NOTICE OF ANNUAL MEETING AND MANAGEMENT PROXY CIRCULAR

Financial year ended on November 30th, 2018

OUR ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS WILL BE HELD AT 10:30 A.M. ON THURSDAY, APRIL 4, 2019 AT THE NOVOTEL MONTREAL AIRPORT HOTEL, ST-LAURENT HALLS A & B, LOCATED AT 2599, ALFRED NOBEL BLVD., MONTREAL, QUEBEC.

AS SHAREHOLDER OF RICHELIEU HARDWARE LTD., YOU HAVE THE RIGHT TO VOTE YOUR SHARES, EITHER BY PROXY OR IN PERSON AT THE MEETING. THIS DOCUMENT TELLS YOU WHO CAN VOTE, WHAT YOU WILL BE VOTING ON AND HOW TO EXERCISE YOUR RIGHT TO VOTE YOUR SHARES.

RICHELIEU HARDWARE LTD.
February 28, 2019

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RICHELIEU HARDWARE LTD.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual Meeting of shareholders (the “Meeting”) of **RICHELIEU HARDWARE LTD.** (the “Corporation”) will be held at the Novotel Montreal Airport Hotel, St-Laurent Hall A & B, located at 2599 Alfred Nobel Blvd., Montreal, Province of Quebec, Canada, H4S 2G1 on Thursday, April 4, 2019 at 10:30 a.m. for the following purposes:

1. receiving the annual report, the consolidated financial statement and the auditors’ report thereon for the fiscal year ended November 30, 2018;
2. electing directors;
3. appointing auditors and authorizing the directors to fix their remuneration;
4. considering and, if deemed advisable, approve and ratify amendments to the Corporation's Share Option Plan;
5. to properly transact such other business before the Meeting.

You have the right to receive notice of and to vote at the Meeting if you were a shareholder of the Corporation at **5:00 p.m., Montreal time, on February 25th, 2019**.

The following pages provide additional information relating to the matters to be dealt with at the Meeting.

Any shareholder who expects to be unable to attend the Meeting is urged to complete and sign the enclosed form of proxy and return it in the enclosed envelope provided for that purpose. Moreover, any shareholder having the right to vote at the Meeting can send any questions he/she might have to the Chair of the Board at the following e-mail address: question@richelieu.com. Management will be happy to answer all questions submitted at the Meeting, time permitting.

<u>To be valid</u>, proxies must be received by Computershare Investors Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, no later than 5:00 p.m., Montreal time, on April 2rd 2019. Your shares will be voted in accordance with your instructions as indicated on the proxy.

Montreal, province of Quebec, this 28th day of February 2019.

BY ORDER OF THE BOARD OF DIRECTORS

(Signed)

Yannick Godeau,

Corporate Secretary

MANAGEMENT PROXY CIRCULAR

Solicitation of Proxies

This Management Proxy Circular (the "Circular") is provided in connection with the solicitation of proxies by the Management of Richelieu Hardware Ltd. (the "Corporation" or "Richelieu") for use at the Annual and Special Meeting of shareholders of the Corporation (the "Meeting") to be held at the place and date indicated in the Notice. Unless otherwise indicated, the information contained herein is given as at February 28, 2019 and all dollar amounts set forth herein are expressed in Canadian dollars.

The solicitation is made primarily by mail, but officers and employees of the Corporation may nonetheless solicit proxies directly by telephone or through other personal solicitations but without additional compensation. The Corporation may also reimburse brokers and other persons who hold shares in their name, or on behalf of nominees, to cover their expenses for the mailing of proxy documents to principals and to obtain their proxy. The cost of solicitation will be borne by the Corporation.

Nomination of Proxyholders

The persons named in the enclosed form of proxy are directors of the Corporation. **A shareholder has the right to appoint as his representative a person other than those appointed by Management and whose name is indicated for that purpose in the attached form of proxy, to allow that person to attend and act on his behalf at the Meeting.**

To exercise this right, the shareholder must strike out the names of the persons named in the form of proxy and write the name of the person selected by the shareholder in the blank space provided for that purpose. It is not necessary that the person selected be a shareholder of the Corporation. For your vote to be recorded, your proxy must be received by the Secretary of the Corporation prior to the Meeting.

Revocation of Proxies

A shareholder who signs a form of proxy may revoke the proxy at any time before the Meeting, in any manner authorized by law, including by way of a written instrument executed by him, his attorney duly authorized in writing, or, if the shareholder is a corporation, by an officer or an attorney of such corporation duly authorized. Any such instrument must be filed with the Secretary of the Corporation. The powers of the proxy holders may also be revoked if the shareholder attends the meeting in person, or any adjournment thereof, and so requests.

