

MANDATE OF THE AUDIT COMMITTEE

1. Constitution

There is hereby established a committee of the Board of Directors (hereinafter the “Board”) of Caisse de dépôt et placement du Québec (hereinafter “CDPQ”) called the Audit Committee.

(Section 13.3 of the Act)

2. Composition

The Committee is composed of independent members of the Board. The Committee must include members with accounting or financial expertise.

At least one member of the committee must be a member of the professional order of accountants mentioned in the *Professional Code* (chapter C-26).

(Section 13.4 of the Act)

3. Guests

Other Board members may be invited to take part in committee meetings on a regular or occasional basis without being members of the Committee or having voting rights.

The Chair of the Board may take part in any meeting of the Committee.

(Section 13.7 of the Act)

Upon invitation by the Committee, any other person may attend, in whole or in part, a meeting, when the Committee considers it necessary or desirable.

4. Meetings

Regular meetings are held on the dates, at the times and locations set by the Board. They are called through a notification sent to members by the Secretary or the Assistant Secretary on behalf of the Committee Chair. They are held without notice if the members consent to the holding of such meetings. The presence of a member at a meeting indicates his consent.

An extraordinary meeting may be called at any time by the Committee Chair, the Chair of the Board, the President and Chief Executive Officer, one of the Committee members, the Vice-President, Internal Audit, the Executive Vice-President and Chief Financial and Operations Officer or the co-audits.

The Committee members regularly meet before or after a meeting without management being present. Any Committee member may ask the Chair that a Committee meeting, or any part of it, be held without management being present.

5. Quorum

A majority of members must be present to form a quorum of a board Committee. In the absence of a quorum, the Chair of the Board may, if he is not a member of the Committee, and at the request of the Committee Chair, serve as a member for this meeting and have voting rights.

(Section 20 of the Internal by-law)

6. Chair

The Committee Chair, as designated by the Board from among independent members, chairs the Committee meetings. When the Committee Chair is unable to attend a meeting, the Chair of the Board or a member of the Committee may act as Chair for this meeting.

(Section 21 of the Internal by-law)

7. Secretariat

The Secretary or Assistant Secretary of CDPQ may serve as secretary.

8. Mandate

The Committee plays an essential role in the good financial governance of CDPQ with regard to overseeing: (i) the reporting of financial information; (ii) internal controls (iii) Internal Audit; and (iv) co-auditors.

The responsibilities of the Audit Committee include:

Oversee financial reporting

- a) Review, at least every three years, the financial disclosure policy and recommend it to the Board for approval
(Section 13.2 of the Act)
- b) Monitor the quality and integrity of CDPQ's accounting and financial reporting process through discussions with management, the co-auditors, and Internal Audit
- c) Review the financial statements with the co-auditors and recommend them to the Board for approval
(Sections 13.1 (3), 13.8 (8 and 9) of the Act)
- d) Prior to public disclosure, review press releases that accompany financial statements (to the extent such releases discuss the financial position, performance, or operating results of CDPQ and recommend them to the Board for approval)
- e) Periodically review oversight of operating expenses and other fees
- f) Review any activity likely to be detrimental to CDPQ's financial health that is brought to its attention by Internal Audit or an officer and verify the consistency of disclosure with the documents reviewed by the Committee
(Section 13.8 (6) of the Act)
- g) Review the results of the external audit, any significant problems encountered by the co-auditors in performing the audit, and management's comments or action plan related to any Management letter issued by the co-auditors and any significant recommendations contained therein

Oversee internal controls

- h) See that internal control mechanisms are put in place and ensure that they are sufficient and effective, including internal controls aimed at

preventing and detecting fraud and corruption; appraise the integrity of information disclosure controls and information systems, and report on this to the Board

(Sections 13.2, 13.8 (1) of the Act)

- i) Oversee the implementation of a business continuity plan
- j) Make sure that a plan for the optimal utilization of CDPQ's resources is put in place and follow up on that process
(Section 13.8 (3) of the Act)
- k) Review the CDPQ's delegations of authority and recommend them to the Board for approval
(Section 13.1 (2) of the Act and section 32 of the Internal by-law)
- l) Review, at least every three years, CDPQ's policies that are under the responsibility of the Committee and recommend them to the Board for approval
- m) Review the fiscal aspects inherent to CDPQ's activities
- n) Oversee the implementation of adequate insurance coverage
- o) Request that a special audit be carried out if necessary
- p) Review with the Executive Vice-President, Legal Affairs and Secretariat, any matter of a legal nature arising from litigation, claims or non-compliance with regulations that could have a significant effect on CDPQ's financial position

Internal Audit monitoring

- q) Hear Internal Audit on the application of paragraphs h), and j)
(Section 13.8 (5) of the Act)
- r) Review and approve, at least every three years, CDPQ's Internal Audit Charter
- s) Approve, on a quarterly basis, CDPQ's internal audit plan, including the objectives, audit scope, staffing, calendar of audit activities, and oversee its execution
(Section 13.8 (7) of the Act)
- t) Review, on an annual basis, the internal audit plan of Ivanhoé Cambridge, Otéra and CDPQ Infra
- u) Review the findings and follow-up of Internal Audit, including any significant disagreements between management and Internal Audit with regard to required systems and controls
- v) Review matters that may affect the independence of Internal Audit such as the position of the Internal Audit function within CDPQ's organizational structure
- w) Confirm the appointment and the termination of the Vice-President, Internal Audit

