



WORLD COLOR
CORPORATE GOVERNANCE



WORLD COLOR PRESS INC.

AUDIT COMMITTEE CHARTER

PURPOSE

The Audit Committee is a standing committee appointed by the Board. The Committee is established to fulfil applicable public corporation obligations respecting audit committees and to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting including responsibility to:

- oversee the integrity of the Corporation's financial statements and financial reporting process, including the audit process and the Corporation's internal accounting controls and procedures and compliance with related legal and regulatory requirements;
- oversee the qualifications and independence of the external auditors;
- oversee the work of the Corporation's financial management, internal auditors and external auditors in these areas; and
- provide an open avenue of communication between the external auditors, the internal auditors, the Board and Management.

In addition, the Committee shall prepare, if required, an audit committee report for inclusion in the Corporation's annual management proxy circular, in accordance with applicable rules and regulations. The Committee is also responsible for assisting the Board in fulfilling its responsibilities relating to pension matters.

The function of the Committee is oversight and nothing in this Charter is intended to expand applicable standards of conduct under statutory or regulatory requirements for the directors of the Corporation. It is not the duty or responsibility of the Committee or its members (i) to plan or conduct audits, (ii) to determine that the Corporation's financial statements are complete and accurate and are in accordance with generally accepted accounting principles or (iii) to conduct other types of auditing or accounting reviews or similar procedures or investigations. The Committee, its Chair and its audit committee financial expert members are members of the Board of the Corporation, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of the Corporation, and are specifically not accountable or responsible for the day to day operation or performance of such activities. In particular, the member or members identified as audit committee financial experts shall not be accountable for giving professional opinions on the internal or external audit of the Corporation's financial information.

Management is responsible for the preparation, presentation and integrity of the Corporation's financial statements. Management is also responsible for maintaining appropriate accounting and financial reporting principles and policies and systems of risk assessment and internal controls and procedures designed to provide reasonable assurance that assets are safeguarded and transactions are properly authorized, recorded and reported and to assure the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with accounting

standards and applicable laws and regulations. The internal auditor is responsible for monitoring and reporting on the adequacy and effectiveness of the system of internal controls. The external auditors are responsible for planning and carrying out an audit of the Corporation's annual financial statements and, if so mandated, the effectiveness of the Corporation's system of internal controls in accordance with generally accepted auditing standards to provide reasonable assurance that, among other things, such financial statements are in accordance with generally accepted accounting principles.

PROCEDURES, POWERS AND DUTIES

In addition to the procedures and powers set out in the resolution of the Board establishing this Committee, the Committee shall have the following procedures, powers and duties:

1. General

- (a) *Composition* – None of the members of the Committee shall be an officer or employee of the Corporation or any of its subsidiaries and each member of the Committee shall be an “independent” director (as defined in the Categorical Standards of Independence adopted by the Board and as such term is defined from time to time under the requirements or guidelines for audit committee service under applicable securities laws and the rules of any stock exchange on which the Corporation's securities are listed for trading).

All members of the Committee must be “financially literate” (as that term is defined from time to time under the requirements or guidelines for audit committee service under securities laws and the rules of any stock exchange on which the Corporation's securities are listed for trading or if it is not so defined as that term is interpreted by the Board in its business judgement) or must become financially literate within a reasonable period of time after their appointment to the Committee. At least one member of the Committee must also be an “audit committee financial expert” (as that term is defined from time to time under the requirements or guidelines for audit committee service under securities laws and the rules of any stock exchange on which the Corporation's securities are listed for trading).

- (b) *Service on Multiple Audit Committees* – If a Committee member serves on the audit committees of more than three public corporations, including the Corporation, the Board must determine that such service would not impair the ability of the member to effectively serve on the Committee and disclose such determination in the annual proxy circular.
- (c) *Separate Executive Meetings* - The Committee shall meet periodically with the Chief Financial Officer, the head of the internal audit function (if other than the Chief Financial Officer) and the external auditors in separate executive sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately and such persons shall have access to the Committee to bring forward matters requiring its attention. However, the Committee shall also meet periodically without Management present.

