



# ANNUAL INFORMATION FORM

Financial year ended on November 30, 2021

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## INFORMATION INCORPORATED BY REFERENCE

Certain information contained in this Annual Information Form ("AIF") may be found in other documents filed by us with Canadian securities regulators, including our 2021 Management's Discussion & Analysis available via SEDAR and which can be accessed at [www.sedar.com](http://www.sedar.com). See also the section in this AIF entitled "Additional Information".

Unless stated otherwise, i) the information contained in this AIF is given as at November 30, 2021; ii) unless the context otherwise indicates, "Richelieu", the "Corporation", "we", "us" and "our" refers to Richelieu Hardware Ltd. and its direct and indirect subsidiaries; and iii) all dollar amounts in this AIF are expressed in Canadian dollars. Disclosure of information in this report has been limited to those which management has determined to be "material", on the basis that omitting or misstating such information would influence or change a reasonable investor's decision to purchase, hold or dispose of securities in the Corporation.

## FORWARD-LOOKING INFORMATION

Certain statements contained in this AIF constitute forward-looking information within the meaning of securities laws.

Implicit in this information, particularly in respect of the Corporation's future operating results and economic performance are assumptions regarding projected revenues and expenses. These assumptions, although considered reasonable by the Corporation at the time of preparation, may prove to be incorrect. Readers are cautioned that the Corporation's future operating results and economic performance are subject to a number of risks and uncertainties and could differ materially from what is currently expected. Unless otherwise indicated, financial and other information herein is presented on a consolidated basis.

Forward-looking information contained in this report is based on management's current estimates, expectations and projections, which management believes are reasonable as of the current date. The reader should not place undue reliance on forward-looking statements and should not rely upon this information as of any other date. While the Corporation may elect to do so, it is under no obligation and does not undertake to update this information at any particular time, unless required by applicable securities law.

## CORPORATE STRUCTURE

Richelieu Hardware Ltd., which registered office is located at 7900 Henri-Bourassa Blvd. West, Montreal, Quebec, was incorporated under Part I of the *Companies Act* (Quebec) by letters patent dated September 16, 1968 and registered on October 8, 1968 and was continued under Part IA of the *Companies Act* (Quebec) by Certificate of Continuance dated November 30, 1983. The Corporation amalgamated with 2539-9346 Quebec Inc. by Certificate of Amalgamation dated December 1, 1987.

By Certificates of Amendment dated February 7, 1989 and May 18, 1993, certain amendments were made to the Corporation's charter provisions and share capital, including the subdivision of the 28,090 common shares then outstanding into 6,000,000 common shares and the creation of an unlimited number of preferred shares issuable in series.

On July 27, 1993, Richelieu completed its initial public offering and secondary distribution by Schroder Canadian Buy-Out Fund and Company, Limited, Schroder Canadian Buy-Out Limited Partnership and Schroder-CIBC and Company, Limited.

On April 9, 1999 and on July 20, 2001, the Corporation proceeded with a subdivision, on a two-for-one basis, of all of the outstanding shares of its capital stock. On February 29, 2016, the Corporation proceeded to a new subdivision, on a three-for-one basis this time, of all of the outstanding shares of its capital stock.

## INTER-CORPORATE RELATIONSHIP

The following table sets out all direct or indirect subsidiaries of Richelieu as at November 30, 2021. The financial information pertaining to all the subsidiaries named below is consolidated in the financial statements incorporated by reference herein. On November 30, 2021, total assets and sales of subsidiaries held by the Corporation represented 79% of the consolidated assets and 76% of the consolidated sales of the Corporation.

Subsidiaries	Incorporated under the Laws of	Percentage of Ownership
Richelieu Finance Ltd. <sup>(1)</sup>	Quebec	100 %
Richelieu Hardware Canada Ltd. <sup>(2)(3)</sup>	Ontario	100 %
Richelieu America Ltd.	Delaware	100 %
Distributions 20/20 Inc.	Canada	100 %
Les Industries Cedan inc.	Quebec	100 %
Euro Ornamental Forgings Inc.	Ontario	100 %
Provincial Woodproducts Ltd.	Newfoundland	85 %
Menuiserie des Pins Ltée	Quebec	85 %
Interco Division 10 Inc.	Ontario	75 %

(1) Richelieu Finances Ltd. owns 100% of all issued and outstanding shares of Richelieu Hardware Canada Ltd.

(2) Richelieu Hardware Canada Ltd. owns 100% of all issued and outstanding shares of Euro Ornamental Forgings Inc.

(3) Richelieu Hardware Canada Ltd. owns 75% of all issued and outstanding shares of Interco Division 10 Inc.

## **GENERAL DEVELOPMENT OF THE BUSINESS**

### **OVERVIEW**

Richelieu is a leading importer, distributor and manufacturer of specialized hardware and related products in Canada. The Corporation also acts as a North America leader in its specialty. With 97 distribution centers, including two manufacturing plants, Richelieu serves its market from coast to coast.

### **ACQUISITIONS**

The market position now occupied by Richelieu is mainly due to the aggressive acquisition program undertaken since 1987. Capitalizing on significant fragmentation in the specialty hardware industry, Richelieu has completed as of today 76 strategic acquisitions at a total cost of over \$364 million.

The Corporation's acquisition program has enabled Richelieu to successfully expand the breadth of its product assortment, diversify its distribution activities geographically and in its markets, reach a broader customer base, gain access to new sources of supply from leading manufacturers world-wide, as well as consolidate its purchasing power with respect to the supply and shipping of products. Richelieu also relies on the services of qualified managers and experienced sales representatives.

Over the last three financial years, the Corporation has, either directly or through one of its wholly-owned subsidiaries, completed the following acquisitions:

Effective January 1, 2019, the Corporation acquired all issued and outstanding shares of Lion Industries Inc., a specialty hardware distributor serving door and window manufacturers and operating a distribution center in Calgary, Alberta.

Effective February 4, 2019, the Corporation acquired all issued and outstanding shares of Blackstone Building Products Inc., a specialty hardware distributor serving a clientele of door and window manufacturers in Ontario, operating a distribution center in Concord, Ontario.

Effective February 4, 2019, the Corporation acquired all issued and outstanding shares of Truform Building Products Inc., a specialty hardware distributor serving a clientele of door and window manufacturers, operating distribution centers in Concord, Ontario and Calgary, Alberta.

Effective May 1, 2019, the Corporation acquired all issued and outstanding shares of Euro Architectural Components Inc., a distributor of specialized stairs and railing components, architectural and glass hardware components operating two distribution centers in Toronto, Ontario and Montreal, Quebec.

