31, 2021;

“**LifeWorks**” means LifeWorks Inc.;

“**SaaS**” means software as a service;

“**Shareholders**” means holders of Shares;

“**Shares**” means Common Shares of the Company; and

“**TSX**” means Toronto Stock Exchange.

# Corporate structure

## LifeWorks

At the Company’s annual meeting on May 14, 2021, Shareholders overwhelmingly approved the company name change from Morneau Shepell Inc. to LifeWorks Inc. – 99.87 per cent approval.

The rebrand initiated a new chapter for the Company and supports the organization’s commitment to delivering a continuum of care that improves lives and improves business on a global scale. This also represents a significant milestone in the Company’s growth strategy to support the mental health and wellbeing of employees around the world.

LifeWorks carries on business through its operating subsidiary, LifeWorks (Canada) Ltd., and its subsidiaries. LifeWorks is incorporated pursuant to the provisions of the *Business Corporations Act* (Ontario).

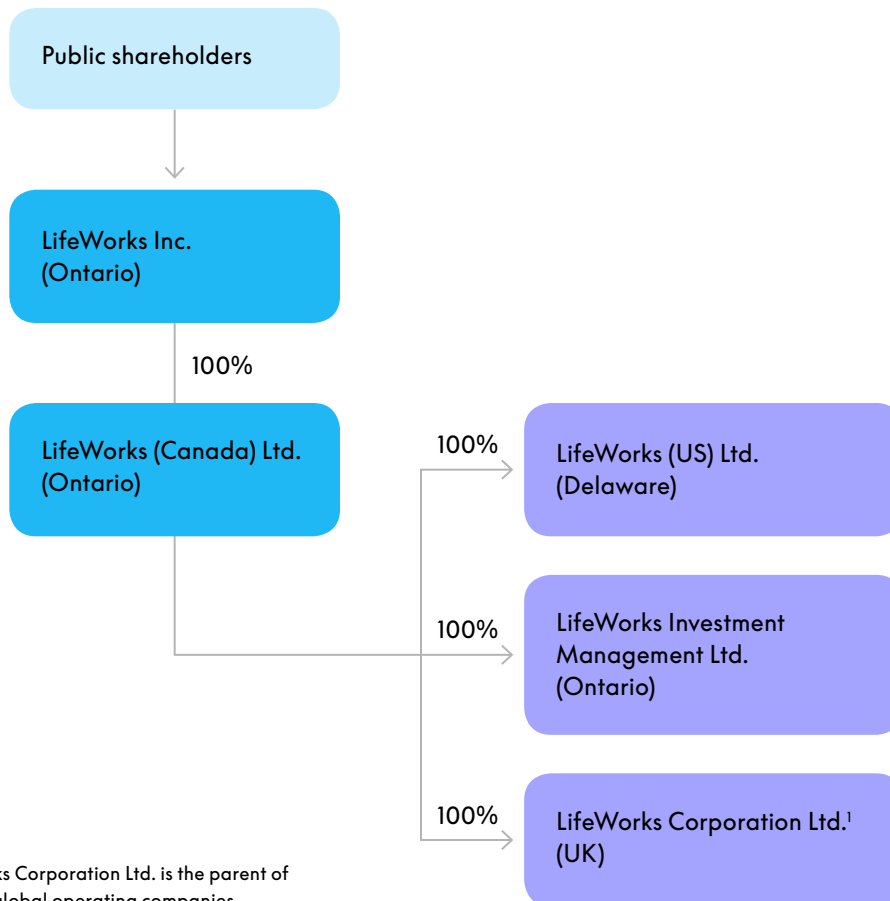
LifeWorks is a reporting issuer in all Canadian provinces and territories and, accordingly, is subject to the informational reporting requirements under the securities laws of each such jurisdiction. The principal and head office of LifeWorks is located at 895 Don Mills Road, Tower One, Suite 700, Toronto, Ontario M3C 1W3.

The Company’s stock ticker symbol changed from MSI to LWRK on May 20, 2021.

As at March 16, 2022 there were 69,315,348 Common Shares issued and outstanding.

## Inter-corporate relationships

The following chart illustrates the legal structure of LifeWorks, including jurisdictions:



<sup>1</sup> LifeWorks Corporation Ltd. is the parent of several global operating companies

# Development of the business

## History of LifeWorks

Throughout its 56-year history, LifeWorks has developed solutions to meet the needs of its clients in managing the health and productivity of employees and delivering employee mental health and wellbeing programs. The Company has a long-standing track record as a leading provider of human resources services, with an emphasis on mental health and wellbeing (including employee and family assistance programs (“EFAPs”)), enhanced health and absence management services and pension and benefits administration.

## Three-year history of the business

The growth of LifeWorks has been supplemented over the past three years by the acquisitions listed below, all of which have added to the organization’s client base, service offering and talent. The list below includes a recent divestiture as well as a number of acquisitions over the past three years.

On September 8, 2021, LifeWorks completed the acquisition of Ascender B.V., a wellbeing provider business in the Netherlands.

On February 8, 2021, LifeWorks completed the acquisition of SMG Health Pty Ltd., an employee wellbeing business in Australia.

On March 1, 2020, LifeWorks completed the divestiture of its benefits consulting business to HUB International, a global insurance broker.

On August 7, 2019, LifeWorks completed the acquisition of Mercer’s large-market health and defined benefit pension plan administration business in the United States.

# Description of the business

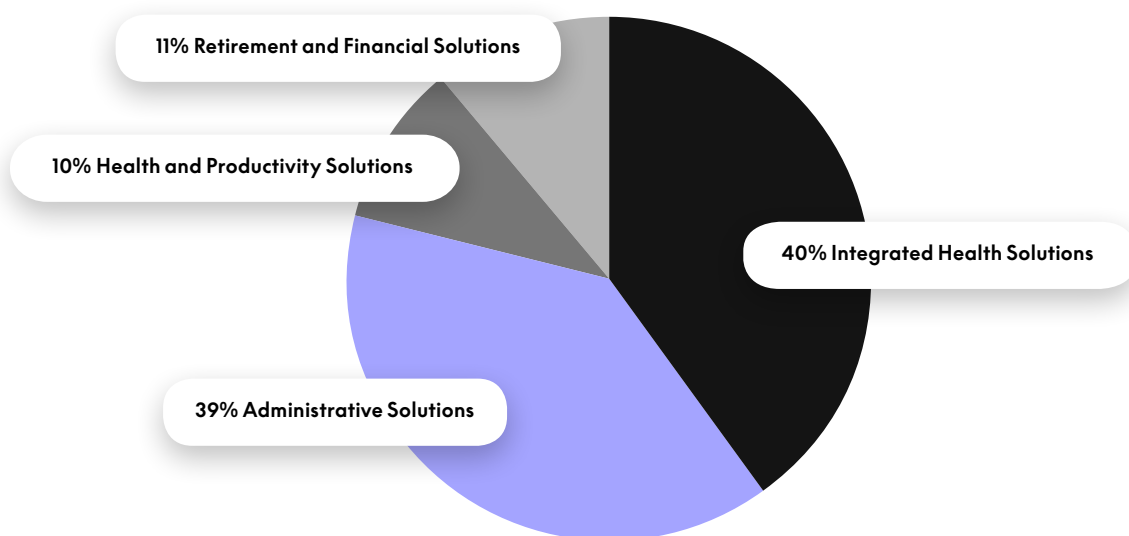
## Overview of services

LifeWorks provides digital and in-person solutions that support the wellbeing of individuals – mental, physical, financial, and social. LifeWorks delivers a personalized continuum of care that supports the whole person, which helps clients improve the lives of their people and by doing so, improve their business. The Company's approach spans services in mental health, employee and family assistance, health and wellness, recognition, pension and benefits administration, retirement consulting, and actuarial and investment services. LifeWorks supports 15 million lives with EFAP services. 6.7 million of those lives enjoy access to the LifeWorks Total Wellbeing digital platform and its enhanced services. LifeWorks is the leading provider of EFAP, the largest provider of integrated absence management solutions and the largest administrator of retirement and benefits plans in Canada, and is a top tier provider of health and welfare and pension administration services and systems in the United States.

As a leader in strategic HR services and innovative pension design, the Company assists clients in solving complex workforce problems and provides integrated productivity, health and retirement solutions. With approximately 7,000 employees in offices globally, the Company offers services to approximately 25,000 organizations in more than 160 countries.

In 2021, LifeWorks' four interdependent core businesses contributed to the Company's revenues as follows:

### Sources of revenue



Note: In Q1 2022, LifeWorks merged its Health and Productivity and Integrated Health Solutions (IHS) businesses.

The Company is focused on mental health and wellbeing, which encompasses mental health, physical health, financial health and social health. Its services support the health, productivity and financial security of employees, help reduce workplace absenteeism and promote wellbeing. Integrated Health Solutions offers counselling and educational services, and targeted health and wellness programs, through Total Wellbeing platform, to support employees and their families' work, financial and personal needs. Administrative Solutions manages all aspects of the administration of clients' pension and benefits plans. Health and Productivity Solutions provides administration and support services to organizations in the areas of attendance, disability and workers' compensation, as well as a comprehensive mental health care system. Retirement Solutions assists organizations in the design, determination of funding requirements, management and financial control of pension and benefits plans. The Company helps to increase engagement, productivity and financial outcomes, while reducing risk, to enhance competitiveness and business success.

## Integrated Health Solutions

LifeWorks' Integrated Health Solutions business provides services to clients worldwide, with operations in more than 10 countries and, through network management and joint ventures, providing services in more than 160 countries.

In Q1 2022 LifeWorks merged its Health and Productivity and Integrated Health Solutions (IHS) businesses, now delivering an industry-leading continuum of care model in workplace mental health. The care model includes a clinical model through EFAP, a digital model delivered through its LifeWorks Total Wellbeing platform, LifeWorks iCBT guided services, absence and disability management solutions, and workers' compensation programs.