- x) Assess, at least every five years, the effectiveness of Internal Audit and communicate annually to the President and Chief Executive Officer or to the Executive Vice-President to whom reports the Vice-President, Internal Audit their assessment of their effectiveness
- y) Ensure that the Vice-President, Internal Audit, has direct access to the Committee Chair and meets with him regularly in the absence of management
- z) Supervise the activities of the Internal Audit department
(Section 13.9.1 of the Act)

Oversight of co-auditors

- aa) Recommend to the Board the appointment of an external auditor, subject to section 48 of the Act respecting the Caisse
(Sections 13.1 (9), 48 of the Act)
- bb) Evaluate and approve the remuneration for the external auditors and monitor their qualifications, performance and independence
- cc) At least annually, review the annual audit plan summary formulated by the co-auditors and, together with them, review any major changes made to the plan
- dd) Discuss with the co-auditors not only the acceptability but also the quality of CDPQ's accounting principles, including i) all critical accounting policies and practices used, ii) any alternative treatments of financial information that have been discussed with management, the ramifications of their use, and the treatment preferred by the co-auditors, and iii) any other material written communications between CDPQ and the co-auditors (including any disagreements with management and any audit problems or difficulties and management's response)
- ee) At least annually, review a report by the co-auditors describing their internal quality-control procedures, any material issues raised by the most recent internal quality control review of their firm, or peer review, or by any inquiry or investigation by government or professional authorities, within the preceding five years, respecting one or more audits carried out by the co-auditors, and any steps taken to deal with any such issues
- ff) Review, at least every three years, the external auditor's independence policy and recommend it to the Board for approval
- gg) At least annually, review the formal written statement from the external auditors stating all relationships the external auditors have with CDPQ and confirming their independence, and hold discussions with the external auditors as to any relationship or services that may impact their objectivity or independence
- hh) Ensure honest, open communication between the Audit Committee, the co-auditors and the Vice-President, Internal Audit

Finance Group

- ii) Confirm the appointment and the termination of Executive Vice-President and Chief Financial and Operations Officer
- jj) Review annually the Finance and Operations Group's business plan and strategic priorities.
- kk) Annually communicate to the President and Chief Executive Officer his assessment of the effectiveness of the Executive Vice-President and Chief Financial and Operations Officer
- ll) In collaboration with the Human Resources Committee and the President and Chief Executive Officer, review the succession plan for the Executive Vice-President and Chief Financial and Operations Officer
- mm) Ensure that the Executive Vice-President and Chief Financial and Operations Officer have direct access to the Committee Chair and meet with him regularly in the absence of management

Mandate and assessment of Committee performance

- nn) Together with the Governance and Ethics Committee, carry out every other year an assessment of the adequacy of its mandate and carry out annually an assessment of its performance

9. Other mandates

The Committee carries out other mandates entrusted to it by the Board.

10. Resources

The President and Chief Executive Officer shall see that the Committee has adequate human, material and financial resources, particularly as regards external experts, to perform its functions.

(Section 5.13 of the Act)

When the Committee wishes to use the services of external experts, it shall send, for information purposes, prior notice to the Chair of the Governance and Ethics Committee, with copies to the Chair of the Board and the President and Chief Executive Officer. This notice shall include a description of the mandate and the budget. The Chair of the Board shall inform the Board when such mandates are granted.

To fulfill its responsibilities, the Committee may consult all CDPQ records and contact any officer, employee or auditor, if that is justified to exercise its duties.

(Section 17 of the Internal by-law)

11. Private meetings

As part of its mandate, the Committee holds private discussion sessions with the Vice-President, Internal Audit and the Executive Vice-President and Chief Financial and Operations Officer.

12. Notice to the Board

The Audit Committee shall notify the Board in writing on finding operations or management practices that are unsound or not in compliance with laws, regulations or the policies of CDPQ or the legal persons, other than those referred to in section 37.1 of the CDPQ Act, of which CDPQ holds at least 90% of the common shares directly or indirectly .

(Section 13.9 of the Act)

13. Reports

The Committee shall report to the Board on the results of its work after each of its meetings. This report contains in particular the recommendations that it considers necessary.

(Section 18 of the Internal by-law)

The Committee shall also submit to the Board a summary of its proceedings to be included in CDPQ's annual report. This summary shall discuss the performance of its mandate and the plan for the optimal utilization of CDPQ's resources.

(Sections 13.6 and 46 (j) of the Act)

Records of deliberations of the Committee are made available to members of the Board for information once approved.

(Section 19 of the Internal by-law)

The numbers in parentheses refer to the corresponding sections in the *Act respecting the Caisse de dépôt et placement du Québec* or the *Internal by-law of Caisse de dépôt et placement du Québec*.