Effective December 2, 2019, the Corporation acquired all issued and outstanding shares of Decotec Inc., a distributor of decorative panels and other related products operating a distribution center in North York, Ontario.

Effective December 9, 2019, the Corporation acquired the principal net assets of The Mibro Group, a distributor of specialty hardware and power tools accessories for the Canadian and American retail markets. The Mibro Group operates a distribution center in Toronto (Ontario).

Effective February 3, 2020, the Corporation acquired the principal net assets of Omaha Hardwood Lumber Company (O'Harco), a distributor of specialty hardware operating distribution centers in Omaha (Nebraska), Des Moines (Iowa) and Sioux Falls (South Dakota).

Effective June 29, 2020, the Corporation acquired the principal net assets of Central Wholesale Supply Corporation, a distributor of specialty hardware operating a distribution center in Richmond (Virginia).

Effective August 4, 2020, the Corporation acquired the principal net assets of Lion Hardware Ltd., a distributor of specialty hardware serving a clientele of door and window manufacturers located in eastern Canada, operating a distribution center in St-Jacques (New-Brunswick).

Effective March 29, 2021, the Corporation acquired the principal net assets of Ontario Building Supply, a decorative panel and related products distributor operating a distribution center in Rochester (New York).

Effective April 5, 2021, the Corporation acquired all issued and outstanding shares of Caplan Industries Inc. doing business as Task Tools, a distributor of tools and power tool accessories and related products serving retailers in Canada and the U.S. from two centers in Delta (British Columbia) and Brantford (Ontario).

Effective June 1, 2021, the Corporation acquired all issued and outstanding shares of Usan Industrial Fasteners Ltd, a distributor of industrial screws, bolts and industrial fasteners for the retailer's market in Canada, which operates one distribution centers located in Dollard-des-Ormeaux (Quebec).

Effective July 5, 2021, the Corporation acquired, through a newly incorporated subsidiary, 100% of the issued and outstanding shares of Inter-Co Inc., in partial consideration of which a participation equivalent to 25% of the share capital of said newly incorporated subsidiary has been issued in the name of the sellers. Inter-Co Inc. is a distributor of Division 10 products intended for the construction industry operating distribution centers in Toronto (Ontario), Burlington (Ontario), Grove City (Ohio), Phoenix (Arizona) and Houston (Texas).

Effective September 1, 2021, the Corporation acquired all issued and outstanding shares of Cook Fasteners Inc., a distributor of specialized screws, bolts, fasteners and other related products operating a distribution center in Mississauga (Ontario).

Effective September 20, 2021, the Corporation acquired the principal net assets of Industrial Plywood, Inc., a distributor of plywood, veneers, lumber products, specialized hardware, power tools accessories and other hardware related products operating a distribution center in Reading (Pennsylvania).

## **NARRATIVE DESCRIPTION OF THE BUSINESS**

### **DISTRIBUTION ACTIVITIES**

Richelieu's customer base includes kitchen and bath cabinets, furniture, doors and windows and commercial and residential cabinet manufacturers, residential and commercial woodworkers and hardware retailers, including renovation superstores. In serving such markets, Richelieu continuously monitors its product line, so as to emphasize state of the art products and to eliminate unprofitable slow moving product lines. Richelieu's mission is to create value for its shareholders and contribute to the growth and success of its customers, while promoting a corporate culture centered on quality of service and results, partnership and intrapreneurship.

The following list summarizes the main product categories carried by Richelieu:

- **Functional cabinet hardware and assembly products for manufacturing of kitchen cabinets and furniture**, including traditional and concealed cabinet door hinges, drawer slides, sliding door systems, screws, fittings, swivels, lighting products, brackets and other related hardware products and specialized tools sourced from international manufacturers;
- **Decorative hardware products** such as handles, knobs and mouldings available in a variety of styles, finishes and sizes;
- **High-pressure laminates** in a variety of colours and types of finishes, craftwood veneers, solid surfaces for countertops, decorative tambours, adhesives and related mouldings and panels;
- **Decorative and functional panels** which include particle boards, melamine panels and medium density fiber panels (MDF);
- **Veneer sheets and edge banding products** in wood, melamine or polyester and in a wide range of finishes and sizes;
- **Kitchen accessories** including storage systems, cutlery trays, sinks, lazy susans, towel racks, pullout storage and pantry systems, decorative kitchen accessories, waste bins and working surfaces;
- **Closet storage solutions**;
- **Finishing products** such as lacquers, stains and varnishes;
- **Glass, railing, baluster and related hardware products**;
- **Floor protection products**;
- **Ergonomic workstation components**;
- **Marker boards and Tackboards**;
- **Door and window components**; and
- **Hand tools, power tool accessories and related products**.

The distribution activities of Richelieu are the core of its business and accounted for approximately 98% of its total sales in fiscal year 2021. As at November 30, 2021, the Company's product selection exceeds 130,000 items (referred to as "stock keeping units" or "SKUs"). Richelieu's principal strength lies in its ability to introduce new products to the market.

Richelieu's order processing system enables it to ship customer orders in a timely and efficient manner. Items are normally stocked in our warehouse locations according to historical demand patterns. Inventory records are computerized so that any order may be delivered from the warehouse located closest to the customer. Inventories are constantly adjusted in response to evolving changes in demand.

In order to minimize delivery time, Richelieu engages the services of various independent transportation companies to deliver large bulk order shipments to its largest customers. For smaller orders, Richelieu has delivery arrangements with various independent courier companies that provide it with preferential shipping rates established on the basis of the volume of goods shipped annually. These arrangements enable Richelieu to avoid the higher costs of running its own transportation system, while retaining full control and flexibility in the management of its delivery network. Richelieu is committed to provide customers with timely error-free order processing and rapid delivery, generally within 24 hours from order placement.

## MARKETING

Richelieu's extensive client base of more than 100,000 active customers is served through 47 sales locations across Canada, 48 sales locations across the United States, the web [www.richelieu.com](http://www.richelieu.com) website, and two manufacturing plants in Canada. Of this total, approximately 82,000 customers are manufacturers of kitchen and bathroom cabinets, furniture, doors and windows manufacturers, or residential and commercial woodworkers, which, in fiscal 2021, accounted for approximately 82% of Richelieu's total sales. The other accounts are mainly comprised of retailers, including large renovation superstores. The retail market accounted for the remaining 18% of Richelieu's sales during the same period.