### *LifeWorks mental health and wellbeing platform*

The Company's industry-leading LifeWorks Total Wellbeing platform is a digital ecosystem featuring an evolved EFAP, self-guided mental health therapeutic programs, a communications and community feed, perks and savings, rewards and recognition, and a wellness program that includes telemedical services that was launched in 2021. LifeWorks offers the full range of supports, including in-person and leading-edge digital, to employees. The LifeWorks wellbeing platform supports an individual's mental, physical, social and financial health by:

- providing a gateway to convenient, secure and clinically sound treatment options through their EFAP,
- providing them with the tools to proactively achieve their mental health and wellness goals and manage issues in a self-directed way, and
- connecting them with the news, events and people within their organization to build a wellness culture and foster relationships.

### *Employee and family assistance programs*

Employee and family assistance programs, or EFAPs, are dedicated to prevention and early intervention at any stage of an employee's need. This service, paid for by employers, is directly available to employees and their families. Employees on international assignment, as well as local employees, receive support in a way that is culturally appropriate to their work location.

EFAPs typically focus on issues that, if left unresolved, can lead to increased prescription drug costs, absenteeism, short- or long-term disability and other workplace productivity challenges.

Through their EFAP, employees of customer organizations and their families have access to eight modes of short-term clinical or professional consultation for a variety of issues, including: mental health concerns, relationships, child and senior care, addiction, illness prevention and illness management, nutrition, and legal and financial questions, as well as resources, referrals and consultation for other personal and family needs.

LifeWorks also has partial ownership in four very small joint ventures around the world providing EFAP services – Brazil (90% ownership), Hungary (66.6% ownership), Russia (37.5% ownership) and China (51% ownership). Each of our joint ventures are partnered with an in-country provider to maximize local presence and relevance. This model has proven to be extremely beneficial with the increased focus on mental health around the globe allowing us to support the employees of our global multinational clients.

### *iCBT*

LifeWorks iCBT offers internet-based cognitive behavioural therapy ("iCBT") programs provided by therapists to help individuals address a variety of mental health issues effectively, while improving absenteeism and return-to-work outcomes for employers. LifeWorks iCBT is already a leading cognitive behavioural support solution in Canada and a significant growth engine for LifeWorks' continued expansion into the United States.



## ***Absence and disability management solutions***

The absence and disability management solutions business helps employers achieve improved health and productivity outcomes for employees with services focused on absence reporting, proactive case management and effective return-to-work support for a variety of employee health risks or conditions related to physical, mental, social or workplace health. Through its leave administration services, LifeWorks provides clients with improved leave compliance to federal, state or provincial and municipal regulations, as well as company-specific policies.

Absence and disability management solutions services are powered by an absence management technology platform that provides employers with software solutions to support tracking, workflow administration and data management for the full spectrum of absences. The platform can be deployed as a stand-alone technology solution (SaaS model) or integrated into a broader co-sourced/outsourced solution.

## ***Workers' compensation***

Workers' compensation provides timely expert knowledge and support to employees and employers for work-related illnesses and/or injury, including workplace safety requirements, strategic claims management, employee coverage and benefit entitlements, return-to-work and various other services. Workers' compensation services are also delivered using a proprietary platform, empowering employers to submit and track claims easily, driving accuracy and enabling rapid, transparent processes. Complementary services include training and consultation for employees, managers, health and safety committees, union leaders and others, policy development, as well as advisory and governance services to ensure clients meet their legal requirements in accordance with industry best practices.

## **Administrative Solutions**

The Administrative Solutions business supports a unified and integrated continuum of care by providing employees and their organizations with access to a comprehensive range of user-friendly, technology-intensive solutions and strategies for pension and benefit administration programs supporting employee wellbeing. These programs cover enterprises of all sizes across multiple sectors and diverse workforce populations. Leveraging the industry-leading Ariel® software platform, the solutions offered to clients span complete software installations, full outsourcing and hybrid configurations.

LifeWorks' systems are used for recordkeeping and administration of benefits and pension plans for nearly ten million plan members across Canada and the United States. The Company maintains approximately 300 administration websites for clients, providing all support and transaction services on the client's behalf. LifeWorks operates eight key technology and outsourcing centres located in Atlanta (Georgia), Hartford (Connecticut), Montréal (Québec), Westwood (Massachusetts), Toronto (Ontario), Pittsburgh (Pennsylvania), St. Petersburg (Florida) and Vancouver (British Columbia).

This business uses proprietary software called Ariel® that was developed and is maintained in-house by the Company. Using Ariel®, the resource intensive processes required to administer client pension and benefits plans are automated. LifeWorks offers a breadth of service models to its clients, from full outsourcing of clients' benefits and pension programs, to Software as a Service (SaaS)-based technology that allows clients to administer these plans on their own, and everything in between. Our solutions to clients include recordkeeping and managing of employee information, processing transactions required to administer employee pension and benefits plans, hosting client benefits websites and, for outsourced clients, responding to employee and retiree inquiries through our call centres. LifeWorks also provides technology-based self-management tools to support decision-making and execute self-service transactions by clients' employees.

Administrative Solutions clients typically sign long-term contracts with LifeWorks and most renew their contracts upon expiration of the initial term. Management believes that the high renewal rates are the result of high levels of customer satisfaction, competitive pricing, and strong service and technology offerings, in addition to the significant barriers to entry due to the costs incurred in changing service providers. Typically, it takes three to 12 months to fully install client data on LifeWorks' systems.

## ***Pension administration – defined benefit plans***

Many medium-sized and large organizations sponsor defined benefit pension plans. These are subject to numerous laws and regulations, and their administration has historically been extremely complex, often resulting in administrative challenges for employers. Many organizations seek third-party providers to assist them in the administration of these plans.

LifeWorks' defined benefit plan administrative services become a natural extension of the employer's Human Resources department. Through the Ariel® system, the traditional processing associated with a plan member's retirement is reengineered, streamlined and shortened. This approach reflects a high degree of automation for both calculations and the execution of transactions on behalf of each plan member.

The Company's pension administration services include full active, deferred and retiree administration, as well as pension retiree payroll services, where organizations outsource pension payment processing to LifeWorks.

## ***Benefits administration***

Many organizations sponsor traditional or flexible group insurance benefits plans for their employees and/or organization members. Administering health and welfare benefits plans is an important and complex task for plan sponsors, which must manage the rising cost of providing health insurance and meet employee demands for greater choice of benefits options.

LifeWorks offers a full range of technology and administration services to employers and plan sponsors. The Ariel® software provides cost-effective and efficient solutions for meeting benefit administration needs, including interfaces to a variety of benefits providers and interactive tools and apps associated with the annual enrolment process. The Company's technology-based SaaS delivery model allows organizations to manage their own programs efficiently in-house, or outsource them to LifeWorks. In an outsourcing model, the Company provides significant value as LifeWorks staff perform administration services, up to and including contact centres communicating directly with plan members; this allows clients to optimize their own staffing.

The Company offers a comprehensive suite of voluntary benefits, which can be fully integrated into LifeWorks' benefits administration offering, allowing an organization and its employees to maximize their benefits experience. LifeWorks also sponsors Canada's only online retiree benefits marketplace, called MyFuture®. MyFuture® allows retirees to compare and purchase insurance products from multiple carriers to select the coverage that best meets their needs.

## **Retirement and Financial Solutions**

Through its Retirement and Financial Solutions business, LifeWorks partners with clients to improve the retirement and financial outcomes for their people, while also providing the financial resiliency of organizations related to program delivery and beyond. The Company provides the full range of connected services required to fully manage retirement, savings, compensation and financial wellbeing programs, from outsourcing and compliance-related services to highly specialized technology and strategic solutions.

LifeWorks consultants work with clients to understand their business and workforce strategies, design and develop retirement and financial programs, and provide governance, risk management, tools, outsourcing options, actuarial and other data and financial analyses as needed to support the management and outcomes of their programs. These are critical services for organizations as they look to run effective plans, better manage overall costs and risks, and align their program designs with business objectives. LifeWorks also supports independent fiduciary boards, which are tasked with producing great outcomes from the retirement and other financial plans that are financed by employers.

In addition to having more than 50 years' experience with defined benefit, target benefit and hybrid plans, LifeWorks provides a full spectrum of established support for Defined Contribution and other Capital Accumulation Plans. This includes strategic support, plan design and benchmarking, recordkeeping and administration, member decision-support tools and interactive websites, ongoing governance and oversight. The business offers strategic and administrative support for multi-employer white label programs and the Company's own-branded multi-employer arrangements, including the Universal Program, which provides a purpose built, low-cost savings vehicle for former employees of LifeWorks' clients (as well as other individuals) to securely decumulate retirement savings as needed during retirement.

Investment consultants advise on investment policies, strategies, fund selection, monitoring and manager evaluations. For clients looking for additional support, independent Outsourced Chief Investment Officer (“OCIO”) offerings relieve the plan sponsor or fiduciary of additional operational overheads by taking on as much direct management of plan assets as is desired. As an OCIO, LifeWorks uniquely offers freedom from the risk of bias or conflict of interest by placing funds only among a rigorously selected and frequently reviewed pool of shortlisted top external specialist managers. The Company’s risk management and risk transfer teams produce asset-liability studies that help clients effectively manage, mitigate or remove the risks associated with their pension plans.

LifeWorks Investment Management Ltd., a subsidiary of LifeWorks, is a registered portfolio manager, investment fund manager and exempt market dealer enabling this. Services are provided to a wide range of investors, including pension plans, endowments and foundations.

Consultants offer further support to assist employers in aligning their pensions and savings offerings with their broader business objectives and compensation strategy via a suite of broad-based and executive compensation capabilities, including operating Canada’s foremost bilingual compensation survey spanning over 600 organizations. Using innovative technological applications that can integrate with LifeWorks’ broader wellbeing solutions, they also enable employers to evaluate the success of their programs in terms of an honest assessment of the overall financial wellbeing outcomes of the workforce.

This is accomplished through myFinances™ application, which allows employers to provide employees with a tool to privately assess their own financial wellbeing and develop a fully supported, private and personalized journey to address priority areas. This can include more optimal use of employer-offered programs but also addresses the broader personal finances landscape of the individual, including debt management, budgeting, savings, taxation and planning for the future. myFinances™ works to improve not just the financial reality of individuals, but the impactful perceptions and emotions employees attach to their financial state. LifeWorks’ research and technological innovations were leveraged in this tool to overcome the challenges that often limit the impact of traditional employer-sponsored financial literacy and wellbeing initiatives. For the employer, the otherwise inaccessible depersonalized aggregate data insights and sub-population trends captured then further enable targeted activity in an efficient manner, including education, retirement and financial program adjustments.