Exercise of Voting Rights Attached to Shares Represented by Proxy in Favour of Management

The enclosed form of proxy, when duly executed and transmitted, appoints the persons named therein or any other person named by the shareholder in the manner provided for above, to represent the shareholder with respect to the shares represented by said proxy at the Meeting and the persons named therein will vote or withhold from voting as specified by the shareholder.

Management shall ensure that all voting rights will be exercised in accordance with the instructions given by the shareholder on any ballot that may be called for. Unless otherwise indicated, the shares represented by such proxy will be voted IN FAVOUR OF all the matters described herein.

Management is not aware of any new matters or of any amendment or variation of matters to be submitted at the Meeting, nor does it foresee that such possibilities might arise. If, however, any such matters properly come before the Meeting, the persons named in the enclosed form of proxy will vote thereon in accordance with their best judgement pursuant to the discretionary authority conferred by the proxy with respect to such matters.

Voting Shares and Principal Holders Thereof

The common shares are the only securities in the share capital of the Corporation which carry voting rights (the "Shares").

As of January 31, 2019, the Corporation had 57,148,234 outstanding Shares. Each Share of the Corporation entitles its holder to one vote.

The registered holders of Shares at 5:00 p.m., Montreal time, on February 25th, 2019 (the "Record Date"), will be entitled to vote at the Meeting and at any adjournment thereof, if present or represented thereat by proxy. The holder of Shares acquired after the Record Date is entitled to exercise the voting rights attached to such shares at the Meeting or at any adjournment thereof by tendering duly endorsed share certificates representing those Shares or by otherwise establishing that he owns the Shares, and by requiring, at least ten days before the Meeting, that his name be placed on the list of shareholders entitled to receive the Notice of Meeting, this list having been drawn up on the Record Date.

To the knowledge of the Corporation's directors and officers, as of January 24, 2019, no person owned, directly or indirectly, more than 10% of the outstanding Shares, except Mawer Investment Management Ltd. for a holding equivalent to approximately 16%.

Notice to Shareholders Holding their Shares through a Broker or another Intermediary

Any shareholder of the Corporation whose share certificates are not registered in his name must pay close attention to the information set forth in this Section, to ensure that his instructions as to the exercise of voting rights for this Meeting are transmitted in due time and to the appropriate person. Only proxies tendered by shareholders registered in the share ledger of the Corporation, maintained by Computershare Trust Corporation of Canada (Registrar and Transfer Agent), may be recognized and used at the Meeting.

If the Corporation's Shares held by a Shareholder appear in an account statement sent by a broker, said Shares are most probably not registered in the name of the shareholder, but in the name of the broker or a nominee thereof**. As a result, any beneficial holder must communicate his voting instructions to the appropriate person and such beneficial holder has less time to do so than a registered holder.**

Regulation 54-101 respecting Communication with Beneficial Owners of Securities of a Reporting Issuer requires that brokers and other intermediaries request voting instructions from any beneficial holder prior to shareholder meetings. Each broker has his own procedures for sending materials and provides his own guidelines for their return; these instructions are to be followed carefully by the shareholder to ensure that the voting rights attached to his Shares are cast at the Meeting, according to his rights.

If you have questions on how to exercise voting rights attached to Shares held through a broker or other intermediary, please contact the broker or intermediary directly.

Unless otherwise indicated in this Proxy Circular, the Form of Proxy, and the Notice of Meeting attached hereto, shareholders shall mean registered holders.

Information about Nominees Proposed for Election as Directors

The management of the Corporation proposes the election of eight (8) directors for the current year. The directors are elected each year and their term of office expires upon the election of their successor unless they resign or their office becomes vacant because of death, removal, or any other reason.

Should any of the nominees proposed for election as director be unable, for any reason whatsoever, to fulfill his duties as a director, the persons named in the enclosed form of proxy reserve the right to vote for another nominee of their choice unless the shareholder specifies on the form of proxy to abstain from voting for the election of directors.

The Corporation's board of directors (the "Board") has approved a Policy on the Majority Voting for the Election of Directors (the "Policy"), providing that in the event of an uncontested election of directors, any nominee for director who receives more withheld votes than for votes must offer to resign, such resignation taking effect upon its acceptance by the Board of directors.

The Board shall refer the resignation for consideration to the Human Resources and Corporate Governance Committee. The Board shall promptly accept the resignation, unless the Human Resources and Corporate Governance Committee recommends that the Board should refuse such resignation where circumstances justify that such director should continue to sit on the Board. The Board shall make its decision no later than 90 days following the Annual Meeting. If such resignation is accepted, the Board shall appoint a new director in accordance with the By-Laws.

