

## MANDATE OF THE AUDIT COMMITTEE

### ***Main Responsibilities of the Committee***

- Oversee the production and reporting process of the financial statements and ensure the integrity of the Corporation's financial reports and annual and interim financial statements
- Ensure the independence of the external auditor and monitor the work performed
- Ensure the independence of the internal audit function of the Corporation and monitor the work performed
- Oversee the development and implementation of effective internal control procedures, including the disclosure control processes
- Ensure compliance with legal and regulatory requirements
- Review the significant risks that may affect the Corporation and ensure that appropriate measures are in place to manage these risks

### **PURPOSE OF THE COMMITTEE**

The Audit Committee (the "Committee") of Transcontinental Inc. (the "Corporation") assists the board of directors (the "Board") of the Corporation in fulfilling its oversight obligations in the following key areas:

1. Financial reporting process and integrity of financial statements issued by the Corporation;
2. Selection of the external auditor, supervision of the work of the external auditor and validation of its competence and independence;
3. Validation of the expertise and work performed by the internal audit team;
4. Internal controls for financial reporting and controls of the Corporation's disclosure of information and accounting systems;
5. Compliance with applicable legal requirements and legislation with respect to financial statements;
6. Review of the Corporation's risk management program; and
7. Any other responsibilities delegated by the Board to the Committee, in particular, relating to the financial position of the Corporation or its affiliates.

### **MEMBERS OF THE COMMITTEE**

The Board shall appoint a minimum of three of its members to the Committee, including a chair of the Committee, each member being financially literate. The Board shall be under no obligation to fill a vacancy prior to the next annual meeting of shareholders. The Committee is composed exclusively of independent directors who do not have a direct or indirect significant relationship with the Corporation or its affiliates. An important relationship is defined as a relationship that the Board could reasonably expect to be detrimental to the independence of a member's judgment.

The members of the Committee shall be appointed or replaced by resolution of the Board to hold office from the date of their appointment until the next annual meeting of shareholders or until their successors are appointed. A member may be removed or replaced at any time by the Board. A member ceases to be a member of the Committee when he ceases to be a director.

In accordance with the laws and regulations in force, the members of the Committee are chosen according to the following criteria:

1. **Independence.** Pursuant to applicable securities legislation and based on the standards governing the important relationships of the directors of the Corporation, the members of the Committee are independent

and must not have a direct or indirect relationship with the Corporation which, in the opinion of the Board, could affect their impartiality or impair the independence of their judgment.

2. **Knowledge in the Field of Finance.** The members of the Committee are (or will be, within a reasonable period of time after their appointment) financial literate and are able to read, understand and interpret various financial statements that present accounting situations of a degree of complexity comparable to those of the financial statements of the Corporation. In addition, at least one member of the Committee is considered to be an expert in the financial field.
3. **Commitment.** In the event that, in addition to being a member of the Committee, a member serves on the audit committee of more than two companies whose shares are listed on a stock exchange, then the Board or the Governance and Social Responsibility Committee shall ensure that such multiple positions will not preclude that member from effectively performing his or her duties on the Committee.

## MEETINGS

The Committee shall establish its own procedure for the calling and holding of meetings. The Committee must however hold at least four meetings per year. Unless the members of the Committee waive it, the Committee shall meet "in camera" at each meeting of the Committee, without the presence of members of management, the external auditor, the internal auditor and any other consultant, in order to allow its members to discuss frankly and openly. Subject to the notice provisions set out in the by-laws of the Corporation, written notice shall be given at least 48 hours prior to meetings unless the members of the Committee unanimously waive the notice.

The Executive Chair of the Board and the President and Chief Executive Officer may attend each Committee meeting at the invitation of the chair of the Committee.

Unless otherwise determined by the Board from time to time, two members of the Committee constitute a quorum for the purpose of deliberating on any matter presented at a meeting. In the absence of the chair of the Committee at a meeting, the chair of the meeting shall be held by the member present who shall be chosen by a majority of the members present. During a meeting, all questions shall be decided by a majority of the votes cast by the members of the Committee.

A member of the Committee is appointed by the Board to act as chair of the Committee. The Secretary of the Committee shall be the Secretary or Assistant Secretary of the Corporation.

## RESOURCES AND SUPPORT

The Committee shall at all times have the necessary resources and authority to carry out its responsibilities and shall be authorized to conduct investigations. In order to fulfill its aforesaid responsibilities, the Committee shall, at the expense of the Corporation, have unrestricted access at all times, directly or through duly appointed representatives, to the relevant records and accounting systems of the Corporation, to its external auditor, its internal auditor, its accounting staff and members of management, as well as to independent legal advisers and other consultants or experts deemed appropriate by the Committee. The Committee has the authority to determine the remuneration of such consultants without obtaining prior authorization from the Board. The external auditor, the internal auditor of the Corporation and members of management shall also have unrestricted access to the Committee.

