

AUDIT COMMITTEE CHARTER

The Audit Committee of the Board of Directors of Dorel Industries Inc. (“the Company”) assists the Board of Directors in fulfilling its oversight responsibilities relating to the quality and integrity of the accounting, auditing, and reporting practices of the Company and such other duties as directed by the Board of Directors or imposed by legislative and securities and exchange authorities.

• STRUCTURE AND ORGANIZATION

1. The Committee will be composed solely of Directors who are independent of the management of the Company and are free of any relationship that, in the opinion of the Board of Directors, may interfere with their exercise of independent judgment as a Committee member, all in accordance with applicable securities and exchange regulations.
2. The membership of the Committee will consist of at least three independent members of the Board of Directors. Committee members and the Committee Chairman shall be designated by and serve at the pleasure of the Board of Directors. All members must be financially literate and at least one member shall be designated as the “financial expert” as defined by applicable legislation and regulation. The Committee shall appoint a Secretary who need not be a Director of the Company.
3. The Committee shall meet at least four times per year or more frequently as circumstances require. The Committee may ask members of management or others to attend the meetings and provide pertinent information as necessary. The required quorum is two out of three members, or three out of four members, depending on the total number of members on the Committee at the time of the meeting.
4. The Committee has the authority to maintain free and open communication with management, internal audit and the external auditors.
5. The Committee has the authority to investigate any matter brought to its attention and to retain independent counsel, accountants, or others for this purpose if, in its judgment, that is appropriate. The Committee further has the authority to set and pay the compensation for any advisors employed by the Committee.
6. Members of the Audit Committee are prohibited from receiving any payment, either directly or indirectly, from the Company other than for the Board of Directors or Audit Committee membership.
7. The Committee may delegate to one or more independent members the authority to pre-approve non-audit services provided that such services meet the definition pursuant to securities and exchange regulations. Such pre-approval must be presented to the Committee by the respective member at its first scheduled meeting following such pre-approval.
8. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared.

• GENERAL RESPONSIBILITIES

1. Meet periodically with representatives of the external auditors, the Director, Internal Audit, and management in separate sessions to discuss any matters that the Committee or these groups believe should be discussed privately (in camera) with the Committee. Provide sufficient opportunity for the external auditors to meet with the internal auditors as appropriate without members of the management being present.
2. Submit the minutes of all Committee meetings to the Board of Directors and regularly report to the Board of Directors about Committee activities and issues that arise with respect to the quality of integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's independent auditors and the performance of the internal audit function.
3. Review and reassess the adequacy of this Charter annually.

• RESPONSIBILITIES FOR ENGAGING EXTERNAL AUDITORS

1. Recommend for approval by the Board of Directors and ratification by the shareholders the selection and retention of an independent firm of Chartered Accountants as external auditors, for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services; approve compensation of the external auditors; and review and approve in advance the discharge of the external auditors.
2. Review the independence of the external auditors. In considering the independence of the external auditors, the Committee will review the nature of the services provided by the external auditors' firm and the fees charged, and such other matters as the Committee deems appropriate.
3. Arrange for the external auditors to be available to the Board of Directors at least annually to help provide a basis for the Board's approval of the external auditors' appointment.
4. Pre-approve all non-audit related services to be provided by the Company's external auditors on a case-by-case basis provided that such services meet the definition pursuant to securities and exchange regulations.

• RESPONSIBILITIES FOR OVERSIGHT OF THE QUALITY AND INTEGRITY OF ACCOUNTING, AUDITING, AND REPORTING PRACTICES OF THE COMPANY

1. Review the annual audited financial statements and quarterly financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations", with management and the external auditors prior to release. The Committee should review each quarterly earnings announcement with management (and the external auditors if desired) prior to release. These discussions should cover the quality of the financial reporting, and such other matters as the Committee deems appropriate.

2. Review with management and the external auditors the results of the audit, including any difficulties encountered. This will also include a review of any restrictions on the scope of the independent auditor's activities or on access to requested information.
3. Ensure adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure referred to in (1), and periodically assess the adequacy of those procedures.
4. Review disclosures made by the President and Chief Executive Officer and the Executive Vice-President, Chief Financial Officer and Secretary during the Form 40-F and Form 52-109F certification process about significant deficiencies in the design or operation of internal controls or any fraud that involves management or other employees who have a significant role in the Company's internal controls.
5. Review with the external auditors and management the audit plan, including scope and approach, of the external auditors for the current year and the following year.
6. Review the adequacy and effectiveness of the accounting, financial, and computerized information systems controls of the Company. Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's response.
7. Establish procedures for the receipt, retention and treatment of complaints received regarding accounting, internal accounting controls or auditing matters. Such complaints are to be treated confidentially and anonymously.
8. Review and approve all related party transactions undertaken by the Company.
9. Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.

• **PERIODIC RESPONSIBILITIES**

1. Review periodically with management any legal and regulatory matters that may have a material impact on the company's financial statements, compliance policies, and compliance programs.
2. Review with management and approve transactions involving management and/or members of the Board of Directors, which would require disclosure under securities and exchange regulations.
3. Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
4. Review services and related fees for work done by the external auditors in the period and newly pre-approved services since the prior meeting as well as an updated

projection of the total costs for the fiscal year.

5. Review the process for communicating the Code of Conduct to Company personnel, and for monitoring compliance therewith.

6. Review with the Director, Internal Audit the charter, plans, activities, staffing and organization structure of the internal audit function. Ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the Director, Internal Audit.

7. Discuss with management the Company's major policies with respect to risk assessment and risk management.

8. Perform such other functions assigned by law, the Company's charter or bylaws, or by the Board of Directors.