- (d) *Sessions Separate from Management* - - The Committee may hold separate *in camera* sessions without Management present at the conclusion of any regularly scheduled meeting of the Committee at which members of Management are present.
- (e) *Professional Assistance* - The Committee may require the external auditors and internal auditors to perform such supplemental reviews or audits as the Committee may deem desirable. In addition, the Committee may retain such special legal, accounting, financial or other consultants as the Committee may determine to be necessary to carry out the Committee's duties at the Corporation's expense.
- (f) *Reliance* - Absent actual knowledge to the contrary (which shall be promptly reported to the Board), each member of the Committee shall be entitled to rely on (i) the integrity of those persons or organizations within and outside the Corporation from which it receives information, (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations and (iii) representations made by Management and the external auditors as to any information technology, internal audit and other non-audit services provided by the external auditors to the Corporation and its subsidiaries.
- (g) *Reporting to the Board* - The Committee will report through the Committee Chair to the Board following meetings of the Committee on matters considered by the Committee, its activities and compliance with this Charter.

AUDIT RESPONSIBILITIES OF THE COMMITTEE

Selection and Oversight of the External Auditors

1. The external auditors are ultimately accountable to the Committee and the Board as the representatives of the shareholders of the Corporation and shall report directly to the Committee and the Committee shall so instruct the external auditors. The Committee shall evaluate the performance of the external auditors and make recommendations to the Board on the reappointment or appointment of the external auditors of the Corporation to be proposed in the Corporation's proxy circular for shareholder approval and shall have authority to terminate the external auditors. If a change in external auditors is proposed, the Committee shall review the reasons for the change and any other significant issues related to the change, including the response of the incumbent auditors, and enquire on the qualifications of the proposed auditors before making its recommendation to the Board.
2. The Committee shall approve in advance the terms of engagement and the compensation to be paid by the Corporation to the external auditors with respect to the conduct of the annual audit. The Committee may approve policies and procedures for the pre-approval of services to be rendered by the external auditors, which policies and procedures shall include reasonable detail with respect to the services covered. All non-audit services to be provided to the Corporation or any of its affiliates by the external auditors or any of their affiliates which are not covered by pre-approval policies and procedures approved by the Committee shall be subject to pre-approval by the Committee.

3. The Committee shall review the independence of the external auditors and shall make recommendations to the Board on appropriate actions to be taken which the Committee deems necessary to protect and enhance the independence of the external auditors. In connection with such review, the Committee shall:
 - (a) actively engage in a dialogue with the external auditors about all relationships or services that may impact the objectivity and independence of the external auditors;
 - (b) require that the external auditors submit to it on a periodic basis, and at least annually, a formal written statement (consistent with auditing profession standards) delineating all relationships between the Corporation and its subsidiaries, on the one hand, and the external auditors and their affiliates on the other hand;
 - (c) require that (i) both the lead audit partner and the partner responsible for performing a second review respecting the audit be rotated at least every five years and be subject to a five year time out and (ii) all other partners on the audit engagement team who provide more than 10 hours of audit, review or attest services with respect to the Corporation's consolidated financial statements or who serve as the lead partner in connection with any audit or review related to financial statements of a subsidiary whose assets or revenues constitute at least 20% of the consolidated assets or revenues of the Corporation be rotated at least every seven years and be subject to a two year time out;
 - (d) consider whether there should be a regular rotation of the external audit firm itself;
 - (e) consider whether the external auditor's provision of permissible non-audit services is consistent with the auditor's independence; and
 - (f) consider the auditor independence standards promulgated by applicable auditing regulatory and professional bodies.
4. The Committee shall prohibit the external auditor and its affiliates from providing certain non-audit services to the Corporation and its affiliates.
5. The Committee shall establish and monitor clear policies for the hiring by the Corporation of employees or former employees of the external auditors.
6. The Committee shall require the external auditors to provide to the Committee, and the Committee shall review and discuss with the external auditors, all reports which the external auditors are required to provide to the Committee or the Board under rules, policies or practices of professional or regulatory bodies applicable to the external auditors, and any other reports which the Committee may require. Such reports shall include:
 - (a) a description of the external auditors' internal quality-control procedures, any material issues raised by the external auditors' most recent internal quality-control

review, or peer review, of the external auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the external auditors, and any steps taken to deal with any such issues; and

- (b) a description of (i) all critical accounting policies and practices to be used in preparing the consolidated financial statements, (ii) all alternative treatments of financial information within generally accepted accounting principles related to material items that have been discussed with Management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditors and (iii) other material written communication between the external auditors and Management, such as any management letter or schedule of unadjusted differences.
7. The Committee is responsible for resolving disagreements between Management and the external auditors regarding financial reporting.
 8. The Committee will obtain acknowledgement from the external auditors that they will inform the Committee of any illegal act and will provide a report to the Committee as required by applicable securities legislation and rules.

