

**RONA INC.**  
**(the «Corporation»)**

**AUDIT COMMITTEE CHARTER**

The Audit Committee (the “**Committee**”) is responsible for assisting the Board of Directors of the Corporation (the “**Board**”) in its oversight of the following items: i) the production of reliable financial information, ii) the identification of the principal risks associated with the Corporation’s activities and the implementation of appropriate systems to manage these risks, iii) the internal control and information management process of the Corporation, iv) the Corporation’s financial compliance with the various authorities and key legislation, v) the competencies, independence and work of the external and internal auditors, and vi) the performance of the other responsibilities set out in the Committee’s mandate as well as those delegated to the Committee by the Board.

The Audit Committee may communicate directly with the internal and external auditors at any time.

**Mandate**

The responsibilities of the Committee include:

*With respect to the review of financial information and accounting policies*

- Reviewing the following documents with management and the external auditors:
  - annual and interim financial statements;
  - external auditors’ reports: the audit report in the case of the annual financial statements and the interim review report in the case of the interim financial statements of the first three quarters;
  - annual and interim management’s discussion and analysis;
  - annual and interim earnings press releases and those containing financial information;
  - financial information contained in prospectuses and the annual information form.
- Recommending the approval of the above-mentioned documents by the Board before their public disclosure.
- Reviewing the procedures in place for the review of financial information extracted or derived from the financial statements other than the public disclosure provided for above and periodically assessing the adequacy of those procedures.

- Reviewing with management and the external auditors:
  - the Corporation's financial reporting prepared in accordance with the international financial reporting standards ;
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  - complex or uncommon financial transaction;
  - the reasonableness of provisions, reserves and estimates that may have a material effect on financial reporting;
  - material decisions made in connection with the presentation of the financial statements;
  - communication with the Autorité des marchés financiers and other Securities commission.
- Monitoring the application and update, as necessary, of the Corporation's disclosure policy.
- Review, with management and the External Auditors, any proposed changes in securities policies or regulations and/or major accounting policies, and key estimates and judgments that may be material to financial reporting of the Corporation and probe whether the underlying accounting policies, disclosures and key estimates and judgments are considered to be the most appropriate in the circumstances.
- Report to the Board in a timely fashion on any proposed changes in securities policies or regulations and/or major accounting policies and key estimates and judgments that may be material to financial reporting and entail significant actual or potential liabilities, contingent or otherwise.
- Discuss with management and the External Auditors the clarity and completeness of the Corporation's consolidated financial disclosures.
- Review, whenever there are significant changes in accounting policies and disclosure requirements, benchmarks submitted by management of the Corporation's accounting policies and disclosure to those followed in its industry.

*With respect to oversight of the external auditors*

- Ensuring that the external auditors report directly to the Committee and plan private discussions.
- Recommending to the Board the appointment or discharge of the external auditors as well as their compensation.

- Having sole authority to pre-approve all non-audit services that management intends to entrust to the external auditors.
- Reviewing with the external auditors the external audit plan as well as the qualifications, independence and objectivity of the external auditors, including written statements of all relationships the external auditors have with the Corporation which could have an effect on independence and objectivity and recommending measures the Board of Directors should take to ensure the independence of the external auditors.
- Being directly responsible for overseeing the work of the external auditors engaged for the purpose of preparing or issuing an auditors' report or performing other audit, review or attest services, including the resolution of disagreements between management and the external auditors regarding financial reporting.
- Discussing with the external auditors the quality and not just the acceptability of the accounting principles, including:
  - critical accounting policies and practices used;
  - any alternative treatments of financial information that have been discussed with management, the ramifications of their use and the treatment preferred by the external auditors;
  - other material written communications between the management and the external auditors.
- Discussing with the external auditors, once a year, their internal quality control procedures as well as the summary results of the Canadian Public Accountability Board (CPAB) inspection.
- Reviewing management's actions following the recommendations of the external auditors.
- Reviewing and approving the hiring policies regarding partners, employees and former partners and employees of the present and former external auditors.
- Ensuring the rotation of lead, concurring and other audit partners, to the extent required by the rules for independence applicable to external auditors.

*With respect to the oversight of internal controls*

- Reviewing the procedures in place to evaluate the design and operational effectiveness of the internal controls set up by management.
- Reviewing with the President and Chief Executive Officer as well as the Executive Vice-President and Chief Financial Officer the process for the certifications to be provided in the Corporation's public disclosure documents.