In addition, LifeWorks assists distressed companies with their retirement plans, and has been appointed by various Canadian regulatory bodies to administer approximately 200 pension plans of insolvent companies to help deliver the best outcomes possible in the circumstances. It assists clients with the complexity of pension plan windups, covering all the relevant areas of activity as and when needed.

LifeWorks delivers impactful data and technology-enabled modern retirement and financial wellbeing solutions with its signature proactive, tailored and client-focused approach and an emphasis on outcomes.

## Competitive conditions

LifeWorks believes its competitive market position depends on a number of factors, including service quality, technology, breadth of service offerings and pricing. Management believes that LifeWorks is well positioned due to its intellectual capital, deep understanding of its clients’ businesses, proprietary technology that delivers a continuum of care across the wellbeing spectrum, long-standing client relationships and digital user experience, combined with deep clinical expertise and support from its extensive EFAP counsellor and service provider networks, to offer complete mental, physical, social and financial wellbeing for people.

Competitors are varied and fragmented, depending on the nature of the services provided, and include other employee-service organizations, information technology, consulting and business process outsourcing firms, insurers, large international pension and benefits consulting organizations, as well as smaller and local-market consulting firms.

Management believes the following features are LifeWorks’ competitive strengths within the human resources services and technology industry:

## **A market leader in digital and in-person solutions**

LifeWorks provides digital and in-person solutions that support the total wellbeing of individuals – mental, physical, financial, and social. We deliver a personalized continuum of care that helps our clients improve the lives of their people and by doing so, improve their business. It's the idea that by improving a person's life, we improve how they perform at work. The Company's approach encompasses services in mental health, wellbeing, employee and family assistance, health and wellness, recognition, pension and benefits administration, retirement consulting, actuarial and investment services. It serves a broad range of organizations across Canada and the United States, as well as internationally. Clients represent a cross-section of industries varying in size, from small businesses to some of North America's largest corporations and government organizations.

## **Top-tier client base**

The client base of LifeWorks is well established, serving approximately 36 million employees of our approximately 25,000 organizations around the world. Clients are served directly or indirectly, including many high-profile, successful enterprises, as well as numerous institutions and government organizations. The business is well diversified by geography and by industry. The Company has established, integrated and long-term relationships with many clients and, as a result, a large proportion of revenue typically recurs every year.

## **Stable and predictable cash flows from contracts and long-term client relationships**

LifeWorks' Administrative Solutions and Integrated Health Solutions businesses are typically based on contracts with an initial term of three to five years, which are often renewed or extended. Due to the nature of the services provided, client retention is high. In addition, the Retirement and Financial Solutions businesses are based on long-term relationships and many of the services are typically provided on an ongoing or annual basis. Client movement from one service provider to another is infrequent, especially when service levels are high and the cost of delivery is competitive. For example, the average relationship with each of the Company's top 25 clients is approximately 12 years. As a result, revenue and cash flows are stable and predictable.

## **Depth and scalability of operations and technology platform**

The size of LifeWorks' business allows the organization to continually maintain and enhance a state-of-the-art digital product portfolio and technology platform to serve current and emerging client needs. Through its integrated suite of digital products that deliver a unique experience and data-driven insights, LifeWorks provides automated, flexible solutions for health and productivity, administrative and retirement-related processes that are capable of adapting to any program complexity and accommodating the needs of clients ranging in size from fewer than 1,000 to more than one million plan members. Currently, approximately 400 employees are engaged in technology functions, including research and development, application development, integration and operations. Robust security and back-up systems are in place to protect confidential client information, which include multi-layered security defence, business continuity and disaster recovery components and strong partnerships with an industry-leading technology platform. The Company continuously monitors industry developments and best practices to regularly update its development and management program and meet evolving technology and security demands, as well as satisfy client and business needs. Management believes the organization's proprietary technology has been a critical factor in winning a number of contracts and delivering its services effectively.

Since March 2020, LifeWorks has presence in India, with two offices located in the cities of Gurgaon and Noida, in the National Capital Region of Delhi. India operations, with 703 employees, primarily supports the defined benefit pension plan and benefits plan administrative services business, as well as some client support for the IHS business.

Furthermore, many of its Integrated Health Solutions services are delivered through an extensive network of counsellors and service providers, which offers breadth of coverage and flexibility in managing fluctuations in demand.

## **Experienced management and professional team**

As a successful, growing global organization, LifeWorks is able to attract top talent when and where it is needed, as well as retain its existing team of talented professionals. The average tenure of its senior leadership, all of whom have an economic ownership in the organization and a commitment to the organization's purpose of improving lives and improving business, is approximately 12 years.

# Clients

LifeWorks serves a stable and well-established client base of approximately 25,000 organizations, diversified by industry, geography and size.

The Company's Canadian clients comprise well-recognized corporations, not-for-profits, government organizations and institutions. LifeWorks' U.S. clients include both large and medium-sized organizations and government agencies, along with U.S. subsidiaries of Canadian clients. LifeWorks' foreign operations accounted for 42.0% of revenue in 2021 and 41.5% in 2020.

In Canada and the United States, LifeWorks provides both stand-alone and integrated services to smaller organizations with fewer than 1,000 employees. The Company serves these smaller clients through trade and professional organizations, as well as directly and through other channel partners such as insurance providers. Services are also delivered to governmental and regulatory agencies related to the administration and winding-up of pension plans on behalf of insolvent organizations.

Distribution agreements for EFAP as well as absence and disability management services are in place with certain channel partners. One distribution channel, in particular, has been achieved through a partnership with a prominent Canadian insurance company that offers EFAP and absence and disability management services as part of its suite of group benefits. This formal relationship began in 1989.

# Business strategy

The Company's strategy consists of three key pillars: leadership in the total wellbeing market, accelerate growth through U.S. and global expansion, and drive world-class delivery through people and technology. LifeWorks' strategy is built upon a strong foundation of our values, our purpose, creating great client experiences and having engaged people with the right skills to execute our plan.

## **Core business**

The Company is focused on ensuring its core business, currently primarily situated in North America, in addition to a growing international presence, remains strong. LifeWorks strives to maintain a flexible culture that understands and responds to the developing needs of its clients. LifeWorks enables clients to focus on enhancing employee productivity through a broad spectrum of approaches, including in person through to technology and digital solutions. By offering EFAP and a suite of workplace health and productivity services that are integrated with client benefit programs, LifeWorks helps clients reduce the incidence and duration of employee absences and thereby improve the financial performance of their organizations. Regular client satisfaction surveys are conducted to ensure that LifeWorks understands its clients' needs and expectations and has the flexibility to adjust quickly to changing demands if required. Survey results have been strong and stable over time. Quality assurance processes are rigorously embedded in the development and back-up of the Company's systems as well as in the delivery of its services.

## **Total wellbeing market**

Through its three principal lines of business, LifeWorks is focused on Total Wellbeing, which includes four key pillars: mental, physical, financial and social. The Company is growing its cloud-based wellbeing platform and combining it with LifeWorks' extensive network of clinical treatment providers and their expertise.

In 2020, LifeWorks launched its monthly Mental Health Index™ to measure the wellbeing of working Canadians, Americans, Britons and Australians. In early 2021, the Company also launched its Financial Wellbeing Index™, publishing a quarterly report in these same four markets.

## **U.S. and global expansion**

LifeWorks continues to focus on the U.S. market for growth, with additional emphasis on expanding globally. Management believes that the Company is well positioned to grow in the United States and in global markets by attracting new clients, and through alliances with and acquisitions of complementary businesses.

In its Administrative Solutions business, there is a significant focus on government-sponsored defined benefit plans and the mid-market private sector.

The Company's Integrated Health Solutions business currently provides services to clients worldwide through direct operations and joint ventures in over 160 countries on five continents. There is a significant focus on continued growth of this business, particularly in the United States.

The Company continues to grow globally by acquisition. In 2019, LifeWorks acquired Mercer's stand-alone, large-market health and defined benefit pension plan administration business for its U.S. clients, and in 2021, strengthened its global presence through its acquisitions of SMG Health (Australia) and Ascender (Netherlands).

## **World-class delivery through people and technology**

Offering a modern digital workplace to a strong talent base remains a key growth driver at LifeWorks. The Company believes that data-driven insights, innovation and technology will create new revenue streams, an improved client experience and operational efficiencies. Through its highly skilled teams, LifeWorks embraces emerging digital trends and applies new technologies and advanced analytics to enhance its products and services.

## **Collaborating across lines of business**

Clients typically employ LifeWorks' services on a recurring or contracted basis over the long term. Revenue is generally stable and predictable. To maintain and grow revenue over time, in addition to attracting new clients, LifeWorks focuses its efforts on retaining existing clients and growing revenue with them. The Company achieves this through a culture of collaborating across lines of business and creating a consistently excellent client experience. Cross-collaboration across lines of business continues to present a strong opportunity for revenue growth from clients in a variety of industries, geographies and sizes.

## **Best-in-class efficiency**

LifeWorks strives to deliver the highest-quality service efficiently and effectively. Services that are repeatable, such as many pension and benefit administration functions, are centralized and automated, allowing for close supervision and superior quality assurance. The Company focuses on efficiency while also concentrating on creating a great client experience.

# Environmental social governance and sustainability; corporate social responsibility

Ethical conduct, strong corporate governance and corporate social responsibility (“CSR”) are fundamental to the way LifeWorks conducts its business. Building upon its strong record of environmental, social and corporate governance (“ESG”) performance, the Company delivered on its goals of: formalizing ESG governance; establishing a foundation of CSR-related policies; setting clear expectations for behaviour across the Company; increasing transparency and reporting; and strengthening the level of awareness of ESG priorities and performance among the Company’s stakeholders. The Company’s progress is reflected in ESG ratings received over the past year, including an 80th percentile ranking, based on LifeWorks’ inaugural submission to the S&P CSA, and continuing improvements in LifeWorks Sustainalytics risk rating, ranking 34th out of 443 companies assessed in the Commercial Services universe. In recognition of sustainability achievement, LifeWorks also received a Bronze-level designation from EcoVadis.

