

XL FLEET CORP.

**CHARTER OF THE AUDIT COMMITTEE OF
THE BOARD OF DIRECTORS**

APPROVED BY THE BOARD OF DIRECTORS

*Amended and Restated Effective as of
February 26, 2021 (post Board approval)*

PURPOSE

The purpose of the Audit Committee of the Board of Directors of XL Fleet Corp. (“**XL**” or the “**Company**”) is to assist the Board in its oversight of the quality and integrity of XL’s financial statements, XL’s compliance with legal and regulatory requirements, and the qualifications, performance and independence of the external auditors.

The Committee shall (among other responsibilities and duties specified in this Charter):

- independently and objectively monitor the effectiveness of XL’s financial reporting process and systems of disclosure controls and internal controls;
- select and engage XL’s external auditors for the purpose of preparing or issuing an audit report or performing audit services (the “**Auditors**”);
- maintain and foster an open avenue of communication with the Company’s management, internal audit group (if any) and the Auditors;
- oversee the design, implementation, organization and performance of the Company’s internal audit function (if any);
- help the Board oversee the Company’s legal and regulatory compliance, including risk assessment;
- oversee the preparation of the Audit Committee Report for the annual proxy statement; and
- provide regular reports and information to the Board.

The Audit Committee’s function is not to replace the Company’s management or auditors; rather, it is to oversee their activities. It is the responsibility of the Company’s management to prepare the Company’s financial statements and to develop and maintain adequate systems of internal accounting and financial controls, and it is the auditors’ responsibility to review and audit these financial statements and - when required and appropriate - internal controls. The Committee recognizes that the financial management and the auditors have more knowledge and information about the Company than do Committee members. Consequently, in carrying out its oversight responsibilities, the Committee does not provide any expert or special assurance as to the Company’s financial statements or internal controls or any professional certification as to the external auditors’ work.

COMPOSITION

The members of the Committee, including the Chairperson, will be members of the Board appointed by, and will serve at the discretion of, the Board. Vacancies occurring on the Committee will be filled by the Board. Resignation or removal of a Committee member from the Board for any reason will automatically constitute resignation or removal from the Committee. The Committee will consist of at least three members of the Board; each member of the Committee will satisfy: (1) the independence, financial literacy and other requirements imposed by applicable law and stock exchange listing requirements; and (2) any other qualifications determined by the Board; and at least one member of the Committee will satisfy the applicable financial-sophistication requirements and any other requirement for accounting or related financial management expertise required by applicable law and stock exchange listing requirements.

AUTHORITY

The Committee shall have the authority to undertake any other action or exercise such other powers, authority and responsibilities as the Committee determines necessary or appropriate to the discharge of the responsibilities and duties set forth in this Charter or the Company's Bylaws, or otherwise required by applicable laws, rules or regulations, or as shall otherwise be determined by the Board.

The Committee shall have full access to the books, records, facilities and personnel of the Company.

The Committee may, at the Company's expense, obtain advice, assistance, and support from outside advisors as it deems appropriate to perform its duties.

Subject to applicable laws, rules or regulations, or the Company's Bylaws, the Committee may delegate authority to members of management and also form and delegate authority to subcommittees consisting of one or more members, when it deems appropriate, including the authority to grant preapprovals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant preapprovals shall be presented to the full Committee at its next regularly scheduled meeting for their information. In so delegating authority, the Committee shall not absolve itself from the responsibilities it bears under the terms of this Charter.

RESPONSIBILITIES

The Committee shall have the following responsibilities; *provided, however*, that this list of responsibilities is intended to be a guide and to remain flexible to account for changing circumstances and needs. Accordingly, the Committee may depart from or supplement such responsibilities, and establish policies and procedures, to the extent permitted by applicable law and stock exchange listing requirements.