In fiscal 2021, 27% of Richelieu's total sales originated from Eastern Canada, 22% from Ontario, 17% from Western Canada and 34% from the United States or abroad. In the same fiscal year, Richelieu's five largest customers accounted for approximately 9% of Richelieu's total sales.

## SUPPLIERS

Richelieu provides its customers with a vast assortment of high-end products sourced directly from manufacturers worldwide. Richelieu seeks to maintain strong relationships with high quality suppliers.

Richelieu provides its suppliers with an extensive North American distribution network, a specially trained sales force and a comprehensive marketing program. Approximately 75% of Richelieu's purchases are made from foreign manufacturers. In fiscal 2021 Richelieu's five largest suppliers collectively accounted for approximately 22% of Richelieu's total purchases, with the largest supplier accounting for approximately 12%. Richelieu enjoys good relationships with its domestic and international suppliers. In the unlikely event an important supplier would choose to cease doing business with the Corporation, Richelieu could source alternative manufacturers for each of its product lines.

## HUMAN RESOURCES

Richelieu employed in excess of 2,500 persons as at November 30, 2021. Of these, 2,360 employees were involved in distribution activities, half of which were directly involved in sales, customer services and marketing activities and 140 were involved in the manufacturing operations. Close to 50% of all employees are shareholders of Richelieu.

Ten collective agreements currently cover approximately 15% of Richelieu's work force. The following bargaining units are presently covered by collective agreements which expire on the following dates:

<b>Establishment</b>	<b>Expiry Date</b>
<b>Richelieu</b> (Richmond, British Columbia)	November 1, 2024
<b>Richelieu</b> (St. Laurent, Quebec)	November 30, 2023
<b>Richelieu</b> (Mississauga, Ontario)	March 31, 2022
<b>Richelieu</b> (Reliable Fasteners Division)	December 31, 2025
<b>Richelieu</b> (PJ White Hardwoods Division)	February 24, 2022
<b>Richelieu</b> (Mibro Division)	December 31, 2023
<b>Interco Division 10 Inc.</b>	Under negotiation
<b>Cedan Industries</b>	October 31, 2024
<b>Distributions 20/20</b>	Under negotiation
<b>Menuiserie des Pins</b>	March 31, 2026

Over the last five years, Richelieu has not experienced any material labour disruptions and has not experienced material difficulties with respect to the renewal of any of the above-mentioned agreements within parameters compatible with management's objectives.

#### **COMPETITION**

The specialty hardware market remains highly fragmented and, despite certain well established competitors in the United States, is composed of a multitude of regional distributors offering a limited range of products. In addition, certain manufacturers distribute their products directly. Richelieu differentiates itself from its competitors by the combination of its North American distribution network, its highly trained sales force and its vast assortment of quality products.

Richelieu's management believes that, due to its unique business profile, Richelieu is well positioned to compete effectively in the North American specialty hardware market.

#### **ENVIRONMENT**

Richelieu is committed to work collaboratively with other industry peers to implement new technologies, in accordance with applicable best practices, as well as energy management programs to reduce our electricity and gas emissions across our business. Preserving and enhancing biodiversity is an important component of our design, R&D and supply chain management efforts. Recognition for our environmental policies and practices include several environmental certifications as well as significant packaging reduction efforts.

Although Richelieu only recently began establishing tracking processes intended to better measure and better qualify its environmental performance, as required to eventually compare said performance to other similar industry players, we have, through the years, integrated a culture of safety and emergency preparedness throughout our organization while using state-of-the-art technology to monitor and maintain the integrity of our entire supply chain. We do intend to continue expanding our environmental, social and governance reporting infrastructure in the future.

Richelieu recognizes that operating its hardware distribution business, transporting the goods we distribute over thousands of miles of supply chain related travels as well as maintaining in excess of 97 locations across North America, comes with an environmental responsibility. Throughout our organization, from the top down, we are committed to maintaining and operating our assets safely, efficiently, and in an environmentally responsible manner. To protect our employees, the public, and the environment, we invest each year on integrity management, maintenance, and environmental programs to achieve these goals.

In addition to our leadership teams, the Board oversees the establishment and administration of sustainable ESG policies, programs, procedures, and initiatives to promote the safety and health of our employees, customers, the public, and the environment. The Board also periodically reviews, together with management, our reputation as a responsible corporate citizen and our efforts to employ sustainable business practices consistent with our business purpose and values.

#### **RISK FACTORS**

Richelieu is exposed to different risks that can have a material adverse effect on its profitability. To offset such risks, the Corporation has adopted various strategies adapted to the major risk factors below:

##### **ECONOMIC CONDITIONS**

The Corporation's business and financial results partly depend on general economic conditions and the economic factors specific to the renovation and construction industry. Any economic downturn could lead to a decline in sales and have an adverse impact on the Corporation's financial performance.

##### **MARKET AND COMPETITION**

The specialty hardware and renovation products segment is highly competitive. Richelieu has developed a business strategy rooted in a diversified product offering in various targeted niche markets in North America and sourced from suppliers around the world, in creative marketing and in unparalleled expertise and quality of service. Up to now, this strategy has enabled it to benefit from a solid competitive edge. However, if Richelieu were unable to implement its business strategy with the same success in the future, it could lose market shares and its financial performance could be adversely affected.

##### **FOREIGN CURRENCY**

Richelieu is exposed to the risks related to currency fluctuations, primarily in regard to foreign-currency denominated purchases and sales made abroad. The Corporation's products are regularly sourced from abroad. Thus, any increase in foreign currencies (primarily the U.S. dollar and euro) compared with the Canadian dollar tends to raise its supply cost and thereby affect its consolidated financial results. These currency fluctuations related risks are mitigated by the Corporation's ability to adjust its selling prices within a relatively short timeframe so as to protect its profit margins although significant volatility in foreign currencies may have an adverse impact on its sales. Sales made abroad are mainly recorded in the United States and account for approximately 34% of Richelieu's total sales. Any volatility in the Canadian dollar therefore tends to affect consolidated results. This risk is partially offset by the fact that major purchases are denominated in U.S. dollars.

To manage its currency risk, the Corporation uses derivative financial instruments, more specifically forward exchange contracts in U.S. dollars and euros. There can be no assurance that the Corporation will not sustain losses arising from these financial instruments or fluctuations in foreign currency.

#### **SUPPLY AND INVENTORY MANAGEMENT**

Richelieu must anticipate and meet its customers' supply needs. To that end, Richelieu must maintain solid relationships with suppliers respecting its supply criteria. The inability to maintain such relationships or to efficiently manage the supply chain and inventories could affect the Corporation's financial position. Similarly, Richelieu must track trends and its customers' preferences and maintain inventories meeting their needs, failing which its financial performance could be adversely affected.