LifeWorks continued to advance its work across all areas of ESG performance and is pleased with the accomplishments made to date. The Company made strides in advancing thought leadership focused on mental health and ESG performance. It also launched the LifeWorks Supplier Code of Conduct to reflect our Company’s commitment to responsible procurement and to support vendor risk management, an important governance milestone. In the critical area of Diversity, Equity, Inclusion and Belonging, LifeWorks completed its first year of its Empathy Circle program, also known as employee resource groups. The Company also saw the renewal of two long-standing community investment relationships in 2021 as the official Mental Health Partner for Canada’s Olympic Team and with the United Nations High Commissioner for Refugees for funding of the Secondary School for Girls at the Kakuma refugee camp. Environmental stewardship initiatives continued to focus on a review of the Task Force on Climate-related Financial Disclosures and preliminary greenhouse gas emissions estimates as well as continuing work to reduce the Company’s environmental footprint.

For more details, see the Company’s Management Information Circular, available upon request to Investor Relations, LifeWorks, 895 Don Mills Road, Tower One, Suite 700, Toronto, Ontario M3C 1W3 or on the SEDAR website at [sedar.com](https://www.sedar.com) and the LifeWorks website at [lifeworks.com](https://www.lifeworks.com). To learn more about the LifeWorks 2020 ESG Report, please visit [lifeworks.com](https://www.lifeworks.com).

## Intangible assets

LifeWorks uses various works protected by intellectual property rights (“Intellectual Property”) that the Company owns itself or for which it has been granted usage rights. The Company’s Intellectual Property includes brand names, trademarks, trademark designs, customer lists, software and applications, domain names and know-how. This Intellectual Property is important to the Company’s operations and its success. LifeWorks takes measures to protect its Intellectual Property, relying on trademark registrations and a combination of legal protections afforded under intellectual property laws as well as contractual provisions under its client, vendor and other licensing arrangements. The Company’s registered trademarks are renewed on a timely basis and such trademarks are used in commerce by our licensees. It will continue to protect its Intellectual Property rights and maintain the trademarks and relevant registrations.

# Credit facility agreement and interest rate swaps

## Credit facility agreement

On April 17, 2020, the Company entered into an Amended and Restated Credit Facility Agreement (the "Credit Facility Agreement"), which amended the Company's previous arrangement. The key changes to the Credit Facility Agreement include: an incremental \$100 million of committed capacity ("Incremental Facility") which matures 364 days from closing and revisions to the consolidated debt to Adjusted EBITDA financial covenant.

On April 15, 2021, under the Credit Facility Agreement, the Company extended its \$100 million Incremental Facility for an additional 364 days and converted it from a revolving credit facility to a term loan facility ("Term Loan"). The Company drew from the Term Loan, which charges a lower applicable margin, and used the proceeds to pay down an equivalent amount of the revolving credit facility. There were no material changes to the other terms of the Credit Facility Agreement.

As a result of the above amendment, as at December 31, 2021, the Company had a revolving facility of \$600 million (including a swing line of \$14 million), which matures on July 27, 2023 and the \$100 million Term Loan that matures on April 14, 2022. As at December 31, 2021, the Company had utilized approximately \$454 million under the Credit Facility Agreement.

The interest rates for the Credit Facility Agreement are floating, based on a margin over certain referenced rates of interest. The applicable margin may vary up or down depending on the ratio of the Company's consolidated debt to Adjusted EBITDA, as defined in the Credit Facility Agreement. The Credit Facility Agreement requires the Company to maintain, on a consolidated basis, a debt to Adjusted EBITDA financial covenant of not more than 4.0:1.0 and an EBITDA to interest expense ratio of not less than 2.0:1.0.

As security for the Credit Facilities, the borrowers (being LifeWorks and its subsidiaries, excluding certain minor subsidiaries (collectively referred to as the "Excluded Subsidiaries")) granted the lenders a security interest over all of their respective assets and guaranteed each other's indebtedness. Each of the Company's subsidiaries, excluding the Excluded Subsidiaries, guaranteed the indebtedness of the borrowers under the Credit Facilities and granted security interests over all their respective assets.

The Credit Facilities are subject to customary terms and conditions for borrowers of this nature, including limits on incurring additional indebtedness, granting liens or selling assets without the consent of the lenders. The Credit Facilities may, in certain circumstances, restrict LifeWorks' ability to pay dividends on the Common Shares, including limiting dividends unless sufficient funds are available for the repayment of indebtedness and the payment of interest expenses and taxes.

Failure to comply with the terms of the Credit Facilities will entitle the lenders to accelerate all amounts outstanding under the Credit Facilities, and upon such acceleration, the lenders would be entitled to begin enforcement procedures against the assets of the borrowers and their subsidiaries, including accounts receivable, work in progress and equipment. The lenders would then be repaid from the proceeds of such enforcement proceedings, using all available assets. Only after such repayment and the payment of all other secured and unsecured creditors would the holders of Common Shares receive any proceeds from the liquidation of the assets of LifeWorks and its subsidiaries.

## Interest rate swaps and total return swaps

The Company utilizes interest rate swaps to manage interest rate risk related to its Credit Facility Agreement and total return swaps to manage equity price risk exposure related to share-based compensation plans that are accounted for as liabilities.



As at December 31, 2021, the Company has syndicated interest rate swap agreements for an aggregate notional amount of \$180 million. The interest rate swap agreements have a fixed interest rate of 2.59% before the applicable margin for notional amount of \$130 million for the period from December 5, 2018 to July 27, 2023 and a fixed interest rate of 0.59% before the applicable margin for notional amount of \$50 million for the period from February 8, 2021 to July 27, 2023.

As at December 31, 2021, the total return swaps have an aggregate notional amount of approximately \$9 million with maturity dates from March to May 2022. The duration of the swaps can be extended to match the vesting periods of the share-based compensation awards.

## Employees

LifeWorks currently employs approximately 7,000 people globally. Skilled counsellors, therapists, case managers, actuaries and technology professionals make up the majority of the employee population. In addition, the organization has access to an extensive and growing worldwide network of counsellors.

Since the onset of the pandemic LifeWorks' counsellors, therapists and case managers, along with all the staff that support them, have been working tirelessly to respond to the increased need for support experienced by the Company's clients' employees.

In turn, the Company has prioritized the safety, mental health and total wellbeing of its employees by being quick to move to remote work, taking a conservative approach to return-to-office and providing employees with access to counselling, cognitive behavioural therapy, telemedicine, enhanced self-help resources, and a new disaster and hardship employee relief fund. During this critical time, the Company has also continued with its continuous listening strategy through regular employee pulse surveys, and communicates with employees regularly through virtual enterprise-wide all-employee meetings and regional town halls to help maintain a sense of connectedness and belonging.

## Foreign operations

LifeWorks' foreign operations accounted for 42.0% of revenue in 2021 and 41.5% in 2020.

## Seasonality

LifeWorks' business is not subject to significant seasonal fluctuations.

# Economic dependence

For the year ended December 31, 2021, LifeWorks' largest client accounted for approximately 2.9% of revenue (3.1% in 2020) and its top 10 clients, in aggregate, accounted for approximately 15.2% of revenue (15.6% in 2020).

# Risk factors

A discussion of risk factors relating to LifeWorks and its business is presented in LifeWorks' Management's Discussion and Analysis ("MD&A") as at December 31, 2021, and is incorporated by reference in this AIF. The MD&A can be found on SEDAR at [sedar.com](http://sedar.com).

# Dividends

Total cash dividends declared to Shareholders by LifeWorks for the past three years were as follows:

Years	Dividend declared (\$)	Dividend per share (\$)
2021	53.8 million	0.78
2020	53.4 million	0.78
2019	50.5 million	0.78

The board of directors of the Company has adopted a dividend policy with the intent to pay a monthly dividend of \$0.065 per Common Share. The Board intends to review LifeWorks' dividend policy periodically in the context of the organization's overall profitability, free cash flow, capital requirements and other business needs. The dividend policy is at the discretion of the Board. Future dividends, if any, will depend on the operations and assets of LifeWorks and will be subject to various factors, including LifeWorks' financial performance, fluctuations in working capital, the sustainability of its margins, its capital expenditure requirements, obligations under the Credit Facility Agreement, applicable laws and regulations, and any other factors that the Directors may deem relevant from time to time. There can be no guarantee that LifeWorks will maintain its current dividend policy.

# Description of capital structure

The authorized capital of LifeWorks consists of an unlimited number of Common Shares and 10 million Preferred Shares issuable in series. The following is a summary of the rights, privileges, restrictions and conditions attaching to the securities of LifeWorks, which comprise the share capital of LifeWorks.

## **Common shares**

Holders of Common Shares will be entitled to one vote per Common Share at meetings of Shareholders, to receive dividends if, as and when declared by the Board, and to receive pro rata the remaining property and assets of LifeWorks upon its dissolution or winding-up, subject to the rights of shares having priority over the Common Shares.

## **Preferred shares**

Each series of Preferred Shares shall consist of such number of shares and having such rights, privileges, restrictions and conditions as may be determined by the Board of LifeWorks prior to the issuance thereof, provided that the Board shall not be permitted to issue more than 10 million in aggregate Preferred Shares at any time. Holders of Preferred Shares, except as required by law, will not be entitled to vote at meetings of Shareholders. With respect to the payment of dividends and distribution of assets in the event of the liquidation, dissolution or winding-up of LifeWorks, whether voluntary or involuntary, the Preferred Shares are entitled to preference over the Common Shares and any other shares ranking junior to the Preferred Shares from time to time, and may also be given such other preferences over the Common Shares and any other shares ranking junior to the Preferred Shares as may be determined at the time of creation of such series. The Preferred Shares are not, and may not be, created as an anti-takeover mechanism. There are no Preferred Shares issued and outstanding.

# Market for securities

The Common Shares are listed for trading on the TSX under the symbol LWRK.

The following table shows the monthly range of high and low prices per Share as at the close of market and total monthly volumes of Common Shares traded on the TSX during the period January 1, 2021 to December 31, 2021.