Any of such consultants or experts shall have the right to attend meetings of the Committee at the invitation of the chair of the Committee.

## RESPONSIBILITIES

It is the responsibility of the Corporation's management to prepare the Corporation's financial statements and the external auditor's responsibility to render an opinion based on its audit. The Committee is responsible for overseeing the conduct of these activities by the Corporation's management and the external auditor and the activities of the internal auditor in this regard. The external auditor is accountable to the Committee. The members of the Committee are not employed on a full-time basis by the Corporation and do not have any obligation to be nor act as accountants

or professional auditors or specialists in the fields of accounting, audit or preparation of financial statements. It is not the role or responsibility of the Committee or its members to conduct field investigations or other types of investigations or to conduct reviews or follow accounting procedures. Unless expressly informed otherwise, a member of the Committee is entitled to rely on (i) the integrity of the persons from whom he receives information, whether or not such persons are employed by the Corporation, and (ii) the accuracy of the financial information or other information provided to the Committee by such persons.

The Committee may undertake any examination and make any recommendation regarding the matters relating to its responsibilities.

The duties and responsibilities of the Committee are established by the Board and include the functions normally assigned to an audit committee, including the following:

**1. In Relation to the Production, Reporting and Integrity of Financial Statements and Financial Information**

- (i) Assist the Board in fulfilling its responsibilities and more particularly, overseeing the process for the production and disclosure of financial information;
- (ii) Review and approve any disclosure policy of financial information;
- (iii) Satisfy itself of the credibility, integrity and objectivity of the financial information;
- (iv) In consultation with the external auditor and the internal auditor, verify the integrity of the Corporation's financial reporting process;
- (v) Examine, prior to its publication, together with management and the external auditor, the interim financial statements and annual financial statements of the Corporation, including the accompanying notes, the related management's discussion and analysis and the interim and annual results and related press releases and recommend their approval to the Board;
- (vi) Review the analysis or other written communication prepared by management, the internal auditor or the external auditor on subjects relating to the presentation of financial results, including any analysis by management of material issues relating to financial information and assumptions used by management in the preparation of the financial statements;
- (vii) Review material related party transactions (other than such compensation arrangements analyzed by the Human Resources and Compensation Committee or the Governance and Social Responsibility Committee, as applicable) unless the Board forms a special committee responsible for reviewing any one of such transactions, the whole taking into account applicable regulations, and making recommendations to the Board with respect thereto;
- (viii) Ensure that appropriate disclosure procedures are implemented for the communication to the public, where appropriate, of financial information included in continuous disclosure documents containing derivative financial documents referred to in item (v) above and periodically assess the adequacy of said procedures;
- (ix) Review the accounting principles and practices followed by the Corporation, including any material changes thereto, and ensure that they are adequate in the circumstances and in compliance with applicable legislation;
- (x) Review, together with management and the external auditor, any new financial or regulatory requirements that may affect matters submitted to the Committee under the terms of its mandate or on publicly disclosed financial information;

- (xi) Review, in collaboration with the Chief Legal Officer, any major litigation and any other legal matters or regulatory matters related to compliance that may have a material effect on the financial statements of the Corporation; and
- (xii) Consider any situation that may be brought to the attention of the Committee by the external auditor, including material litigation and regulatory or financial initiatives that could have a material impact on the financial situation or results of the Corporation and examine the disclosure of same, if required, in the documents submitted to the Committee's review.

## **2. In Relation to the External Auditor**

- (i) Select the external auditor and recommend its appointment to the Board;
- (ii) Recommend to the Board the level of remuneration of the external auditor with respect to audit services, unless the Committee has been delegated to do so by the Board;
- (iii) Review and approve the mandate and the nature and extent of the audit to be performed by the external auditor of the Corporation, as well as the performance of the work performed by the external auditor for the Corporation and its affiliates, whether or not related to the audit;
- (iv) Review with the external auditor and management the annual external audit plans and objectives, including as to scope, timing and fees;
- (v) Approve a budgetary envelope for non-audit services that the external auditor is to render to the Corporation or its affiliates in order to enable the Committee to consider the impact of the services on the independence of the external auditor and review and authorize all fees paid to the external auditor in respect of any such services. This responsibility of the Audit Committee cannot be delegated to the Corporation's management in any way whatsoever;
- (vi) Monitor the work of the external auditor;
- (vii) Ensure good communication between the directors and the external auditor;
- (viii) Require that the external auditor report directly to the Committee;
- (ix) Review, at least annually, a written report describing the relationship between the external auditor and the Corporation that may affect the objectivity and independence of the external auditor;
- (x) Review, with the external auditor, its annual audit report and discuss any issues or limitations imposed on the scope of its work, any differences of opinion and issues arising in the performance of its audit of the Corporation and its affiliates;
- (xi) Oversee the work of the external auditor in preparing and delivering the audit report or performing other services to the Corporation, including resolving conflicts between management and the auditor over financial reporting and informing the Board of any conflict between the external auditor and the management of the Corporation that the Committee has been unable to resolve within a reasonable time;
- (xii) Review any reports provided by the external auditor, including, *inter alia*, important recommendations to improve internal controls over financial reporting procedures and review management's actions to follow these recommendations; and
- (xiii) Review and approve, where applicable, any hiring policy of the Corporation with respect to partners, employees and former partners and employees of the current external auditor and the Corporation's previous external auditor.