To mitigate its supply-related risks, Richelieu has built solid long-term relationships with numerous suppliers on several continents, most of whom are world leaders.

#### **ACQUISITIONS**

Acquisitions in North America remain an important strategic focus for Richelieu. The Corporation will maintain its strict acquisition criteria and pay particular attention to the integration of its acquisitions. Nevertheless, there is no guarantee that a business matching Richelieu's acquisition criteria will be available and there can be no assurance that the Corporation will be able to make acquisitions at the same pace as in the past. However, the fact that the U.S. market remains highly fragmented and that acquisitions are generally of limited size reduces the inherent financial and operational risks.

#### **CREDIT**

The Corporation is exposed to the credit risk related to its accounts receivable. Richelieu has adopted a policy defining the credit conditions for its customers to safeguard against credit losses arising from doing business with them. For each customer, the Corporation sets a specific limit that is regularly reviewed. The diversification of its products, customers and suppliers reasonably safeguards the Corporation against a concentration of its credit risk. No customer of the Corporation accounts for more than 10% of its revenues.

#### **LABOUR RELATIONS AND QUALIFIED EMPLOYEES**

To achieve its objectives, Richelieu must attract, train and retain qualified employees while controlling its payroll. The inability to attract, train and retain qualified employees and to control its payroll could have an impact on the Corporation's financial performance.

Close to 15% of Richelieu's workforce is unionized. The Corporation's policy is to negotiate collective agreements at conditions enabling it to maintain its competitive edge and a positive and satisfactory working environment for its entire team. Richelieu has not experienced any major labour conflicts over the past five years. Any interruption in operations as a result of a labour conflict could have an adverse impact on the Corporation's financial results.

#### **STABILITY OF KEY OFFICERS**

Richelieu offers a stimulating working environment and a competitive compensation plan, which help it retain a stable management team. Failure to retain the services of a highly qualified management team could compromise the success of Richelieu's strategic execution and expansion, which could have an adverse impact on its financial results. To adequately manage its future growth, the Corporation adjusts its organizational structure as needed and strengthens the teams at the various levels of its business. It should be noted that close to 50% of its employees, including senior officers, are Richelieu shareholders.

#### **PRODUCT LIABILITY**

In the normal course of business, Richelieu is exposed to various product liability claims that could result in major costs and affect the Corporation's financial position. Richelieu has agreements containing the usual limits with insurance companies to cover the risks of claims associated with its operations.

#### **IT CONTINGENCY PLAN AND DATA SECURITY**

The IT structure implemented by Richelieu enables it to support its operations and contributes to ensure their efficiency. As the occurrence of a disaster, including a major interruption of its computer systems, could affect its operations and financial performance, the Corporation has implemented a crisis management and IT contingency plan to reduce the extent of such a risk. This plan provides among others for an alternate physical location in the event of a disaster, generators in the event of power outages and a relief computer as powerful as the central computer. A breach of the Corporation's IT security, loss of customer data or system disruption could adversely affect its business and reputation.

Richelieu's business is dependent on its payroll, transaction, financial, accounting and other data processing systems. The Corporation relies on these systems to process, on a daily basis, a large number of transactions. Any security breach in its business processes and/or systems has the potential to impact its customer information, which could result in the potential loss of business. If any of these systems fail to operate properly or become disabled, the Corporation could potentially lose control of customer data and suffer financial loss, a disruption of our businesses, liability to clients, regulatory intervention or damage to its reputation. In addition, any issue of data privacy as it relates to unauthorized access to, or loss of, customers and/or employees information could result in the potential loss of business, damage to Richelieu's market reputation, litigation and regulatory investigation and penalties. To reduce its risk, the Corporation continuously invests in the security of its IT systems, business processes improvements, and enhancements to its culture of information security.

#### **NATURAL DISASTERS, TERRORIST ACTS, CIVIL UNREST, PANDEMICS AND OTHER DISRUPTIONS**

Upon the occurrence of a natural disaster, or upon an incident of war, riot or civil unrest, the impacted country, province, state or region may not efficiently and quickly recover from such event, which could have a materially adverse effect on the Corporation, its customers, and/or either of their businesses or operations. Terrorist attacks, public health crises including epidemics, pandemics or outbreaks of new infectious disease or viruses including, most recently, the COVID-19 outbreak, domestic and global trade disruptions, infrastructure disruptions, civil disobedience or unrest, natural disasters, national emergencies, acts of war, technological attacks and related events can result in volatility and disruption to local and global supply chains, operations, mobility of people and the financial markets, which could affect interest rates, credit ratings, credit risk, inflation, business, financial conditions, results of operations and other factors relevant to the Corporation, its customers, and/or either of their businesses or operations, which may have a material adverse effect on the Corporation's reputation, business, financial conditions or operating results.

## DIVIDENDS

On January 20, 2022, the Board of Directors approved the increase of the quarterly dividend from 0.0700\$ to \$0.1300 per share. The following table shows the dividends declared by the Corporation and paid to shareholders over the last three financial years.

	2021	2020	2019
<b>Dividend paid per Share</b>	\$0.2800	\$0.2667	\$0.2533

## CAPITAL STRUCTURE

The authorized share capital of the Corporation consists of an unlimited number of common shares and an unlimited number of non-voting first and second ranking preferred shares issuable in series, the attributes of which must be approved by the Board of Directors. As of January 20, 2022, there were 55,848,619 issued and outstanding common shares.

## MARKET FOR SECURITIES

The common shares of the Corporation are listed on the Toronto Stock Exchange under the symbol "RCH". The following table presents the price range and trading volume of the common shares of the Corporation on such stock exchange for the fiscal year ended on November 30, 2021.

Month	High (\$)	Low (\$)	Trading Volume
December 2020	38.37	32.49	2,431,758
January 2021	39.92	32.60	2,091,919
February 2021	39.19	35.60	1,247,491
March 2021	41.55	36.17	2,724,293
April 2021	43.19	41.17	1,796,163
May 2021	43.61	41.17	1,518,476
June 2021	43.57	39.47	3,116,790
July 2021	43.75	38.54	1,932,345
August 2021	45.89	41.85	1,920,743
September 2021	46.17	41.66	1,156,538
October 2021	44.90	40.47	1,471,153
November 2021	46.55	42.13	1,297,476

## DIRECTORS AND EXECUTIVE OFFICERS

### DIRECTORS

The following table indicates, as of the present date, for each director of the Corporation, his name and province of residence, his principal occupation and the year during which he began serving as a director. The directors are elected until the next annual shareholders' meeting or, in the case of a vacancy or resignation, until the election or nomination of a successor.