Oversight of Internal Auditors

9. The Committee will engage in general oversight with respect to the internal auditors. The head of the internal audit function will report directly to both the Committee and the executive officer(s) of the Corporation designated by the Committee from time to time. The Chair of the Committee will be involved in the hiring and evaluation of the head of the internal audit function.
10. The Committee shall obtain from the internal auditors and shall review summaries of the significant reports to Management prepared by the internal auditors, or the actual reports if requested by the Committee and Management's responses to such reports.
11. The Committee shall, as it deems necessary, communicate with the internal auditors with respect to their reports and recommendations, the extent to which prior recommendations have been implemented and any other matters that the internal auditor brings to the attention of the Committee. The head of the internal audit function shall have unrestricted access to the Committee.
12. The Committee shall, annually or more frequently as it deems necessary, evaluate the internal auditors including their activities, organizational structure and qualifications and effectiveness.

Oversight and Monitoring of Audits

13. The Committee shall review with the external auditors, the internal auditors and Management the audit function generally, the objectives, staffing, locations, coordination, reliance upon Management and internal audit and general audit approach and scope of proposed audits of the financial statements of the Corporation and its

subsidiaries, the overall audit plans, the responsibilities of Management, the internal auditors and the external auditors, the audit procedures to be used and the timing and estimated budgets of the audits.

14. The Committee shall meet periodically with the internal auditors to discuss the progress of their activities and any significant findings stemming from internal audits and any difficulties or disputes that arise with Management and the adequacy of Management's responses in correcting audit-related deficiencies.
15. The Committee shall discuss with the external auditors any difficulties or disputes that arose with Management or the internal auditors during the course of the audit and the adequacy of Management's responses in correcting audit-related deficiencies.
16. The Committee shall review with Management the results of internal and external audits.
17. The Committee shall take such other reasonable steps as it may deem necessary to satisfy itself that the audit was conducted in a manner consistent with all applicable legal requirements and auditing standards of applicable professional or regulatory bodies.

Oversight and Review of Accounting Principles and Practices

18. The Committee shall, as it deems necessary, oversee, review and discuss with Management, the external auditors and the internal auditors:
 - (a) the quality, appropriateness and acceptability of the Corporation's accounting principles or financial statement presentation or in practices used in its financial reporting, changes in the Corporation's accounting principles or practices and the application of particular accounting principles and disclosure practices by Management to new transactions or events;
 - (b) all significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including the effects of alternative methods within generally accepted accounting principles on the financial statements and any "second opinions" sought by Management from an independent auditor with respect to the accounting treatment of a particular item;
 - (c) any material change to the Corporation's accounting principles and practices as recommended by Management, the external auditors or the internal auditors or which may result from proposed changes to applicable generally accepted accounting principles;
 - (d) the effect of regulatory and accounting initiatives on the Corporation's financial statements and other financial disclosures;
 - (e) any reserves, accruals, provisions, estimates or Management programs and policies, including factors that affect asset and liability carrying values and the timing of revenue and expense recognition, that may have a material effect upon the financial statements of the Corporation;

- (f) the use of special purpose entities and the business purpose and economic effect of off-balance sheet transactions, arrangements, obligations, guarantees and other relationships of the Corporation and their impact on the reported financial results of the Corporation;
 - (g) any legal matter, claim or contingency that could have a significant impact on the financial statements, the Corporation's compliance policies and any material reports, inquiries or other correspondence received from regulators or governmental agencies and the manner in which any such legal matter, claim or contingency has been disclosed in the Corporation's financial statements;
 - (h) the treatment for financial reporting purposes of any significant transactions which are not a normal part of the Corporation's operations; and
 - (i) the use of any "pro forma" or "adjusted" information not in accordance with generally accepted accounting principles.
19. The Committee will review and resolve disagreements between Management and the external auditors regarding financial reporting or the application of any accounting principles or practices.

Oversight and Monitoring of Internal Controls

20. The Committee shall, as it deems necessary, exercise oversight of, review and discuss with Management, the external auditors and the internal auditors:
- (a) the adequacy and effectiveness of the Corporation's internal accounting and financial controls and the recommendations of Management, the external auditors and the internal auditors for the improvement of accounting practices and internal controls, including any steps adopted in light of any material control deficiencies; and
 - (b) Management's compliance with the Corporation's processes, procedures and internal controls, its evaluation of any changes in such controls and the external auditor's audit, if any, and of the effectiveness of internal control over financial reporting.

Communications with Others

21. The Committee shall review and approve procedures for the receipt and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or audit matters and the anonymous submission by employees of concerns regarding questionable accounting or auditing matters and review periodically with Management and the internal auditors these procedures and any significant complaints received.

