

**CHARTER OF THE AUDIT COMMITTEE  
OF THE BOARD OF DIRECTORS OF LE GROUPE JEAN COUTU (PJC) INC. (THE “CORPORATION”)**

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**1. Composition**

- a) The Audit Committee of the Corporation (the “**Committee**”) shall consist of at least three (3) members and a maximum of seven (7).
- b) Each member of the Committee shall sit on the Board of Directors of the Corporation.
- c) Each member of the Committee shall be independent.
- d) Each member of the Committee shall be competent in financial matters.

**2. Election of members.** The members, as well as the Chair of the Committee, are elected by and among the Directors of the Corporation during the first meeting of the Board of Directors immediately following the annual general shareholders’ meeting of the Corporation.

**3. Term of mandate.** The mandate of each member of the Committee begins at the date of the meeting of the Board of Directors during which he is elected to this position and expires at the date of the first meeting of the Board of Directors during which his successor is duly elected or appointed, unless he resigned or his position became vacant as a result of his death, removal or any other cause.

**4. Death, incapacity or resignation of a member.** In the event that the Board of Directors must fill a Committee vacancy resulting from the death, incapacity or resignation of a member, the member of the Committee appointed to fill the Committee vacancy is dispensed from the application of paragraphs c) and d) of section 1 for a period ending at the later of the two (2) following dates:

- a) the next annual general shareholders’ meeting of the Corporation; or
- b) six (6) months after the event leading to the vacancy.

The present section shall not apply if the Board of Directors of the Corporation has reasons to believe that this exemption could significantly reduce the capacity of the Committee to act independently and to comply with other regulatory requirements.

**5. Meeting of the Committee.** The Committee is required to meet at least four (4) times a year in the place, and at the date and time determined by the Corporate Secretary after consultation with the Chairman and the members of the Committee. A member of the Committee may request the holding of an extraordinary meeting at any time by sending to the Corporate Secretary a notice to this effect.

6. **Calling of meeting.** A notice with the time, date, place and object of any meeting of the Committee shall be sent by any mode of transmission allowed by law or communicated by telephone to each member and to the auditors of the Corporation at least two (2) days before the date of the meeting.
7. **Attendance by telephone.** The members of the Committee may participate in any meeting via any means allowing all participants to communicate orally between themselves, including via conference call.
8. **Quorum.** The quorum of the Committee consists of the majority of its acting members.
9. **Chairman.** The meetings of the Committee are presided by a member of the Committee chosen by the Board of Directors and, in his absence, by a member chosen among the members then attending.
10. **Procedure.** Committee meeting procedures are the same as those in effect during the meetings of the Board of Directors.
11. **Majority required.** The questions debated during a Committee meeting are decided by the majority of votes cast.
12. **Compensation.** The members of the Committee receive, for their services on the said committee, the compensation determined by a resolution of the Board of Directors of the Corporation.
13. **Powers.** The Committee has powers to:
  - a) communicate directly with or meet privately with any manager or employee of the Corporation, as well as its internal and/or independent auditors;
  - b) hire independent attorneys and/or other counsellors it deems necessary to assist it in its functions;
  - c) determine and pay the fees of the counsellors from whom it receives services.
14. **Mandate.** The preparation and the presentation of the financial statements of the Corporation, their accuracy, as well as the efficiency of the internal audits is the responsibility of management. Management is also responsible for maintaining adequate internal control and procedures, as well as for the use of appropriate principles and standards regarding accounting and presentation of financial statements. The independent auditors are responsible for the audit of annual financial statements in accordance with generally accepted accounting principles.

The Committee is created to review, on a continuous basis, the pertinence and the efficiency of these activities and to assist the Board of Directors in overseeing the accuracy of the financial statements of the Corporation, the relevancy and the efficiency of internal controls, the competence and independence of independent auditors, and the compliance by the Corporation to legal and regulatory requirements.

The Committee must review its mandate annually.

The Committee's mandate extends to the Corporation, its divisions and subsidiaries and is described more particularly as follows:

#### **14.1 Responsibilities with respect to financial disclosure and financial reports**

- the Committee reviews the quarterly financial statements and the management's discussion and analysis (MD&A) of the Corporation before their approval by the Board of Directors;
- it ensures that the Corporation complies with regulatory standards relating to the preparation and the disclosure of financial statements and the management report;
- it inquires about changes to accounting policies having a material impact on the presentation of financial statements;
- it reviews and ensures that all claims and/or lawsuits, which may have a material impact on the finances of the Corporation, are correctly recorded in the financial statements;
- it ensures that the financial statements of the Corporation are accurate, reliable and honest;
- it evaluates the decisions made by management and/or by the independent auditors relating to the presentation of financial statements;
- it reviews the press releases concerning the annual and quarterly releases of financial results of the Corporation before their approval by the Board of Directors;
- it ensures that the Corporation's disclosure practices and policy comply with the regulatory requirements applicable to the Corporation;