**3. In Relation to the Internal Auditor**

- (i) Review and approve, on an annual basis, the mandate and annual objectives, including the scope of its responsibilities, objectives, audit plan and budget;
- (ii) Review the work of the internal audit team, its independence from management, its expertise, its resources and its relationship with the external auditor;
- (iii) Receive periodic reports from the internal auditor on the results of its audits and the Corporation's progress in addressing significant issues;
- (iv) Ensure that the internal auditor has continuous access to the chair of the Committee and to all officers of the Corporation; and
- (v) Review and approve the compensation of the person responsible for the internal audit team.

**4. In Relation to Internal Controls, Controls Over the Disclosure Process and Accounting Systems**

- (i) Supervise the work of management in the development and implementation of internal control procedures and review any reports issued by management, the external auditor and the internal auditor as to the reliability, effectiveness, integrity and adequacy of the Corporation's accounting and internal control systems;
- (ii) Assess the effectiveness, integrity and adequacy of the Corporation's financial reporting and internal control processes, considering the comments of the external auditor, the Corporation's internal auditor and the Executive Vice President and Chief Financial Officer of the Corporation;
- (iii) Review together with management, the adequacy of the Corporation's internal controls designed to safeguard its assets and ensure that they are not used unlawfully, to prevent, avoid and detect fraud, to ensure the accuracy of financial transactions and to validate any action taken following the discovery of material weaknesses;
- (iv) Review, together with management, the Corporation's control procedures to ensure that information related to the Corporation and its affiliates that is required to be disclosed under applicable laws and regulations is disclosed within the prescribed period and in a timely manner;
- (v) Ensure that the directors, executive officers and other employees of the Corporation comply with any disclosure policies in effect from time to time; and
- (vi) Review the information provided by the Executive Vice President and Chief Financial Officer during the certification process under applicable securities regulations regarding material weaknesses in the design or application of the internal controls over financial reporting, any weakness or irregularity that they consider reasonably likely to prevent the Corporation from recording, processing or disclosing its financial information that it is required to disclose in the prescribed period or to report any fraud, material or not, involving a member of management or an employee who has a key role in the Corporation's internal control over financial reporting.

**5. In Relation to Legal and Regulatory Requirements**

- (i) Review, in a timely manner, significant issues identified by management with respect to the production and disclosure of financial information to the public;
- (ii) Verify the compliance of management's financial reporting certifications with applicable laws and regulations; and
- (iii) Assist the Board in ensuring that the Corporation complies with applicable laws and regulations related to financial reporting.

**6. In Relation to Risk Management**

- i) Review, on an annual basis, the principal risks and the implementation by management of policies and procedures, designed to monitor and mitigate, on an annual basis, these risks, as well as their impact on the Corporation's operations, including in connection with cybersecurity;
- ii) Consider any other risk management issues that the Committee deems appropriate; and
- iii) Review the insurance program and any renewal, including the coverage of directors and officers, and report to the Board.

**7. Other Responsibilities**

- (i) Review and recommend to the Board for approval, unless the approval has been delegated to the Committee, any financing of the Corporation;
- (ii) Review any significant tax issues with senior management;
- (iii) Ensure that procedures and policies are in place for the receipt, retention and processing of complaints received by the Corporation with respect to accounting, internal controls, audit or other matters, and the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing practices;
- (iv) Review all reports regarding financial complaints;
- (v) Review and evaluate the performance and quality of the organization, staffing and succession planning for accounting and finance responsibilities;
- (vi) Review any incident of fraud or conflict of interest;
- (vii) Review and recommend to the Board for approval any share repurchase program of the Corporation;
- (viii) Review and recommend to the Board for approval the declaration or payment of dividends by the Corporation;
- (ix) Review information about the Committee that the Corporation must disclose regularly in its public documents;
- (x) Review any policy on the use of derivatives and any other hedging programs;
- (xi) Meet regularly and separately management, the external auditor and the internal auditor;
- (xii) Regularly discuss privately with the internal auditor and the external auditor on the management of financial affairs and internal controls in the absence of management;
- (xiii) Review the mandate of the Committee as required and submit to the Board any proposed changes, if any;
- (xiv) Review with management the principal fiscal files; and
- (xv) Perform such other duties as may from time to time be entrusted by the Board.

The Committee shall report to the Board after each of its meetings.