Financial Review and Disclosure:

1. Annual Audit Results. The Committee will review with management and the Auditors the results of the Company's annual financial statement audit, including:

- the Auditors' assessment of the quality of the Company's accounting principles and practices;
- the Auditors' views about qualitative aspects of the Company's significant accounting practices and the reasonableness of significant judgments and estimates (including material changes in

estimates and analyses of the effects of alternative generally accepted accounting principles (“GAAP”) methods on the financial statements);

- all known and likely misstatements identified during the audit (other than those the Auditors believe to be trivial);
- the adequacy of the disclosures in the financial statements; and
- any other matters that the Auditors must communicate to the Committee under applicable accounting or auditing standards.

2. Audited Financial Statement Review; Quarterly and Annual Reports. The Committee will review the annual audited financial statements, the quarterly financial statements and the Company’s “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Risk Factors,” as appropriate, with management and the Auditors. The Committee will be responsible for recommending to the Board whether the proposed annual audited financial statements should be included in the Company’s Annual Report on Form 10-K.

3. Earnings Announcements. The Committee will review and discuss with management and the Auditors any proposed earnings press releases and other financial information and guidance regarding the Company’s results of operations provided publicly or to ratings agencies.

4. Proxy Report. The Committee will oversee the preparation of any report of the Committee required by applicable law or stock exchange listing requirements to be included in the Company’s annual proxy statement.

5. Accounting Principles and Policies. The Committee will review and discuss with management and the Auditors significant issues regarding accounting principles and financial-statement presentation, including:

- critical accounting policies and practices;
- alternative accounting policies available under GAAP;
- the potential impact on the Company’s financial statements of alternative treatments and any off-balance sheet structures; and
- any other significant reporting issues and judgments, significant regulatory, legal, and accounting initiatives, or developments that may have a material impact on the Company’s financial statements, compliance programs, and policies.

The Committee will review with the Auditors and management, if appropriate, any written communication, such as any management letter or internal control letter, and monitor management’s response to such communications. At least annually, the Committee will discuss with the Auditors the matters required to be discussed by Auditing Standard No. 16 and 1301, Communications with Audit Committees, as adopted by the PCAOB (including any successor rule adopted by the PCAOB).

6. National Office Communications. The Committee will review with the Auditors, as appropriate, any communications between the audit team and the Auditors’ national office with respect to auditing or accounting issues presented by the engagement.

7. Management Cooperation with Audit. The Committee will evaluate management's cooperation with the Auditors during their audit examination, including any significant difficulties or disagreements encountered during the audit, if any.

Auditor Management:

8. Hiring and Selecting Auditors. The Committee will retain, compensate, and oversee the work of any Auditors and any other registered public accounting firm engaged for purpose of preparing or issuing an audit report or related work. The Committee shall also be responsible for the resolution of disagreements between management and Auditors regarding accounting and financial matters. In addition, the Committee may replace any existing Auditors or other registered public accounting firm engaged for the financial reporting process with a different public accounting firm.

9. Approving Audit and Non-Audit Engagements. The Committee will review audit plans, the adequacy of staffing, the fees to be paid to Auditors, and oversee the negotiation and execution of any engagement letters on behalf of the Company. The Committee will oversee the rotation of the Auditors' partners on the Company's audit engagement team as required by applicable law and stock exchange listing requirements. The Committee will approve all audit and non-audit related services that the Auditors provide to the Company before the engagement begins, unless applicable law and stock exchange listing requirements allow otherwise. The Committee may establish pre-approval policies and procedures or delegate pre-approval authority to one or more Committee members as permitted by applicable law and stock exchange listing requirements.

10. Auditor Independence. At least annually, consistent with PCAOB Rule 3526, the Committee will assess the qualifications, performance, and independence of the Auditors, or in the case of prospective Auditors, before they are engaged. That assessment will include reviewing written disclosures from any Auditors regarding any relationships they have that may affect independence, as defined by applicable law and stock exchange listing requirements. The Committee will review a written statement from any Auditors affirming their independence, and assess, consider, and discuss with them any potential relationships concerning their objectivity and independence.