## LWRK/MSI prices and volumes

2021	Price per share (\$) monthly high	Price per share (\$) monthly low	Total monthly volume
January	32.03	30.21	1,470,700
February	33.08	31.22	2,364,800
March	34.28	31.65	4,577,700
April	33.22	30.80	2,372,600
May	34.83	30.66	2,452,900
June	33.69	31.75	1,930,300
July	35.95	33.01	1,276,400
August	37.56	34.55	1,751,900
September	36.22	32.22	1,449,700
October	32.31	30.84	1,263,300
November	32.85	24.93	4,426,400
December	26.49	24.20	4,514,400

# Directors and officers

The following tables set out, for each Director and each executive officer of LifeWorks, the person's name, residence, position with LifeWorks, membership on various Board committees, principal occupation and number of Common Shares and LTIP Units owned as at December 31, 2021. Director DSUs referred to in the chart below means DSUs granted under the Company's Director deferred share unit plan or Director phantom share unit plan. LTIP Units referred to in the chart below are those granted under any of the Company's employee long-term incentive plans or phantom plans.

The term of office for each Director will expire at the next annual meeting of Shareholders.

## Board of directors

Name and Province/State of Residence	Position	Director Since	Principal Occupation	No. of Common Shares owned, controlled or directed	No. of Director DSUs held as of December 31, 2021 <sup>2</sup>
Luc Bachand Québec, Canada	Director Member of the HR Committee Chair of the Audit Committee	March 2, 2017	Corporate Director	13,000	11,808
Robert Courteau Ontario, Canada <sup>3</sup>	Director Member of the HR Committee Member of the Audit Committee	October 19, 2020	Corporate Director	1,700	10,226
Gillian (Jill) Denham Ontario, Canada <sup>3</sup>	Director (Chair) Member of the Governance & Nominating Committee	October 22, 2008	President, Authentum Partners Ltd.	12,630	45,690
Ron Lalonde Ontario, Canada	Director Chair of the Risk Committee Member of the Governance & Nominating Committee	March 2, 2016	Corporate Director	13,900	14,975
Bradford (Brad) Levy New Jersey, United States	Director Member of the Audit Committee Member of the Risk Committee	November 24, 2020	Chief Executive Officer, Symphony Communication Services	0	11,327
Stephen Liptrap Ontario, Canada	Director, President and Chief Executive Officer	May 4, 2017	President and Chief Executive Officer, LifeWorks	48,500	113,657 <sup>1</sup>
Chitra Nayak California, United States	Director Member of the Risk Committee	November 24, 2020	Corporate Director	0	9,066
Kevin Pennington South Carolina, United States	Director Chair of the HR Committee	March 3, 2015	Corporate Director	12,000	47,478
Dale Ponder Ontario, Canada	Director Chair of the Governance & Nominating Committee Member of the HR Committee	February 9, 2016	Corporate Director	2,000	22,408

<sup>1</sup> Units are in the form of LTIP Units

<sup>2</sup> Includes DSUs from the equity settled Director DSU Plan and the cash settled Director Phantom Plan (with the exception of Mr. Liptrap)

<sup>3</sup> Effective May 4, 2022, following the Company's annual general meeting of Shareholders ("Meeting"), Ms. Denham will step down as the non-executive Chair of the Board. It is the Board's intention to appoint Mr. Courteau as the new non-executive Chair of the Board after the Meeting effective May 4, 2022

## Executive officers

Name and Province of Residence	Position	No. of Common Shares owned, controlled or directed	No. of LTIP Units held as of December 31, 2021 <sup>1</sup>
Pierre Chamberland Québec, Canada	President, Administrative Solutions and Executive Vice President	52,282	157,550
Grier Colter Ontario, Canada	Chief Financial Officer and Executive Vice President	-	58,905
Norah Joyce British Columbia, Canada	Chief Commercial Officer and Executive Vice President	7,250	60,622
Neil King Ontario, Canada	President, Integrated Health Solutions and Executive Vice President	6,197	23,544
Susan Marsh Ontario, Canada	General Counsel, Corporate Secretary and Executive Vice President	8,356	12,201
Kaytek Przybylski Ontario, Canada	Chief Data and Technology Officer and Executive Vice President	844	31,989
Idan Shlesinger Ontario, Canada	President, Retirement and Financial Solutions and Executive Vice President	-	44,711
Gillian Whitebread Ontario, Canada	Chief Human Resources Officer and Executive Vice President	2,803	15,916

<sup>1</sup> Includes LTIP units from equity settled LTIPs and units from the cash settled Phantom Share Unit Plan.

As of December 31, 2021, the Directors and executive officers of LifeWorks beneficially owned and controlled 181,462 Common Shares, which represents 0.3% of the total number of Common Shares issued and outstanding as of such date. At December 31, 2021, these individuals also held an aggregate of 692,073 LTIP Units from the Company's equity-settled long-term incentive plans.

Below are brief profiles of the Directors and executive officers of LifeWorks:

### Board of directors

**Luc Bachand** is a corporate director and currently sits on the boards of Mouvement Desjardins, Cominar Real Estate Investment Trust, LifeWorks Investment Management Ltd., HEC Montréal and the Fondation Jeunes en Tête. He also sits on the Investment Committee of Power Sustainable Energy Infrastructure Inc. Mr. Bachand was Vice-Chairman and Head of BMO Capital Markets in Québec from 2006 until his retirement in 2016. Mr. Bachand joined BMO Financial Group in 1983, where he held several positions within the Capital Markets Group. He holds a Bachelor's degree in Business Administration from HEC Montréal and a Master of Business Administration from Concordia University. Mr. Bachand is a fellow of the Institute of Canadian Bankers and has obtained the ICD.D designation from the Institute of Corporate Directors.

**Robert Courteau** is a corporate director and executive advisor. He sits on the boards of Kinaxis Inc. and D2L. Most recently, he was chief executive officer of Altus Group and prior to this role, Mr. Courteau was a global corporate executive with SAP AG. Throughout his various executive positions, Mr. Courteau has refined his expertise and insights into global market leadership, advisory services, enterprise application software and data solutions. Mr. Courteau holds a Bachelor of Commerce degree and was awarded an honorary doctor of laws degree from Concordia University. The Royal Institution of Chartered Surveyors further recognized his dedication and innovative leadership in 2014, awarding him a fellowship. He currently serves as vice chair of the Holland Bloorview Hospital Foundation.

**Gillian (Jill) Denham** is President of Authentum Partners Ltd., which invests in technology and related businesses and provides advisory services. Ms Denham currently serves on the board of directors of Canadian Pacific Railway Limited, Canaccord Genuity (as Lead Director) and Kinaxis Inc. She spent her career at Wood Gundy and CIBC. She has held senior positions in investment banking, was President of Merchant Banking/Private Equity and had regional responsibility for CIBC in Europe. She was also head of the Retail Bank for CIBC. Ms Denham holds an Honours Business Administration degree from the Ivey Business School, Western University, and a Master of Business Administration from Harvard Business School.

**Ron Lalonde** is a corporate director. Prior to his retirement in 2010, Mr. Lalonde was Senior Executive Vice President, Technology & Operations at CIBC. Prior to this, he was the Chief Administrative Officer of CIBC, with responsibility for finance, legal, compliance, human resources, marketing and other support functions. Mr. Lalonde also held senior executive positions in London, England and New York. He currently serves as a Commissioner on the board of the Toronto Transit Commission and is a board member of a private company, SCM Insurance Services. Mr. Lalonde holds a Bachelor of Arts degree from Western University and a Master of Business Administration from the Ivey Business School.

**Bradford (Brad) Levy** is Chief Executive Officer of Symphony Communication Services. Previously, Mr. Levy was Chief Executive Officer of MarkitSERV and has held various positions at Markit, Goldman Sachs and Lehman Brothers. He has also held board and advisory positions with TradeWeb, LoanX, BondDesk and CDS IndexCo. Mr. Levy holds a Bachelor of Science degree in Finance from the State University of New York at Albany.

**Stephen Liptrap** is president and chief executive officer of LifeWorks. Mr. Liptrap joined the company's senior executive team in 2008, bringing with him more than 25 years of senior executive experience in the high tech, consumer packaged goods and retail sectors. In 2010, he was appointed executive vice president and general manager of LifeWorks' largest business unit, Employee Support Solutions. In 2016, Mr. Liptrap was appointed chief operating officer, responsible for leading the company's business operations and functions. He is a member of the Business Council of Canada and the Human Capital Policy Council of the C.D. Howe Institute. He has been a member of the national committee for CAMH's 150 leading Canadians for mental health, and served on the HR committee of the 2015 PanAm games, the Canadian board of directors for NCR and the pension board for Europe of a large technology company. Mr. Liptrap holds an Honours Business Administration degree from the Ivey Business School, Western University, is a graduate of the Harvard advanced management program and is a Certified Human Resources Executive ("CHRE").

**Chitra Nayak** is a corporate director and currently serves on the board of directors of public companies Forward Air Corporation, Infosys and Invitae, and private companies Intercom and UrbanFootprint. She is on the ESG Committee at Infosys, and is the ESG lead director on the Invitae board. She is a Boston Consulting Group (BCG) Senior Advisor, a venture partner at 1414 Ventures and also advises technology startups. Previously, Ms Nayak was Chief Operating Officer ("COO") of Comfy by Building Robotics, COO of the U.S. business of Funding Circle and COO, Platform at Salesforce.com. She has also held leadership positions at AAA Northern California and Charles Schwab & Co. and began her career at the BCG. Ms Nayak holds a Bachelor of Science degree in Engineering from the Indian Institute of Technology, a Master of Science in Engineering from Cornell University and a Master of Business Administration degree from Harvard Business School.

**Kevin Pennington** formerly served as Special Advisor to the CEO of Fiserv, Inc., after serving five years as Chief Human Resources Officer ("CHRO") of Fiserv, a leading global technology provider for the financial services industry. Throughout his more than 35-year career, Mr. Pennington has held progressively senior human resources roles in both the United States and Canada, having served as a CHRO for 27 years. He served as Executive Vice President, CHRO and Administration with Agere Systems Inc., a semiconductor company spun off from Lucent Technologies, from 2001 to 2005, followed by six years as Executive Vice President, CHRO with Toronto-based Rogers Communications Inc. Mr. Pennington holds a Bachelor of Science degree in Behavioral Science/Management and a Master of Science degree in Counseling, both from Shippensburg University of Pennsylvania.