Name and Province of Residence	Principal Occupation	Director Since
<b>LUCIE CHABOT</b> <sup>(1)</sup> Quebec, Canada	Corporate Director	2020
<b>ROBERT COURTEAU</b> <sup>(2)</sup> Quebec, Canada	President - CM Management Inc.	2004
<b>MARIE LEMAY</b> <sup>(1)</sup> Ontario, Canada	President and Chief Executive Officer - The Royal Canadian Mint	2021
<b>RICHARD LORD</b> Quebec, Canada	President and Chief Executive Officer - Richelieu Hardware	1988
<b>LUC MARTIN</b> <sup>(1)</sup> Quebec, Canada	Corporate Director	2020
<b>MARC POULIN</b> <sup>(2)</sup> Quebec, Canada	Corporate Director	2013
<b>PIERRE POMERLEAU</b> <sup>(2)</sup> Quebec, Canada	President and Chief Executive Officer - Pomerleau Inc.	2016
<b>SYLVIE VACHON</b> <sup>(3)</sup> Quebec, Canada	Corporate Director	2015

1) Member of the Audit Committee.

2) Member of the Human Resources and Corporate Governance Committee

3) President of the Board



## EXECUTIVE OFFICERS

The following table sets forth, as of the date hereof, the name and province of residence, the position and the first year of employment of each Executive Officer of the Corporation, as well as that of its Corporate Secretary.

Name and Province of Residence	Position	Employed since
<b>RICHARD LORD</b> Quebec, Canada	President and Chief Executive Officer	1988
<b>ANTOINE AUCLAIR</b> Quebec, Canada	Vice-President and Chief Financial Officer	2011
<b>GUY GRENIER</b> Quebec, Canada	Vice-President - Sales and Marketing - Industrial	1989
<b>JEFF CREWS</b> Ontario, Canada	Vice-President - Business Development - Retailers Market, Canada	2015
<b>CRAIG RATCHFORD</b> North Carolina, USA	Vice-President - General Manager - United States	2016
<b>LARRY LUCYSHYN</b> Ontario, Canada	Vice-President - Sales to US Retailers	2019
<b>MARJOLAINE PLANTE</b> Quebec, Canada	Vice-President - Human Resources	2018
<b>ALAIN CHARRON</b> Quebec, Canada	Vice-President - Supply Chain and Logistics	2020
<b>DENIS GAGNON</b> Quebec, Canada	Vice-President - Information Technologies	2018
<b>ÉRIC DAIGNAULT</b> Quebec, Canada	General Manager of Divisions	2000
<b>MARION KLOIBHOFFER</b> Ontario, Canada	General Manager - Central Canada	1989
<b>JOHN STATTON</b> Alberta, Canada	General Manager - Western Canada	1994
<b>YANNICK GODEAU</b> Quebec, Canada	Corporate Secretary	2014

Mr. Richard Lord is President and Chief Executive Officer of Richelieu Hardware Ltd. since 1988.

Mr. Antoine Auclair is Vice-President and Chief Financial Officer of the Corporation since November 21<sup>st</sup>, 2011. Prior to joining Richelieu, he was Vice-President and Controller of CAE Inc. from 2006 to November 2011. Mr. Auclair was Vice-President and Controller of Bell Nordiq Inc. from 2005 to 2006 and he held various positions at Bombardier Inc. from 1995 to 2005.

Mr. Guy Grenier is with the Corporation since April 1989 and is Vice-President, Sales and Marketing – Industrial, since 2004.

Mr. Jeff Crews is Vice-President – Business Development – Retail since January 2015. Previously, Mr. Crews held the position of President of Stanley Black and Decker Canada.

Mr. Craig Ratchford is Vice-President – General Manager – United States since September 2016. Beginning in 2010, Mr. Ratchford acted as Vice-President of Sales and Marketing of CalStar Products, Inc. and was promoted to Chief Executive Officer, President and Board Member in January 2015.

Mr. Larry Lucyshyn is Vice-President – Sales to US Retailers since September 2021. Prior to the acquisition of the Mibro Group by Richelieu and beginning as of September 2002, Mr. Lucyshyn acted as Director of Sales, Vice-President - Sales, Executive Vice-President - Sales and Marketing and, ultimately, as President and Chief Operating Officer of said Group.

Ms. Marjolaine Plante is Vice-President - Human Resources since April 2018. From 1994 to 2017, Mrs. Plante acted as Director, Human Resources, before being promoted to Vice-President, Human resources, at Uniprix Inc. From 1989 to 1994, Mrs. Plante occupied to roles of Director, Talent Acquisition and Director, Human Resources for Groupe Tecscult Inc. Previously, Mrs. Plante worked as Manager, Human Resources for Direct Film Inc.

Mr. Alain Charron is Vice-President, Logistics and Supply Chain since January 2020. From 2017 to 2020, Mr. Charron acted as Consultant, Supply Chain on behalf of Bestseller Retail Canada Inc. From 2015 to 2017, Mr. Charron held the position of Vice-President, Supply Chain with Groupe Touchette Inc. Previously, from 2005 to 2014, Mr. Charron acted as Vice-President, Supply Chain on behalf of the Aldo Group Inc., before being promoted Chief Information Officer and Vice President, Supply Chain.

Mr. Denis Gagnon is Vice-President, Information Technology since October 2018. From 2016 to 2018, Mr. Gagnon held the position of Vice-President, Information Technology for Bouclair Inc. and from 2014 to 2016, that of Vice-President, Information Technology at Reitmans Canada Ltd.

Mr. Éric Daignault works for Richelieu since 2000 and he is currently General Manager of Divisions. From 1995 to 2000, Mr. Daignault held the position of Vice-President Operations for Wrebbit Inc.

Ms. Marion Kloibhofer is with the Corporation since August 1989 and is General Manager - Central Canada since 1990.

Mr. John Statton is with the Corporation since November 1994 and is General Manager - Western Canada and Western United States since 1999.

Mr. Yannick Godeau acts as Corporate Secretary of the Corporation since January 2014. From 2003 to 2014, Mr. Godeau held the position of General Counsel, Director of alliances and Corporate Secretary of 20-20 Technologies Inc.

#### **SHAREHOLDINGS OF DIRECTORS AND EXECUTIVE OFFICERS**

As of January 20, 2022 the directors and executive officers of the Corporation, as a group, were the beneficial holders, directly or indirectly, of 4,375,766 common shares of the Corporation, representing approximately 7.8% of the outstanding common shares.