11. Auditor quality control procedures. At least annually (if required by applicable stock exchange listing requirements) or as may otherwise be determined by the Committee, the Committee will review a report by the Auditors describing (i) the Auditor's internal quality-control procedures (ii) any material issues raised by (a) that Auditors' internal quality-control review, (b) any peer review of the Auditors' internal quality-control procedures or review, or (c) any inquiry or investigation by governmental or professional authorities conducted in the last five years of any audit performed by the Auditors (iii) any steps taken to deal with any such issues.

12. Former Employees of Auditors. The Committee will oversee the policies and procedures as required by applicable law and stock exchange listing requirements governing how the Company may employ individuals who are or once were employed by the Auditors.

Internal Control and Procedures:

13. Risk Assessment and Management. The Committee will review and discuss with management and the Auditors the Company's processes and policies on risk identification, management and assessment in all areas of the Company's business, but the Board shall continue to have overall responsibility for evaluating key business risks faced by the Company, including but not limited to information security,

competition, and regulation. Areas of focus for the Committee shall include the Company's policies and other matters relating to the Company's investments, cash management and foreign exchange management, major financial risk exposures, the adequacy and effectiveness of the Company's information security policies and practices and the internal controls regarding information security, and the steps taken by management to monitor and mitigate or otherwise control these exposures and to identify future risks.

14. Internal Auditors. The Company does not currently have an Internal Audit function. When that function is established and becomes operational, the Committee will review the audit plan of the Company's internal audit team and discuss with that team the adequacy and effectiveness of the Company's scope, staffing, general audit approach and any significant difficulties or scope restrictions encountered in the function's work. The Committee will review any significant reports prepared by the Company's internal auditors, as well as management's response. The head of the internal auditors will also report to and be evaluated by the Committee.

15. Internal Control Letters. The Committee will review with the Auditors any "internal control" letter issued, or to the extent practicable, proposed to be issued by, the Auditors and management's response, if any, to such letter, as well as any additional material written communications between the Auditors and management.

16. Internal Control over Financial Reporting; Disclosure Controls. The Committee will confer with management and the Auditors concerning the scope, design, adequacy and effectiveness of internal control over financial reporting and the Company's disclosure controls and procedures, including responsibilities, budget and staff of the internal audit function. The Committee will review reports on significant findings and recommendations with respect to internal controls over financial reporting, together with management responses and any special audit steps adopted in light of any material control deficiencies.

17. Correspondence with Regulators. The Committee will consider and review with management, the Auditors, and outside advisors or accountants any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding the Company's financial statements or accounting policies.

18. Complaint Procedures. The Committee will oversee procedures for receiving, retaining, and investigating the following:

- complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
- confidential and anonymous submissions by employees concerning questionable accounting or auditing matters.

In addition, the Committee will oversee procedures for receiving, retaining, and investigating any "hotline" complaints or submissions delegated to the Committee by the Board.

19. Ethical Compliance. The Committee will review the results of management's efforts to monitor compliance with the Company's programs and policies designed to ensure compliance with applicable laws and stock exchange listing requirements, including the Company's Corporate Code of Conduct and Ethics and Whistleblower Policy.

20. Related Party Transactions. The Committee will review and approve, in accordance with the Company's policies, any related party transaction as defined by applicable law or stock exchange listing requirements.

Other Matters:

21. Committee Self-Assessment. The Committee will annually evaluate its performance and the adequacy of this Charter.

22. Other Legal and Finance Matters. The Committee will review with management legal and regulatory compliance and any actual, pending or threatened legal or financial matters that could significantly affect the Company's business or financial statements or as otherwise deemed appropriate by the Committee.

MEETINGS AND MINUTES

The Committee will meet whenever its members deem a meeting necessary or appropriate. The Committee will determine where and when to meet.

Unless otherwise determined by the Committee, each regularly scheduled meeting will conclude with an executive session that excludes members of management. As part of its responsibility to foster open communication, the Committee will meet periodically with management, personnel in charge of the internal audit function (if any) and the Auditors in separate executive sessions. From time to time, or when requested by the Board, the Chairperson of the Committee will report to the Board.

The Committee will maintain written minutes of its meeting and regularly report to the Board on its actions and recommendations. The Committee may act by unanimous written consent; when it does so, those actions will be filed in the minute book.