**Dale Ponder** is a corporate director and the recently retired Co-Chair of Osler, Hoskin & Harcourt LLP ("Osler"), a leading Canadian business law firm. She is also the immediate past chief executive and managing partner of Osler. Ms Ponder's legal practice experience has focused on mergers and acquisitions, capital markets, securities regulation and corporate governance. She has had extensive experience throughout her career leading transactions relating to public and private mergers and acquisitions matters and advising boards of public companies. She also has been an advocate for women in leadership in the profession throughout her career. Ms Ponder is a trustee of Choice Properties REIT and is a member of the board of Holland Bloorview Kids Rehabilitation Hospital and the Caldwell Partners Top 40 advisory board. Ms Ponder is also chair of the Canadian Business Growth Fund.

## Executive officers

**Pierre Chamberland** is President, Administrative Solutions and Executive Vice President. Mr. Chamberland is responsible for the overall management of LifeWorks' outsourcing practice and oversees pension and benefits administration services for the Company as a whole. Since joining the Company in 1982, Mr. Chamberland has been involved in both consulting as well as outsourcing on pensions and benefits. In his current role, he brings extensive experience and understanding of the Canadian and U.S. outsourcing environment, having worked with clients throughout North America, including large corporations, as well as government, public and para-public organizations. Early in his career, Mr. Chamberland managed many significant benefits and pension administration implementation projects. He was also the primary driver behind the launch of the innovative Ariel® suite of software for pension and benefits administration. He continues to provide strategic consulting and project management support on new client implementation projects. Mr. Chamberland is active in the local community and has been personally involved for several years in the annual United Way campaign, where he acts on behalf of senior leaders of LifeWorks. Mr. Chamberland graduated from Université Laval in 1982 with a degree in Actuarial Sciences. He became a Fellow of the Canadian Institute of Actuaries and of the Society of Actuaries in 1986.

**Grier Colter** is Chief Financial Officer and Executive Vice President. He has approximately 25 years of finance experience and has oversight of investor relations, corporate finance, taxation, financial reporting, strategy, and mergers and acquisitions. Prior to joining LifeWorks, he was Chief Financial Officer of ECN Capital Corp. and a key member of the management team that transformed the company through several transactions. Prior to that, Mr. Colter served in senior level positions at large publicly traded corporations, including Canadian Tire Corporation and Barrick Gold Corporation. Mr. Colter earned his Chartered Accountant designation with Ernst & Young LLP. He is a Chartered Financial Analyst and holds a Bachelor of Business Administration with Honours from Wilfrid Laurier University.

**Norah Joyce** is Chief Commercial Officer and Executive Vice President. She has responsibility for customer relationship management and the Company's regional growth strategy, as well as the Company's public sector growth strategy in Canada. Ms Joyce joined LifeWorks in 2009 following almost two decades of experience as a consultant and strategy leader in the human resources consulting industry. Her experience at LifeWorks includes acting as Chief Commercial Officer for Canada and regional leader for Western Canada, responsible for helping LifeWorks become a market leader in that part of the country. Ms Joyce has a Bachelor's degree in Psychology from the University of Western Ontario.

**Neil King** is President, Integrated Health Solutions and Executive Vice President. His portfolio includes the overall management of the LifeWorks EFAP and wellbeing businesses globally. Mr. King joined the Company in 2009 and was previously U.S. Chief Commercial Officer. While working in the Employee Support Solutions business, Mr. King helped lead the Company to become one of the largest employee and family assistance program providers in the world and to significantly increase customer satisfaction. Prior to joining LifeWorks, Mr. King held senior international sales leadership roles at Fortune 1000 companies. Mr. King holds an Honours degree in Business from Wilfrid Laurier University and a Master of Business Administration degree from the University of Toronto's Rotman School of Management. He is active in the community and within LifeWorks where, for the last 10 years, he has been a key contributor to the Company's Kakuma initiative to build a technology centre and high school for girls in a refugee camp in northern Kenya.

**Susan Marsh** is General Counsel, Corporate Secretary and Executive Vice President. Ms Marsh provides legal and risk management counsel to the Company on all aspects of its business and operations and acts as a trusted advisor and business partner, assisting the Company in identifying and implementing its strategic and tactical objectives. She is responsible for and has oversight over legal, risk, privacy, corporate communications, internal audit, sustainability and corporate social responsibility. Ms Marsh has more than 15 years of experience in corporate, commercial and securities law, working with public and private companies as both external and internal legal counsel. Prior to joining the Company, she worked as a lawyer at law firms in Toronto and St. John's. Ms Marsh graduated from the University of New Brunswick Law School in 2004 after studying biochemistry at Memorial University. She was among the first graduating class of the Rotman School of Management's Leadership Program for In-House Counsel and holds the title of Certified In-House Counsel, Canada (CIC.C). In 2016, Ms Marsh was recognized with Lexpert's Rising Star award, which acknowledges leading lawyers under the age of 40 from across Canada who have made contributions to the community or profession, such as volunteering, board membership and/or teaching.



**Kaytek Przybylski** is Chief Data and Technology Officer and Executive Vice President. Mr. Przybylski joined the Company in 2019, bringing more than 20 years of experience driving technology and digital transformation in the enterprise. He is recognized for his expertise in digital product development, cloud computing, agile and DevOps and for his record of accomplishments in supporting clients through digital transformation. Prior to joining LifeWorks, Mr. Przybylski held various Canadian, North American and global leadership positions at a leading global digital and cloud services provider. Mr. Przybylski began his career at a Canadian software start-up and was part of the late 1990s tech boom at a boutique technology consulting firm, working with leading Canadian banks and retailers. He holds a degree in software engineering from the University of Toronto and a major in management and commerce from the Rotman School of Management.

**Idan Shlesinger** is President, Retirement and Financial Solutions and Executive Vice President. In this role, Mr. Shlesinger provides leadership and guidance for LifeWorks' Defined Benefit and Defined Contribution Retirement, Investment and Financial wellbeing businesses. Mr. Shlesinger joined LifeWorks in 2007 as a senior consulting actuary. Since then he has held various roles, most recently as the leader of LifeWorks' DC Solutions business, where he oversaw LifeWorks' growth to become one of Canada's largest providers of DC services. He has more than 20 years of experience providing strategic advisory services to corporate and public sector organizations. Mr. Shlesinger has a passion for creative problem-solving and innovation in the retirement and financial wellbeing space. He has a particular interest in helping organizations improve financial outcomes for their people, while managing costs and risks, and has been a frequent speaker and writer on these topics. He commenced his actuarial studies at the University of the Witwatersrand in Johannesburg and completed his studies at the University of Toronto. He is a Fellow of the Canadian Institute of Actuaries and of the Society of Actuaries.

**Gillian Whitebread** is Chief Human Resources Officer and Executive Vice President. Ms Whitebread joined the Company in September 2018. She is responsible for developing and executing the global people strategy to enable the Company's business growth, while fostering an inclusive, purpose-driven culture centred around total wellbeing. As CHRO, she is also a LifeWorks client, leveraging the Company's products and services to deliver best-in-class experiences which promote our people's mental health and wellbeing and empower them to be brand ambassadors. For over 20 years, she has enabled businesses by building diverse high-performing teams, fostering inclusive workplaces, focusing on the top people priorities to further business strategy, and designing engaging, brand-aligned employee experiences. Immediately prior to joining LifeWorks, Ms Whitebread was Vice President, Human Resources of CIBC's Technology & Operations and Client Connectivity & Innovation team, enabling CIBC's digital, workplace and business model transformation. She graduated from Queen's University with an Honours Bachelor of Commerce degree and holds a Master of Business Administration degree from the Richard Ivey School of Business and Certified HR Leader designation from the Human Resources Professionals Association. In addition to her corporate experience, she sits on the Board of Trustees of the McMichael Canadian Art Collection and is Chair of its Human Resources Committee.

## Involvement of directors and officers in certain proceedings

From June 2012 to June 2016, Ms Denham was a member of the board of directors of Penn West Petroleum Ltd., a company that was subject to cease trade orders further to the July 2014 announcement by Penn West Petroleum Ltd. of the review of some of its accounting practices and the decision to restate its financial statements. These orders are no longer in effect.

# Audit committee

## Charter of the audit committee

The Audit Committee assists the Board in fulfilling its responsibilities for oversight of the accounting and financial reporting practices and procedures of LifeWorks, the adequacy of internal accounting controls and procedures and the quality and integrity of financial statements of LifeWorks. In addition, the Audit Committee is responsible for directing the auditors' examination of specific areas and for the selection of the independent auditors of LifeWorks. The Charter of the Audit Committee of LifeWorks is attached as Schedule A to this AIF.

## Composition of the audit committee

The current Audit Committee is composed of three members, namely Luc Bachand (Chair), Robert Courteau and Brad Levy. Each member of the Audit Committee is independent and financially literate as defined under Multilateral Instrument 52-110 – Audit Committees.

In addition to each member’s general business experience (as set forth in their respective profiles above under “Directors and Officers”), the education and experience of each Audit Committee member that is relevant to the performance of such member’s responsibilities as an Audit Committee member are as follows:

Mr. Bachand is a Fellow of the Institute of Canadian Bankers and prior to his retirement in 2016 held several senior executive positions with BMO, including the role of Vice-Chairman and Head of BMO Capital Markets in Québec.

Mr. Courteau most recently was chief executive officer of Altus Group and prior to this role, Mr. Courteau was a global corporate executive with SAP AG. Mr. Courteau also sits on the audit committee of Kinaxis Inc.

Mr. Levy holds a Bachelor of Science degree in Finance from the State University of New York at Albany and has held various positions involving capital markets, investment banking and private equity investing at Markit, Goldman Sachs and Lehman Brothers. He is currently Chief Executive Officer of Symphony Communication Services. In the past, Mr. Levy also served on several board audit committees.

## Audit fees

KPMG are the auditors of the Company and have confirmed they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation and regulations.

For the fiscal years ended December 31, 2021 and December 31, 2020, the Company paid or accrued fees for KPMG LLP for services in connection with this fiscal period as follows:

Type of Fee	2021 (\$)	2020 (\$)
Audit and Review Fees	1,122,741	1,015,341
Audit-Related Fees	1,797,133	1,200,473
Tax Fees	121,158	18,335

The nature of each category of fees is set out below.