#### **14.2 Relationship with independent auditors**

- it recommends to the Board of Directors the appointment of the independent auditors as well as their fees, and reviews their employment perquisites, as well as other services they may be called upon to provide to the Corporation and the circumstances which may justify and warrant a change of independent auditors, whom report directly to the Committee;
- it oversees the work of the independent auditors employed to deliver an audit report or render other audit, review or attestation services to the Corporation, including the resolution of disagreements between management and the independent auditors concerning financial information;
- it discusses and reviews the competence, independence and objectivity of the independent auditors and of the partner of the independent audit firm in charge of the mandate with the Corporation, as well as the rotation of the partner in charge or of the other associates involved with the audit team;
- it reviews the mandate and the independent audit program, the letter of recommendation which follows the annual audit and the corresponding follow-ups, the major changes to accounting guidelines, the principal value judgements at the basis of the financial statements and how they are drafted;
- it approves beforehand all non-audit services that the independent auditors of the Corporation or those of its subsidiaries must render to the Corporation or to its

subsidiaries pursuant to the Corporation's Policy concerning the scope of services provided by independent auditors;

- it can communicate directly with the independent auditors at any time;
- it meets separately management and the independent auditors at least once per quarter;
- it questions the independent auditors regarding their relationship with the management of the Corporation, as well as the difficulties encountered during their audit mandate, as the case may be;
- it reviews and approves the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former independent auditors of the Corporation;

#### **14.3 Responsibilities concerning internal audit**

- it meets the Senior Director, Internal Audit, as well as the management of the Corporation, to discuss the efficiency of internal and risk management controls implemented by the Corporation, as well as the measures taken to rectify any major weakness or failure identified;
- it reviews the mandate and the internal audit programs, the resources granted to such function and the follow-ups made with respect to the recommendations of the Senior Director, Internal Audit;
- it reviews the statements of the Senior Director, Internal Audit concerning the efficiency of the Corporation's internal controls with respect to the audit work performed;

#### **14.4 Responsibilities concerning internal controls and risk management**

- it supervises the presentation by management of information concerning internal controls;
- it requires that management implement appropriate internal controls and communication mechanisms of financial information extracted or derived from the financial statements of the Corporation for the benefit of the public;
- it enquires with management as to the information disclosure controls and procedures ("IDCP") and the internal control of financial information ("ICFI") of the Corporation as well as material weaknesses in the design or operation of IDCP and ICFI;
- it ensures that the conclusions of management's evaluation of the efficiency of the IDCP and of the ICFI are adequately presented in the management's discussion and analysis (MD&A);
- it enquires with management as to the internal controls in place to manage the risks that the Corporation may be facing in its operations;
- it periodically reviews the risk evaluation programs and the management of such programs;
- it reviews, evaluates and approves periodically such controls;
- it reviews the short term liquidity investment policies of the Corporation with respect to cash management;

- it verifies all investments and operations likely to impact negatively the sound financial situation of the Corporation when it is brought to its attention by the independent auditors and/or an executive;
- it oversees the implementation of procedures concerning the receiving, recording and processing of complaints received by the Corporation regarding its accounting or its internal accounting or auditing controls;
- it oversees the implementation of procedures concerning the confidential communication, on an anonymous basis, by the employees of the Corporation, including its divisions and subsidiaries, concerning questionable accounting or audit practices;

#### **14.5 Review of transactions between related persons**

- it reviews management's report on all transactions conducted during the previous year between employees and/or officers on one hand and the Corporation and/or related entities on the other hand;

#### **14.6 Retirement Plan**

- it periodically enquires as to the funding of the retirement plans as well as the investment management, structure and performance of the retirement plans;

#### **14.7 Responsibilities concerning regulatory authorities**

- it reviews all material reports received from regulatory authorities regarding financial matters;
- it reviews the evaluation and statements of management relating to compliance with particular regulatory requirements, as well as the plans of management aiming to remedy any failure identified;
- it ensures that the recommendations from regulatory authorities be implemented and then monitored;
- it reviews all reports to be included in the management proxy circular; and
- it reviews all other financial matters that it deems fit or that the Board of Directors decides to bring forward to its attention.

**15. Report.** The Committee reports on its activities to the Board of Directors verbally at the next meeting of the Board which usually follows the meeting of the Committee and in writing by submitting the minutes of its meeting at the subsequent meeting of the Board of Directors.