#### **CEASE OF TRADE ORDERS, BANKRUPTCIES, PENALTIES AND SANCTIONS**

To the best knowledge of the Corporation, no Director or Officer of Richelieu is, or has been within the past 10 years, a Director, a Chief Executive Officer or a Chief Financial Officer of any corporation that, (i) while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied such corporation access to any exemptions under Canadian securities legislation for a period of more than 30 consecutive days; or (ii) was subject to a cease trade or similar order or an order that denied such corporation access to any exemptions under Canadian securities legislation for a period of more than 30 consecutive days that was issued after the Director or Officer ceased to act in that capacity which resulted from an event that occurred while that person was acting in that capacity.

To the best knowledge of the Corporation, no Director or Officer of Richelieu or, shareholder of Richelieu holding a sufficient number of securities of Richelieu to affect materially the control of Richelieu (a "Control Person") is, or has been within the past 10 years, a Director or Officer of any corporation that while such person was acting in that capacity, or within a year of that person ceasing to act in that capacity, was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

To the best knowledge of the Corporation, no Director, Officer or Control Person of Richelieu has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority, nor has any Director, Officer or Control Person of Richelieu been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

To the best knowledge of the Corporation, no Director, Officer or Control Person of Richelieu, nor any personal holding company of any such person, has within the past 10 years, been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

#### **LEGAL PROCEEDINGS**

The Corporation is not currently a party to any proceedings or claims or actions for which the potential issue would have a material adverse effect on its financial condition and operating results.

#### **INTEREST OF EXECUTIVE OFFICERS AND OTHER INFORMED PERSONS IN MATERIAL TRANSACTIONS**

No director, executive officer or other informed person of the Corporation, nor any associate or affiliate of the foregoing persons has had any interest, directly or indirectly, in any material transaction since the commencement of the Corporation's last fiscal year.

#### **TRANSFER AGENT AND REGISTRARS**

The transfer agent and register of the Corporation's common shares is Computershare Investor Services Inc. located at Suite 700, 1500 University Street, Montreal, Quebec, H3A 3S8. A share transfer service is offered by Computershare Trust Company at its offices located in Montreal, Quebec, and in Toronto, Ontario.

#### **MATERIAL CONTRACT**

Richelieu has not entered into any material contract during the most recently completed financial year, or before the most recently completed financial year and which are still in effect, other than in the ordinary course of business.

#### **INTEREST OF EXPERTS**

Ernst & Young LLP acts as auditors of Richelieu and accordingly has signed the auditors' report on Richelieu's annual consolidated financial statements for the year ended November 30, 2021. The partners and staff of Ernst & Young LLP do not beneficially own, directly or indirectly, any of the issued and outstanding common shares of Richelieu.

#### **INFORMATION ON THE AUDIT COMMITTEE**

##### **CHARTER AND COMPOSITION OF THE COMMITTEE**

The Audit Committee is comprised of three (3) independent directors who are financially literate, namely Mr. Luc Martin (Chair), Ms. Lucie Chabot, Ms. Marie Lemay and the Chair of the Board, who acts as *ex officio* member. This Committee is responsible for assisting the Board of Directors in the fulfillment of its duties with respect to financial accounting and financial reporting practices as well as the adequacy and integrity of internal controls, risk management and information systems. Duties and responsibilities of the Audit Committee are described in the Audit Committee Charter, a copy of which is attached as Appendix A.

## FINANCIAL LITERACY OF AUDIT COMMITTEE MEMBERS

Mr. Luc Martin graduated with a Bachelor degree in Business Administration from the École des Hautes Études Commerciales and was awarded the Chartered Accountant (CA) designation in 1981. Mr. Martin is a member of the Boards of Directors of D-Box Technologies Inc. and a member of the Board of Directors of the Fonds de Placement Immobilier BTB, for which Mr. Martin both also presides the Audit Committee, a member of the Board of Directors of Behavior Inc., as well as a member of the Board of Directors of the Club Laval-sur-le-Lac, both of which are private corporations. From 2002 to 2014, M. Martin held several senior positions at Deloitte Canada, including Partner - Audit & Assurance, Practice Leader - Manufacturing and Managing Partner - Finances and Operations. Mr. Martin's training and extensive business experience ensure an excellent understanding and assessment of all accounting norms and principles applicable to Richelieu.

Ms. Lucie Chabot graduated from Laval University with a Bachelor of Business Administration and was awarded the Chartered Accountant (CA) designation in 1983. She was named to the National Honour Roll of the Canadian Institute of Chartered Accountants, ranking 11th in Canada in 1982. Ms. Chabot is a member of the Board of Directors, and Chair of the Audit Committee, of Tourisme Montréal, a member of the Board of Directors, and Chair of the Audit Committee, of Albecour, as well as a member of the Board of Directors, Chair of the Audit Committee, member of the Risk Management and Corporate Responsibility Committee, and member of the Governance and Nominating Committee of Transat A.T. From 2017 to 2021, Ms. Chabot has served as Chair of the Board of Directors, the Audit Committee, the Information Technology Committee, and was also a member of the Human Resources Committee of CDMV, a Canada-wide distributor of products and services for veterinarians. From 2014 to 2018, Ms. Chabot acted as Chief Financial Officer of Sail Plein Air Inc. Her training and experience provide her with an excellent understanding of all business issues to which Richelieu may be exposed while allowing her to fully comprehend all accounting principles used by Richelieu, including the ability to evaluate financial statements presenting accounting issues of an importance and degree of complexity similar to the ones experienced at Richelieu.

Ms. Marie Lemay was appointed President and CEO of the Royal Canadian Mint in January 2019. With 20 years of service in senior government leadership positions, she has an extensive background in public policy. Prior to her appointment, Ms. Lemay served as Deputy Minister and Deputy Receiver General for Canada at Public Services and Procurement Canada, managing 12,000 employees and a \$6 billion budget. Ms. Lemay also served as Deputy Minister and President of the Canada Economic Development Agency for Quebec Regions, which promotes the long-term Economic development of the regions of Quebec. In 2012, she was Associate Deputy Minister at Infrastructure Canada, the main department responsible for federal efforts to enhance Canada's public infrastructure. From January 2008 to 2012, Ms. Lemay was the CEO of the National Capital Commission, where she led a change in culture to one of openness and transparency, including the introduction of public Board meetings. She was also the CEO of Engineers Canada where she led a number of international initiatives and oversaw several mutual recognition agreements. Ms. Lemay is a member of the Ordre des ingénieurs du Québec and of Professional Engineers Ontario, as well as a Fellow for both Engineers Canada and the Canadian Academy of Engineering.