**Audit and Review Fees:** Statutory and regulatory audits, attest services including the audit of the consolidated financial statements and the reviews of quarterly consolidated financial statements, as well as consultation with the auditor regarding accounting and disclosure issues related to these financial statements.

**Audit-Related Fees:** Audits and attest services not included above. These services consist of:

- attestation of control procedures over operational systems of outsourcing practices under the Canadian Standard for Assurance Engagements No. 3416 and the Statement on Standards for Attestation Engagements No. 16;
- audits of the financial statements of LifeWorks Asset & Risk Management Ltd. and its funds;
- audits of the pension plan for employees of the Company; and
- information security reviews as required including certification under ISO 27001 and opinions under the Trust Services principles (SOC 2).

**Tax Fees:** Assistance provided related to the preparation of the Company’s and its subsidiaries’ corporate tax returns.

## **Pre-approval of non-audit services**

As indicated in the Audit Committee Charter, the Audit Committee pre-approves all non-audit services provided by the external auditor. There are specific procedures for the pre-approval of audit and non-audit services provided by the external auditor. A list of pre-approved services has been developed and is reviewed on an annual basis. As additional non-audit services are required, a proposal is made by the external auditor which includes the nature of the services to be performed, timing of delivery and approximate cost for consideration by the Audit Committee. Work is initiated only upon approval by the Audit Committee.

For services costing up to \$100,000, approval can be granted by the Chair of the Audit Committee so long as the details are presented to the full Audit Committee at the next scheduled meeting. For services costing more than \$100,000, the full Audit Committee must provide pre-approval.

## **Transfer agent and registrar**

TSX Trust Company is transfer agent and registrar of LifeWorks for Common Shares at its principal office in Toronto, Ontario.

## **Material contracts**

The only material contract entered into by LifeWorks that is still in effect, other than in the ordinary course of business, is the Credit Facility Agreement.

The foregoing document is available on the SEDAR website at [sedar.com](http://sedar.com).

## **Interest of management and others in material transactions**

There are no proposed transactions, nor have there been any transactions within the last three fiscal years, which in either case have materially affected or will materially affect LifeWorks, in which any of its officers or Directors had or has any material interest, direct or indirect.

## Legal proceedings

In the ordinary course of business, LifeWorks may, from time to time, be subject to various pending and threatened lawsuits in which claims for monetary damages are asserted. To the knowledge of LifeWorks, LifeWorks is not involved in any legal proceeding or regulatory action that is expected to have a material adverse effect on LifeWorks and no legal proceedings or regulatory actions of a material nature are pending or to the knowledge of LifeWorks threatened against it.

## Interest of experts

LifeWorks' auditors are KPMG LLP, Chartered Professional Accountants, who have prepared an independent auditors' report dated March 8, 2022 in respect of the Company's consolidated financial statements as at December 31, 2021 and 2020 and for the years then ended. KPMG LLP has confirmed that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations. A copy of the consolidated annual financial statements of the Company, as filed by LifeWorks, including the auditors' report thereon, is available on the SEDAR website at [sedar.com](https://www.sedar.com).

## Additional information

Additional information relating to LifeWorks may be found on the SEDAR website at [sedar.com](https://www.sedar.com). Additional information, including Directors' and officers' remuneration, principal holders of LifeWorks' securities and securities authorized for issuance under equity compensation plans, is contained in LifeWorks' Management Information Circular for its most recent Annual Meeting of Shareholders. Additional financial information is provided in the Company's financial statements and LifeWorks' MD&A for the year ended December 31, 2021 and on the LifeWorks website at [lifeworks.com](https://www.lifeworks.com). The documents are available upon request to Investor Relations, LifeWorks, 895 Don Mills Road, Tower One, Suite 700, Toronto, Ontario M3C 1W3.

# Schedule A – audit committee charter

The following Audit Committee charter was last revised and approved by the board of LifeWorks on November 10, 2021.

The Audit Committee (the “**Committee**”) of the Company is established in order to fulfill applicable public company obligations and to assist the board of directors of the Company (the “**Board**”) in their oversight activities with respect to financial reporting, including its oversight and evaluation of:

- (a) the quality and integrity of the Company’s accounting and financial reporting practices and procedures, including the audit process and the Company’s internal control over financial reporting, disclosure controls and procedures and compliance with other related legal and regulatory requirements;
- (b) the adequacy of the Company’s internal accounting controls and procedures;
- (c) the quality and integrity of the Company’s consolidated financial statements;
- (d) the completeness of disclosures necessary for investors to make informed decisions;
- (e) the independence, qualification and performance of the Company’s independent auditor (as defined below); and
- (f) any additional duties set out in this Charter or otherwise delegated to the Committee by the Board.

The function of the Committee is oversight. It is not the duty or responsibility of the Committee or its members: (a) to plan or conduct audits; (b) to determine that the Company’s financial statements are complete and accurate and are in accordance with generally accepted accounting principles; or (c) to conduct other types of auditing or accounting reviews or similar procedures or investigations. The Committee, its Chair and its members with accounting or finance expertise are members of the Board, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of the Company, and are specifically not accountable or responsible for the day-to-day operation or performance of such activities.

## Composition

- (a) The Board shall elect annually from among its members the Committee to be composed of a minimum of three directors each of whom qualifies as an “independent director” within the meaning of National Instrument 52-110 – Audit Committees and any other guidelines imposed by the Toronto Stock Exchange from time to time (collectively the “**Governance Rules**”) or in respect of whom the Company is entitled to rely on an exemption from such Governance Rules, and each of whom is “financially literate” (or will become so within a reasonable period of time following his or her appointment) within the meaning of the Governance Rules.
- (b) A member of the Committee who sits on the board of directors/managers of an affiliated entity is exempt from the requirement that he or she be independent if that member, except for being a director/manager (or member of a board committee of the Company and the affiliated entity), provided that:
  - (i) the member would be independent of the Company but for being an affiliated entity of the Company or any of its subsidiary entities;
  - (ii) the member is not an executive officer, general partner or managing member of a person or company that is an affiliated entity of the Company and has its securities trading on a marketplace;
  - (iii) the member is not an immediate family member of an executive officer, general partner or managing member of a person or company that is an affiliated entity of the Company and has its securities trading on a marketplace;
  - (iv) the member does not act as the chair of the audit committee; and
  - (v) the boards have determined that the member is able to exercise the impartial judgement necessary for the member to fulfill his or her responsibilities as an Audit Committee member, the appointment of the member is required by the best interests of the Company and its security holders; and appointing such member to the Committee will not materially adversely affect the ability of the Committee to act independently.

- (c) No member of the Committee shall be a director who has served as the Chief Executive Officer of the Company or its affiliates within the past five years, or of a company acquired within the past five years.
- (d) No member of the Committee shall be a director who has served as the Chief Financial Officer of the Company or its affiliates within the past three years, or of a company acquired within the past three years.

## Reports

The Committee shall report to the Board on a regular basis and, in any event, at the earliest opportunity after each meeting, and before the public disclosure by the Company of its quarterly and annual financial results. The reports of the Committee shall include any issues of which the Committee is aware with respect to the quality or integrity of the Company's consolidated financial statements, the effectiveness of systems of control established by management to safeguard the assets of the Company, its compliance with legal or regulatory requirements, the completeness of disclosures necessary for investors to make informed decisions, and the independence and performance of the Company's independent auditor.

## Responsibilities

The principal responsibilities of the Committee are as follows:

(a) *Financial Statements and Other Financial Information*

The Committee shall:

- (i) review with the independent auditors and management and, following such review, recommend to the Board for approval the Company's consolidated annual audited financial statements and unaudited interim financial statements, and the notes and management's discussion and analysis ("MD&A") accompanying such financial statements and the applicable earnings press release and other related documents or regulatory filings prior to any public disclosure of such information or the release of any summary of the financial results of the Company or their filing with applicable regulators;
- (ii) discuss earnings releases prior to their dissemination, as well as financial information and earnings guidance prior to public disclosure, it being understood that such discussions may, in the discretion of the Committee, be done generally (i.e., by discussing the types of information to be disclosed and the type of presentation to be made) rather than in each instance;
- (iii) review with management and the independent auditor all critical policies and practices used as well as significant financial reporting issues, management estimates and judgements and any changes in the selection or application of accounting principles, any major issues regarding auditing principles and practices, and the adequacy of internal controls that may affect the Company's consolidated financial statements;
- (iv) review with management and/or the independent auditor the treatment in the financial statements of any significant non-routine transactions;
- (v) review the effect of regulatory and accounting initiatives, as well as any off-balance sheet structures, transactions, arrangements and obligations (contingent or otherwise) on the Company's financial statements;
- (vi) review with management the Company's internal controls over financial reporting and disclosure controls and procedures together with any disclosures concerning any weaknesses or any deficiencies in the design or operation made to the Committee by the Chief Executive Officer and the Chief Financial Officer during their certification process in documents filed with applicable securities regulators;
- (vii) on a quarterly basis, review with the Company's legal counsel any legal matters that may have a material impact on the Company's financial statements, including the status of any material pending or threatened litigation, claims and assessments respecting the Company and its subsidiaries, any violations of the Code of Business Conduct and Ethics of the Company, any material violation of applicable law, rule or regulation and shall follow the procedures established under the Whistleblower Policy regarding such concerns and complaints.