- Establishing procedures for the receipt, retention and treatment of complaints received regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission of concerns by employees of the Corporation regarding questionable accounting, auditing or ethics matters.
- Obtain an understanding of the work performed by internal and external audit regarding internal controls, and obtain regular reports on significant observations, recommendations and Management action plans.

*With respect to risk management*

- Reviewing with management:
  - the identification and the risk evaluation methods;
  - the processes used to manage and control these risks;
- Reviewing with management the funding policies, the investment policies, the compliance reports and the financial statements of the pension plans.
- Review, at least once per year, the list of warranties provided by the Corporation
- Review, at least once a year, the appropriateness of foreign currency, interest rate and other financial risk mitigation practices such as the use of derivative financial instruments.
- Review, at least once a year, the reasonableness of insurance coverage maintained by the Corporation.

*With respect to the oversight of the internal auditors*

- Annually reviewing and approving the charter of the internal auditors;
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- Approve the appointment, replacement, reassignment or dismissal of the Senior Director, Internal Audit and Loss Prevention;
- Ensuring that internal audit are directly accountable to the Committee and plan private discussions;
- Reviewing and approving the annual internal audit plan;

- Receiving and examining material internal audit reports, observations and recommendations;
- Reviewing management’s actions following recommendations of the internal auditors;
- Reviewing the independence of the internal auditors;
- Reviewing with the Senior Director, Internal Audit, difficulties encountered during his audits with respect to the scope of the mandate and access to information. Reviewing all changes with respect to the scope of his audit projects.

*With respect to the monitoring of financial compliance with legal and regulatory requirements*

- Reviewing and discussing with management, external and internal auditors and the General Counsel the effectiveness of policies and procedures to ensure financial compliance with laws and regulations and financial commitments.
- Reviewing the list of the Corporation’s material litigation as well as the measures taken by management.
- Reviewing tax planning that has a material financial impact on the Corporation.

### **Composition and qualification**

- The Committee shall consist of three to five Board members, all of whom shall be independent directors and be financially literate, as defined by in National Instruments 52-110, and subject to the independence exemptions provided for therein.
- The members of the Committee shall be appointed by the Board each year. The Board may fill a vacancy in the Committee or replace one of its members at any time by a member of the Board.
- Subject to the exemptions provided for in NI 52-110, all members of the Audit Committee should be “financially literate” and, as such, able 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 breath and complexity of the issues that can reasonably be expected to be raised by the Corporation’s consolidated financial statements.
- In contributing to the Audit Committee’s discharging of its duties under this mandate, each member of the Audit Committee shall be entitled to rely in good faith upon:
  - a. Consolidated financial statements of the Corporation represented to him or her by an officer of the Corporation or in a written report of the External Auditors to present fairly the consolidated financial position of the Corporation in accordance with IFRS; and

- b. any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.
- In contributing to the Audit Committee's discharging of its duties under this mandate, each member of the Audit Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this mandate is intended, or may be construed, to impose on any member of the Audit Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all Board of Directors members are subject. The essence of the Audit Committee's duties is monitoring and reviewing to gain reasonable assurance (but not to ensure) that the fundamental accounting and reporting activities are being conducted effectively, that the financial reporting and disclosure objectives are being met and that a proper system of internal controls is in place, so as to report accordingly to the Board of Directors.

### **Committee Meetings and Quorum**

- The Committee shall meet as the need arises, but at least four times a year.
- Meetings shall be called by the Corporate Secretary of the Corporation, to whom a request is sent in writing, at the request of the Chair of the Committee, any of its members, the Chairman of the Board or the President and Chief Executive Officer.
- A majority of the current members of the Committee shall constitute a quorum at meetings of the Committee.
- From time to time, the Committee meets with management and the external and internal auditors, separately and in private.
- The Committee shall report to the Board periodically on its meetings and its recommendations.
- The Committee meets on a regular basis without the management members.

### **Independent Advisors**

As the need arises, the Committee may engage any outside advisors to assist it in carrying out its duties, set the fees and other conditions of their engagement and obtain the necessary funds from the Corporation to pay such fees.

### **Review of the Charter**

The Committee shall review this Charter periodically and submit proposals for its amendment to the Board as required.

**Assessment of the Committee's Performance**

Each year, the members of the Committee shall assess and review the Committee's performance.

The Committee shall report to the Board on this Charter once a year.

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