Oversight and Monitoring of the Corporation's Financial Disclosures

22. The Committee shall:

- (a) review with the external auditors and Management and recommend to the Board for approval the audited financial statements and the notes and Managements' Discussion and Analysis accompanying such financial statements, the Corporation's annual report and any financial information of the Corporation contained in any prospectus or information circular of the Corporation; and
- (b) review with the external auditors and Management and recommend to the Board for approval each set of interim financial statements and the notes and Managements' Discussion and Analysis accompanying such financial statements; and
- (c) review with the external auditors and Management any other disclosure documents or regulatory filings of the Corporation containing financial information of the Corporation.

Such reviews shall be conducted prior to the release of any summary of the financial results or the filing of such reports with applicable regulators.

- 23. The Committee shall generally review and discuss with Management the type and presentation of information to be disclosed in the Corporation's earnings press releases, including the use of pro forma or "adjusted" non-GAAP information, as well as the type and presentation of financial information and earnings guidance to be provided to analysts and rating agencies, it being understood that such discussions may, in the discretion of the Committee, be done generally (i.e., by discussing the types of information to be disclosed and the type of presentation to be made) and that the Committee need not discuss in advance each instance in which the Corporation gives earnings guidance.
- 24. The Committee shall review the disclosure with respect to its pre-approval of audit and non-audit services provided by the external auditors.

Oversight of Finance Matters

- 25. The Committee shall receive and review:
 - (a) periodic reports on compliance with requirements regarding statutory deductions and remittances, the nature and extent of any non-compliance together with the reasons therefor and the Management's plan and timetable to correct any deficiencies;
 - (b) material policies and practices of the Corporation respecting cash management and material financing strategies or policies or proposed financing arrangements and objectives of the Corporation; and
 - (c) material tax policies and tax planning initiatives, tax payments and reporting and any pending tax audits or assessments.
- 26. The Committee shall meet periodically with Management to review and discuss the Corporation's major financial risk exposures and the policy steps Management has taken

to monitor and control such exposures, including the use of financial derivatives and hedging activities.

27. To the extent the financial statements of any of the Corporation's material subsidiaries are to be provided to third parties, the Committee shall receive and review such financial statements and other financial information of such subsidiaries and any auditor recommendations concerning such subsidiaries.
28. The Committee shall meet with Management to review the process and systems in place for ensuring the reliability of public disclosure documents that contain audited and unaudited financial information and their effectiveness.

Additional Responsibilities

29. The Committee shall review related party transactions required to be disclosed under applicable securities legislation and rules.
30. The Committee shall review and/or approve any other matter specifically delegated to the Committee by the Board and undertake on behalf of the Board such other activities as may be necessary or desirable to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting.

PENSION RESPONSIBILITIES OF THE COMMITTEE

The Committee's responsibilities relating to pension matters, include:

- (a) approving and monitoring the governance structure and the funding policies for the pension plans of the Corporation and its subsidiaries in all countries (the "Pension Plans");
- (b) approving any amendments to the Pension Plans, so that they reflect at all times the agreed changes brought by the Corporation in terms of compensation and benefit strategy as approved by the Human Resources and Compensation Committee and the changes brought upon by applicable laws and regulations;
- (c) approving the investment policies, in particular the asset mix and the investment objectives and guidelines of each Pension Plan and monitoring same;
- (d) reviewing the performance and independence of the Pension Plans' external auditors and recommending to the Board the external auditors for the ensuing year;
- (e) approving the appointment or termination of the custodians, actuaries, and investment managers;
- (f) reviewing regularly the purpose and objectives of the Pension Plans, the investment manager structure, the funding strategy and administration of the specific Pension Plans;

- (g) reviewing the investment management of the Pension Plans, including the Pension Plans' investment structure and performance, and the performance of the managers, custodians and external global advisor, as well as the fees payable to them;
- (h) reviewing annually the actuarial reports and reviewing the Pension Plans' audited financial statements, as reported upon by the Pension Plans' external auditors;
- (i) receiving requisite information to ensure compliance with all applicable laws and regulations pertaining to each Pension Plan.

THE CHARTER

The Committee shall review and reassess the adequacy of this Charter at least annually and otherwise as it deems appropriate and recommend changes to the Board. The performance of the Committee shall be evaluated with reference to this Charter annually.

The Committee shall ensure that this Charter is disclosed on the Corporation's website and in accordance with all applicable securities laws or regulatory requirements.