(b) *Financial Reporting Control Systems and Internal Audit*

The Committee shall:

- (i) require management to implement and maintain appropriate internal controls, and use reasonable efforts to satisfy itself as to the adequacy of the Company policies for the management of risk and the preservation of assets and the fulfillment of legislative and regulatory requirements;
- (ii) annually, in consultation with management and the independent auditor, review, evaluate and assess the adequacy and integrity of the Company's consolidated financial reporting processes and internal controls, and discuss significant financial risk, exposures and the steps management has taken to monitor, control and report such exposures;
- (iii) appoint and have the authority to remove, where appropriate, the internal auditor;
- (iv) on a quarterly basis, review the internal auditor's Internal Audit Report which shall include an evaluation of the adequacy and effectiveness of the internal financial controls and procedures for financial reporting of the Company and subsequent follow-up to any identified weaknesses. The Committee shall meet separately with the internal auditor to discuss any matters that the Committee or internal auditor believes should be discussed in private. The internal auditor is responsible for reviewing all Company internal controls (financial and otherwise). Annually the Committee shall also review and approve the Internal Audit Plan;
- (v) evaluate the performance of the internal auditor at least annually;
- (vi) submit to the Board and the boards of directors/managers of its subsidiaries any recommendations the Committee may have from time to time with respect to financial reporting, accounting procedures and policies and internal controls;
- (vii) review reports from senior officers of the Company and its subsidiaries outlining any significant changes in financial risks facing the Company;
- (viii) review any new appointments to senior positions of the Company and its subsidiaries with financial reporting responsibilities (such review may be carried out by the Chair of the Committee);
- (ix) satisfy itself that adequate procedures are in place for the review of the Company disclosure of the Company's financial information extracted or derived from the Company's consolidated financial statements (other than the financial statements, MD&A and earnings press releases) and periodically assess the adequacy of those procedures;
- (x) review with the Company's Chief Financial Officer, other members of management and the independent auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports, which raise material issues regarding the Company's financial statements or accounting policies;
- (xi) review and approve the Company's (and its respective subsidiaries') hiring policies regarding partners, employees and former partners and employees of the present and former independent auditors of the Company;
- (xii) review and approve the Pre-Approval Policy for the Company's auditors; and
- (xiii) obtain comments from the independent auditor regarding the overall control environment and the adequacy of accounting system controls.

**(c) Independent Auditor**

The Committee, in its capacity as a committee of the Board, is directly responsible for recommending to the Board the public accounting firm to be nominated for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company (the “**independent auditor**”) as well as the compensation of the independent auditor. The Committee shall also be directly responsible for the oversight of the work of the independent auditor (including, subject to the professional and legal obligations of the independent auditor, as well as applicable law, the resolution of disagreements between management and the auditor regarding financial reporting), and each such independent auditor must report directly to the Committee.

The Committee shall:

- (i) at least annually, review the audit plan with the independent auditor and with management, and approve the audit plan;
- (ii) periodically meet separately with management and with the independent auditors and discuss in private with the independent auditor matters affecting the conduct of its audit and other corporate matters;
- (iii) review the performance and the remuneration of the Company’s independent auditor;
- (iv) evaluate the performance of the independent auditor at least annually (including quality of service, independence, objectivity and professional skepticism) and recommend to the Board each year the retention or replacement of the independent auditor to be nominated for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company and the remuneration of the independent auditor and, at least every five years, perform a comprehensive review of the performance of the independent auditor over multiple years to provide further insight on the audit firm, its independence and application of professional standards;
- (v) if there is a plan to change the independent auditor, review all issues related to the change and the steps planned for an orderly transition;
- (vi) if the shareholders authorize the Board to do so, annually review and recommend to the Board for approval the fixing of the remuneration of the independent auditor, together with the other terms of engagement;
- (vii) oversee the work of the independent 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 the resolution of disagreements between management and the independent auditor regarding financial reporting;
- (viii) review with the independent auditor the critical accounting policies and practices used by the Company, all alternative treatments of financial information within international financial reporting standards (“**IFRS**”) that the independent auditor have discussed with management, the ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the independent auditor;
- (ix) discuss with management and the independent auditor any proposed changes in major accounting policies or principles, the presentation and impact of material risks and uncertainties and key estimates and judgements of management that may be material to financial reporting;
- (x) review with management and with the independent auditor material financial reporting issues arising during the most recent financial period and the resolution or proposed resolution of such issues;
- (xi) review with the independent auditor the quarterly unaudited financial statements and MD&A before release to the public;
- (xii) facilitate communication between the independent auditor, management and the Board;
- (xiii) relay its expectations to the Company’s independent auditor from time to time including its expectation that:
  - (A) any disagreements of a material nature with management be brought to the attention of the Committee;
  - (B) the independent auditor is accountable to the Committee and the Board, and must report directly to the Committee;



- (C) any irregularities in the financial information be reported to the Committee;
  - (D) the independent auditor explains the process undertaken by it in auditing or reviewing the Company's financial disclosure;
  - (E) the independent auditor discloses to the Committee any significant changes to accounting policies or treatment of the Company;
  - (F) the independent auditor discloses to the Committee any reservations it may have about the financial statements or its access to materials and/or persons in reviewing or auditing such statements; and
  - (G) the independent auditor discloses any conflict of interest that may arise in its engagement;
- (xiv) review at least annually the non-audit services provided by the Company's independent auditor for the purposes of getting assurance that the performance of such services will not compromise the independence of the independent auditor;
  - (xv) pre-approve all non-audit services to be provided to the Company or its subsidiary entities by its independent auditor or the independent auditor of its subsidiary entities,<sup>1</sup> provided that the Committee may delegate to one or more independent members the authority to pre-approve non-audit services in satisfaction of this requirement. The pre-approval of non-audit services by any member to whom authority has been delegated must be presented to the full Committee at its first scheduled meeting following such pre-approval;
  - (xvi) review and approve policies for the hiring by the Company of employees or former employees of the independent auditor; and
  - (xvii) approve the engagement letter for non-audit services to be provided by the independent auditor or affiliates thereof together with estimated fees, and consider the potential impact of such services on the independence of the independent auditor.

(d) *Code of Conduct and Whistleblower Policy*

The Committee shall:

- (i) review and approve changes to the Whistleblower Policy or other procedures for: (a) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; and
- (ii) oversee management's monitoring of and compliance with the Company's Code of Conduct and the Whistleblower Policy in respect of such matters.

(e) *Related-Party Transactions*

The Committee shall:

- (i) oversee the establishment of policies and procedures for the approval of the definition of a related party and related-party transactions;
- (ii) review any significant related-party transactions having a value of at least \$500,000; and
- (iii) review any actual and potential conflicts of interest relating thereto to verify their propriety and that disclosure is appropriate.

<sup>1</sup> The Committee may satisfy the pre-approval requirement if: (a) the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Company and its subsidiary entities to the Company's independent auditor during the fiscal year in which the services are provided; (b) the services were not recognized by the Company or the subsidiary entity of the Company at the time of the engagement to be non-audit services; and (c) the services are promptly brought to the attention of the Committee and approved, prior to the completion of the audit, by the Committee or by one or more members of the Committee to whom authority to grant such approvals has been delegated by the Committee.

## Structure and meetings of the committee

- (a) The Board shall appoint one of the members of the Committee to act as Chair of the Committee. The Chair will appoint a secretary who will keep minutes of all meetings (the “**Secretary**”). The Secretary does not have to be a member of the Committee or a director and can be changed by simple notice from the Chair.
- (b) In the absence of the Chair of the Committee, the members of the Committee shall choose one of the members present to chair the meeting.
- (c) The Committee shall meet quarterly and as many times as is necessary to carry out its responsibilities. Meetings will be at the call of the Chair. Notwithstanding the foregoing, scheduled meetings of the Committee shall correspond with the review of the quarterly and year-end financial statements and MD&A. The independent auditor of the Company or any member of the Committee may also call a meeting of the Committee on not less than 48 hours’ notice, unless such notice is waived by the members of the Committee.
- (d) No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present or by a resolution in writing signed by all the members of the Committee. A majority of the members of the Committee shall constitute a quorum provided that, if the number of members of the Committee is an even number, one half of the number of members plus one shall constitute a quorum.
- (e) Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee as soon as such member ceases to be a director. Subject to the foregoing, each member of the Committee shall hold such office until the next annual meeting of security holders after his or her election as a member of the Committee.
- (f) The independent auditor of the Company shall be entitled to receive notice of every meeting of the Committee and, at the expense of the Company, to attend and be heard thereat.
- (g) The time at which and the place where the meetings of the Committee shall be held, the calling of meetings and the procedure in all respects of such meeting shall be determined by the Committee, or otherwise determined by resolution of the Board.
- (h) The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may from time to time determine.
- (i) The Committee may invite such persons to attend meetings of the Committee as the Committee considers appropriate, except to the extent exclusion of certain persons is required pursuant to this Charter or by applicable laws.
- (j) The Committee may invite the independent auditor to be present at any meeting of the Committee and to comment on any financial statements, or on any of the financial aspects, of the Company, including its public disclosure.
- (k) The Committee (i) shall meet with the independent auditor separately from individuals other than the Committee; (ii) shall meet with the officer or employee responsible for the internal audit function separately from individuals other than the Committee and/or the independent auditors as applicable; (iii) may meet separately with management of the Company; and (iv) may meet separately with internal or external legal counsel to the Company or to the Committee.
- (l) Minutes shall be kept of all meetings of the Committee and shall be signed by the Chair and the Secretary of the meeting. The Secretary of the Committee shall circulate the minutes of the meetings of the Committee to all members of the Board.

## Responsibilities of audit committee chair

The Chair of the Audit Committee will be an “independent” director who is appointed by the Board to assist the Committee in fulfilling its duties effectively and efficiently.

### The responsibilities of the chair include:

- (a) acting as a liaison between the Audit Committee and the Board and Chief Executive Officer and other senior management of the Company;
- (b) acting as a liaison between the Audit Committee and the Company’s internal and external/independent auditors;
- (c) reporting to the Board on the work of the Audit Committee;
- (d) recommending procedures to enhance the work of the Audit Committee; and
- (e) chairing meetings of the Audit Committee.

## Independent advice

In discharging its mandate, the Committee shall have the authority to retain and receive advice from special legal, accounting or other advisors. The costs for this independent advice will be borne by the Company.

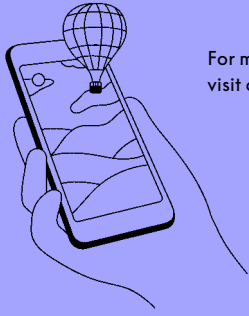
## Annual evaluation

At least annually, the Committee shall, in a manner it determines to be appropriate:

- (a) Perform a review and evaluation of the performance of the Committee and its members, including the compliance of the Committee with the Charter.
- (b) Review and assess the adequacy of this Charter and recommend to the Board any improvements that the Committee determines to be appropriate.

## Limitation

Nothing in this Charter is intended to or shall have the effect of limiting or impairing the independent decision-making authority or responsibility of any board of directors/managers of a subsidiary of the Company mandated by applicable law.



For more information about LifeWorks,  
visit our website [lifeworks.com](https://lifeworks.com)