## NON-AUDIT SERVICES

Pursuant to the charter of the Audit Committee, all non-audit services performed by the external auditors of Richelieu, or by members of their group, as well as fees related to those services must have previously been approved by the Audit Committee. Before approval, the Committee must also analyze the impact of those non-audit services on the independence of the external auditors. The Audit Committee has the power to delegate this responsibility to one of its members, who in turn must report to the committee the non-audit services so approved.

## COMPENSATION OF AUDITORS

For the fiscal years ended November 30, 2021 and 2020, the Corporation paid the following fees to Ernst & Young LLP.

	<b>Fees - 2021</b>	<b>Fees - 2020</b>
Total Audit Fees	\$288,200	\$223,100
Total Audit-related Fees	\$1,700	\$1,600
Total Tax Fees	\$115,100	\$104,050
<b>Total Fees</b>	<b>\$405,000</b>	<b>\$328,750</b>

In the above table, the expressions indicated in the "Category of Fees" column have the following meaning: "Audit Fees" include the aggregate fees billed by Ernst & Young LLP for the audit of annual consolidated financial statements, the reading of the quarterly financial statements, and other documents for regulatory filings. "Audit-related Fees" include the aggregate fees billed by Ernst & Young LLP for consulting services with respect to regulatory standards, accounting standards and due diligence reviews in connection with contemplated or completed acquisitions by the Corporation. "Tax Fees" include the aggregate fees billed by Ernst & Young LLP for professional services rendered for tax compliance, tax advice, as well as tax planning services.

## ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information relating to the Corporation is provided in the consolidated financial statements and the management's discussion and analysis for its financial year ended November 30, 2021, both of which may be obtained on SEDAR or upon request to the Vice-President and Chief Financial Officer of the Corporation at 7900 Henri-Bourassa Blvd. West, Montreal, Quebec, H4S 1V4.

Additional information, including executive officers' and directors' compensation and indebtedness, if any, principal shareholders of the Corporation, stock options and interest of insiders in material transactions, if any, are contained in the Management Proxy Circular prepared for the Annual and Special Meeting of Shareholders.

**APPENDIX A**  
**RICHELIEU HARDWARE LTD.**  
**AUDIT COMMITTEE CHARTER**

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**AUDIT COMMITTEE**

The Audit Committee (the “Committee”) is a committee appointed by the Board. The Committee is established to allow the Corporation to fulfil obligations imposed upon public companies with respect to audit committees and to assist the Board in fulfilling its overseeing responsibilities with respect to the accounting and financial reporting processes of the Corporation and the auditing of its financial statements.

The Audit Committee must, amongst other things:

- Oversee the integrity of the Corporation’s financial reports 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 work of the external auditors and ascertain their qualifications and independence.
- Oversee the work of the Corporation’s Management in these areas.
- Provide an efficient avenue of communication between the external auditors, the Board and Management.

The function of the Committee is one of overseeing. 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 applicable accounting practices or (iii) to conduct other types of auditing or accounting reviews or similar procedures or investigations. The members of the Committee 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 operations or performance of such activities. The Committee reports through the Committee Chairman to the Board following meetings of the Committee on matters considered by the Committee, its activities and compliance with this Charter.

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

The external auditors are responsible for planning and carrying out an audit of the Corporation’s annual financial statements in accordance with Canadian auditing standards to provide reasonable assurance that, among other things, such financial statements are in accordance with generally accepted accounting principles. The external auditors are directly accountable to the Committee and the Board as the representatives of the shareholders of the Corporation and the Committee shall so instruct the external auditors.

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.

**MEMBERSHIP AND ORGANIZATION**

Following each annual meeting of shareholders, the Board of Directors of the Corporation shall elect three or more directors to serve on the Committee until the close of the next annual meeting of the shareholders of the Corporation or until the member ceases to be a director, resigns or is replaced, whichever first occurs. Any member may be removed from office or replaced at any time by the Board.

Subject to exceptions prescribed by applicable law, regulations, policies, guidelines or requirements of securities authorities and stock exchanges on which shares of the Corporation are traded (collectively the “Applicable Requirements”), each member of the Committee shall be “independent” and “non-related” and shall be “financially literate” (as all such terms are defined by the Applicable Requirements for audit committees).

The Board shall appoint one of the Committee members as the Chairman of the Committee. If the Chairman is absent from a meeting, the attending members shall elect among them one member to act as Chairman of the meeting. The Chairman of the Committee is responsible for:

- Preparing a calendar of Committee meetings.
- Preparing, in collaboration with the Vice-President and Chief Financial Officer, the agenda for Committee meetings and ensuring that the required documents are available on time.
- Chairing Committee meetings.
- Ensuring that the Committee fulfills its responsibilities with respect to the Charter.
- Reporting to the Board on the matters examined by the Committee.

The Committee must hold at least four regular meetings each year. Special meetings of the Committee may be called by the Chairman of the Committee, by the external auditors, by the Chairman of the Board of the Corporation or by the President and Chief Executive Officer. The quorum for all committee meetings is fixed at the majority of the members.

## **AUTHORITY**

The Committee shall have the authority to:

- Engage independent counsel and other advisors as it determines necessary to carry out its duties.
- Set and pay the compensation for any advisors engaged by the Committee.
- To communicate directly with the external auditors.

## **RESPONSIBILITIES**

### **1. EXTERNAL AUDITORS**

- a) 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.
- b) The Committee shall review the terms of the external auditors' engagement and the appropriateness and reasonableness of the proposed audit fees and make the appropriate recommendations to the Board.
- c) The Committee shall receive periodic reports from the external auditors regarding the auditors' independence, discuss such reports with the auditors, and if so determined by the Committee, 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.
- d) The Committee shall approve in advance any engagements for non-audit services provided by the external auditors or their affiliates, together with the fees for such services, and consider the impact on the independence of the external auditors. This task may be delegated to a member of the Committee, which will report decisions taken during the first meeting following the approval of any terms of engagement. Moreover, the Committee may also adopt policies and procedures concerning the pre-approval of non-audit services to be provided by the external auditors.
- e) When a change of external auditors is proposed, the Committee shall review the reason for the change, any other significant issues related to the change and the planned steps for an orderly transition.
- f) Under the communication protocol published by the Canadian Public Accountability Board (CPAB), audit firms must submit the annual public report of CPAB to audit committees. All audit committees of listed issuers will receive, annually, said report electronically. If CPAB has inspected the Company's audit file, auditors should provide the Committee with the following information:
  - i) A description of the sectors targeted by the CPAB inspection.
  - ii) An indication as to the existence of significant findings.
  - iii) The significant findings of the inspection, as reported by CPAB in its Report on findings related to the mission (RFM), including a description of any measures taken by the audit firm in response to the findings and conclusion of CPAB.

