



LASSONDE INDUSTRIES INC.

CHARTER OF THE AUDIT COMMITTEE Adopted by the Board of Directors on May 7, 2021

1. AUTHORITY

The Audit Committee (the **Committee**) is a standing committee of the Board of Directors of Lassonde Industries Inc. (the **Corporation**) responsible for overseeing the Corporation's accounting and financial reporting processes and the audits of its financial statements by its external auditor, as well as enterprise risk management.

The Committee has free access to the staff and documents of the Corporation and it is given the necessary resources to perform its duties. It thus has the power to hire the advisors it considers necessary to perform its mandate and to set their compensation.

The provisions of this charter do not limit the provisions of Multilateral Instrument 52-110 Audit Committees published by the Canadian Securities Authorities (MI 52-110). In the case of inconsistency, the provisions of MI 52-110 take precedence over the provisions of this charter.

2. COMPOSITION AND FUNCTIONING

2.1 Members

The Committee is comprised of a minimum of three independent directors of the Corporation who are all, as determined by the Board of Directors, financially literate. For the purposes hereof:

- **Independent director** has the meaning defined in MI 52-110 and means, subject to the limits and exceptions provided for in MI 52-110, a member of the Audit Committee who has no direct or indirect material relationship with the Corporation which could, in the view of the Board of Directors, reasonably interfere with the exercise of this member's independent judgement;
- **Financially literate** has the meaning defined in MI 52-110, namely that the individual has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and

complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

2.2 Appointment and Term of Office

The term of office of members is one year and it may be renewed. The members and their number shall be determined by the Board of Directors at the first meeting following the annual meeting of shareholders or at any other meeting, including for the purpose of filling a vacancy. The Board of Directors may at any time appoint additional members who, in the opinion of the Board, meet the eligibility requirements described in this Charter. The Board of Directors may also remove members of the Committee.

2.3 Chair and Secretary

The Chairman of the Committee may be appointed from among its members by the Board of Directors for a one-year term which may be renewed. Where the Chairman is absent or unable to chair the meeting, a member chosen by the Committee chairs the meeting. The Secretary of the Committee is chosen by the Committee.

2.4 Meetings

a) The Committee shall meet at least four times a year to review the annual and quarterly financial statements of the Corporation and may hold special meetings as needed. The Chairman of the Committee, after consulting with members, shall determine the place, date and time of its meetings. Meetings may be held by telephone or any other means allowing the members to communicate with each other. The Committee shall establish its own procedures for holding and convening meetings. The Committee shall hold in camera sessions at the end of each meeting, with the external auditors, with management (at least annually) and among the Committee members.

b) The quorum of Committee meetings shall be a majority of its members in office and decisions shall be approved by the majority of votes cast by the members present who vote on the decision to be taken.

c) Minutes of meetings of the Committee shall be prepared diligently by the Committee Secretary or any other person designated by the Committee. The Committee shall report periodically on its meetings and work to the Board of Directors and, as far as possible, to the first Board meeting following a Committee meeting.

d) In addition to Committee members, any other person may attend meetings at the request of the Chairman of the Committee or with the consent of the Committee. The external auditor shall receive notice of Committee meetings and shall be entitled to attend such meetings and be heard.

2.5 Internal Auditor

The Committee has the power to communicate directly with the internal auditor or Chief Financial Officer of the Corporation. When appointed, the internal auditor shall report to the Chief Executive Officer. The internal auditor may communicate directly with the Committee.

2.6 External Auditor

The external auditor shall report directly to the Committee.

3. MANDATE AND RESPONSIBILITIES

The Committee's responsibilities include the following:

3.1 Oversight

Overseeing the work of the external auditor in relation to the audit, review or attest services it is called upon to provide.

3.2 Disagreements Resolution

Consider any disagreements between management and the external auditor concerning financial information and ensure that management and the external auditor have taken steps to resolve these disagreements.

3.3 Review of Financial Statements and Published Documents

Review the quarterly and annual financial statements of the Corporation, the management's discussion and analysis of financial condition and operating results and press releases on the financial results prior to their release and, if the Committee is satisfied, recommend its approval by the Board of Directors.

3.4 Review of Annual Documents

Review the content of the annual information form and the annual report of the Corporation and, if the Committee is satisfied, recommend its approval by the Board of Directors.

3.5 Review of Procedures

Review the expected repercussions of new accounting and auditing principles or new securities rules in relation to accounting or audit matters.

3.6 Risk Assessment

Periodically review and examine the risk factors inherent in the Corporation and ensure that appropriate steps are taken to manage them effectively.

Review the policy and procedures for managing both operational and financial risks, including those relating to foreign exchange risk, fraud, information and cyber security and tax issues. Monitor the effectiveness of the measures taken to manage these risks.

Ensure that the Corporation's insurance portfolio is reviewed annually.

3.7 Review of Control Systems

Periodically review, with the help of the external auditor as needed, the systems needed for internal control of the Corporation with respect to financial information and periodically review the effectiveness of such systems.

Review legal compliance issues, significant litigation and other legal matters that could have a material impact on the Corporation's financial statements.

3.8 Procedure Evaluation

Periodically evaluate the procedures set up by the Corporation for the disclosure of financial information extracted or derived from the Corporation's financial statements and periodically assess the efficiency of those procedures.

3.9 Complaints

Oversee the implementation, operation and effectiveness of the Corporation's procedures for the receipt, docketing and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

3.10 Internal Audit

Review the internal audit program to ensure the effectiveness of the internal control systems and the accuracy of financial information.

In collaboration with the head of the internal audit function or the Corporation's chief financial officer, outsource internal audit mandates as deemed appropriate by the Committee.

3.11 Choice of External Auditor

Recommend to the Board of Directors the choice of external auditor for the coming year and the fees to be paid thereto and ensure their independence.

3.12 Audit Plans

Annually review the audit plan prepared by the external auditor.

3.13 Non-Audit Services

Adopt a policy for the prior approval by the Committee of all non-audit services which the Corporation's external auditor may render to the Corporation and its subsidiaries in accordance with applicable legislation (MI 52-110). Review and approve the fees for these services.

3.14 Discussions with the External Auditor

Meet with the external auditor regarding the Corporation's financial statements and control systems and their recommendations with respect thereto.

3.15 Hiring Policies

Review and approve the Corporation's hiring policies for current or former partners and employees of the Corporation's current or former external auditor.

3.16 Inspection by the CPAB

Obtain and discuss with the external auditor on an annual basis the contents of the Canadian Public Accountability Board's (CPAB) report following its inspection of the audit firms covered by its

inspection program, as well as the results of the CPAB's audit if the Corporation's file has been chosen by the CPAB for inspection.

3.17 Annual Evaluation

Perform the annual evaluation of the external auditor's services in collaboration with management.

3.18 Pension Plans

Review, where applicable, the financial statements of the Corporation's pension plans.

3.19 Duties Related to the Mandate

Perform any other duty related to its mandate under this charter or the applicable legislation as well as any other mandate which the Board of Directors may give it from time to time.

3.20 Evaluation of the Committee's Performance

Ensure that there is a process to evaluate the Committee's performance on an annual basis. Attest annually that the Committee has covered all elements of its mandate.

3.21 Review of Mandate

Annually review its mandate and make, if needed, any recommendations to the Board of Directors in this respect or on any other matter considered of interest to the Corporation.

3.22 Delegation

Delegate, if the Committee deems it appropriate, to a sub-committee or to one of the members of the Committee any responsibility incumbent upon it with such power as it considers necessary to discharge such responsibility.