In this regard, the Audit Committee should discuss the key findings revealed by the inspection with the auditors. These discussions will include:

- i) The nature and principal causes of each significant findings revealed by the inspection.
- ii) The additional work undertaken by the audit firm to correct the problems and the corresponding results.
- iii) The impact, if any, on previously issued or future financial statements.
- iv) The changes that the auditors intent to bring to their audit strategy as a result of such significant findings.

### **2. AUDIT PROCEDURES**

- a) The Committee shall review with the external auditors and Management the audit plans of the external auditors and shall ascertain whether the scope of the planned audit can be relied upon to detect weaknesses in internal controls of the Corporation or fraud or other illegal acts.
- b) The Committee shall review the working relationship between the external auditors and Management. Also, the Committee shall review any problems experienced by the external auditors in performing the audit, including any restrictions imposed by Management or significant accounting issues on which there was a disagreement with Management.
- c) The Committee shall review with Management the results of the external audits.
- d) The Committee shall review the letter addressed to Management containing the recommendations of the external auditors, and Management's response and subsequent follow-up to any identified weaknesses.
- e) Following each annual audit, the Committee shall establish questions to be answered by the external auditors and Management and review the answers provided.
- f) 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.

### **3. FINANCIAL REPORTING AND ACCOUNTING TRENDS**

The Committee shall review and discuss the following items with Management and the external auditors:

- a) The quality, appropriateness and acceptability of the Corporation's accounting principles and practices used in its financial reporting, changes in the Corporation's accounting principles or practices and the application by Management of particular accounting principles and disclosure practices concerning new transactions or events.
- b) The presentation and impact of significant risks and uncertainties, and key estimates and judgements of Management that may be material to financial reporting.
- c) General accounting trends and issues of accounting principles, standards and practices which affect or may affect the Corporation, the Corporation's financial statements and other financial disclosures.
- d) Any reserves, accruals, provisions, estimates or Management programs and policies, including factors that may 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.
- e) The treatment for financial reporting purposes of any significant transactions which are not a normal part of the Corporation's operations.
- f) The use of any "pro forma" or "adjusted" information not in accordance with generally accepted accounting principles.
- g) Management's determination of goodwill impairment, if any, as required by applicable accounting standards.

#### **4. INTERNAL CONTROLS**

- a) The Committee shall review and discuss the following items with Management and the external auditors:
  - i) The adequacy and effectiveness of the Corporation's internal accounting and financial controls.
  - ii) The evaluation of internal accounting and financial controls by the external auditors, together with Management's response.
  - iii) Any material weaknesses in the internal control environment, including with respect to computerized information system controls and security.
  - iv) Management's compliance with the Corporation's procedures and internal controls.
- b) The Committee shall establish procedures for:
  - i) The receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or audit matters.
  - ii) The confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

#### **5. CORPORATION FINANCIAL INFORMATION DISCLOSURE**

- a) The Committee shall review and discuss the following items with the external auditors, if applicable, and Management and recommend to the Board for approval, before release to the public:
  - i) Interim unaudited financial statements and the notes and Management's Discussion and Analysis accompanying such financial statements.
  - ii) Audited annual financial statements and the notes, auditors' report and Management's Discussion and Analysis accompanying such financial statements.
  - iii) All public disclosure documents or regulatory filings pursuant to applicable standards containing or accompanying audited or unaudited financial information, including any prospectus, annual report, annual information form, information circular and press release of the Corporation related to a significant acquisition.
- b) The Committee shall review and discuss any report or press release which accompanies published financial statements (to the extent such a report or press release discusses financial condition or operating results) for consistency of disclosure with the financial statements themselves.
- c) In its review of financial statements, the Committee should obtain an explanation from Management of all significant variances between comparative reporting periods and an explanation from Management for items which vary from expected or budgeted amounts as well as from previous reporting periods.
- d) 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. As part of this process, the Committee shall require each of the Chief Executive Officer and Chief Financial Officer of the Corporation to provide a certificate certifying the matters such officers are required to certify under Applicable Requirements.

#### **6. OTHER RESPONSIBILITIES**

- a) The Committee shall review the appointments of the Chief Financial Officer and any key financial executives involved in the financial preparation and reporting process.
- b) The Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.
- c) The Committee shall review such litigations, claims, transactions or other contingencies as the external auditors or any officer of the Corporation may bring to its attention, and shall periodically review the Corporation's risk management programs.
- d) The Committee shall review the conclusions of any review by any regulating authority regarding the Corporation.
- e) The Committee shall consider all other matters of a financial nature as delegated by the Board.

- f) The Committee shall review the Corporation's major financial exposures and the policy steps Management has taken to monitor and control such exposures, including the use of financial derivatives and hedging activities.
- g) The Committee shall review all related party transactions.
- h) The Committee shall review and make recommendations to the Board concerning the financial structure, condition and strategy of the Corporation and its subsidiaries, including with respect to annual budgets, long-term financial plans, corporate borrowings, investments, capital expenditures, long term commitments and the issuance and/or repurchase of stock.
- i) The Committee shall review 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.
- j) The Committee shall review material tax policies and tax planning initiatives, tax payments and reporting and any pending tax audits or assessments.
- k) The Committee shall review the insurance coverage of the Corporation including the premiums and the quality of the insurer.
- l) The Committee shall receive and review periodic reports regarding statutory deductions and remittances, environmental matters, insurance coverage and banking ratios, ensure compliance thereof with applicable standards and assess the nature and extent of any non-compliance together with the reasons therefore and the Management's plan and timetable to correct any deficiencies.

## 7. CHARTER

- a) 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 in reference to this Charter annually.
- b) The Committee shall ensure that this Charter (or an approved summary thereof) is disseminated in accordance with Applicable Requirements.

**Approved by the Board on January 25, 2006, revised and approved without modifications on July 9th, 2007, on January 28, 2010 and on January 27, 2011; modified by the Audit Committee on October 4<sup>th</sup>, 2011 and approved by the Board on October 6<sup>th</sup>, 2011; modified by the Audit Committee on January 25<sup>th</sup> 2012 and approved by the Board on January 26<sup>th</sup>, 2012; modified by the Audit Committee on January 21<sup>st</sup>, 2015 and approved by the Board on January 22<sup>nd</sup>, 2015.**