The Corporation offers a diversified board consisting of two women among the group of eight (8) candidates as directors, namely Mrs. Denyse Chicoyne and Mrs. Sylvie Vachon. The Board considers that the composition of the group of candidates it proposes for election as directors, as well as the number of people who make up this group, will enable it to operate effectively and efficiently, in the best interest of the Corporation and its stakeholders.

The following table indicates, for each nominee proposed for election as director, his name, his province of residence, his position within the Corporation, his current principal occupation, the year in which he first became a director, and the committees of the Board on which he serves, as applicable. The table also indicates whether the nominee is independent, the percentage of attendance at meetings for the period of December 1, 2017 to November 30, 2018, the number of voting shares in the share capital of the Corporation beneficially owned, directly or indirectly, or over which control is exercised, and the number of share options and share units held under the Deferred Share Unit ("DSU") Plan.

The nominees have themselves provided the Corporation with the information as of January 31, 2019.

Unless otherwise indicated by the shareholder, the voting rights attached to the shares represented by any duly executed proxy will be exercised IN FAVOUR OF the election of each of the nominees listed hereafter.

<table>
<tr><td>
DENYSE CHICOYNE
Quebec, Canada
Director since 2005

Independent

| | Number | Value |
Stock options : 6,000 — $100,980
Common shares : 18,000 — $423,180
DSU : 59,653 — $1,521,152

Attendance

Board : 100 %
Human Resources and Corporate Governance Committee: 100 %
</td><td>
Corporate Director

Mrs. Denyse Chicoyne is a corporate director since 2004 and a member of the Board of New Look Vision Group since January 2019. Mrs. Chicoyne has been a member of the Board, of the Investments Committee and of the Human Resources Committee of Industrial Alliance Financial Services, a member of the Board, of the Finance and Audit Committee, of the Governance Committee and of the Rules and Policies Committee of the TMX Group from 2008 to 2018 after having been a member of the Board, of the Human Resources Committee and of the Audit Committee (Chair) of the Montreal Exchange from 2004 to 2008, as well as a member of the Board of Canada Post Corporation and chair of its Pension Committee from 2005 to 2012. Previously, Mrs. Chicoyne was Vice-President and Managing Director at BMO Nesbitt Burns. Mrs. Chicoyne hold a Master in Business Administration from McGill University and obtained her Chartered Financial Analyst (CFA) designation in 1986. She is a member of the Institute of Corporate Director (ICD) and of CFA Institute.

Mrs. Chicoyne complies with the Corporation's minimum Shareholding guidelines.

Mrs. Chicoyne is a member of the Human Resources and Corporate Governance Committee.

Votes received in favor at the 2018 Annual Meeting of Shareholders (%) : 98.23 - Withheld (%) : 1.77
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<tr><td>
ROBERT COURTEAU
Quebec, Canada
Director since 2004

Independent

| | Number | Value |
Stock options : — — —
Common Shares : 3,000 — $70,530
DSU : 60,869 — $1,552,160

Attendance

Board : 100 %
Human Resources and Corporate Governance Committee : 100 %
</td><td>
President, CM Management Inc.

Mr. Robert Courteau currently acts as President of CM Management Inc. Previously, Mr. Courteau acted as President and CEO of SPI Health and Safety Inc. from July 2012 to July 2016. From April 2009 to April 2011, Mr. Courteau was Senior Vice-President of Business Solutions for Fujitsu Canada Inc and from June 2007 to April 2009 and from May 2011 to June 2012, he was President and Chief Executive Officer of CM Management Inc. From February 2005 to June 2007, he was President and Chief Executive Officer of Bell Business Solutions Inc., the same Corporation having bought Technologies Nexxlink Inc. the same Corporation for which he was President and Chief Operating Officer from June 2002 to February 2005.

Mr. Courteau is a member of the Board of Directors and Chairman of the Audit Committee of the Montreal Heart Institute.

Mr. Courteau complies with the Corporation's minimum Shareholding guidelines.

Mr. Courteau is President of the Human Resources and Governance Committee.

Votes received in favor at the 2018 Annual Meeting of Shareholders (%) : 92.05 - Withheld (%) : 7.95
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MATHIEU GAUVIN Quebec, Canada Director since 1993 **Independent** Number / Value Stock options : — / — Common Shares : 241,092 / $5,668,073 DSU : 68,068 / $1,735,734 *Attendance* Board : 100 % Audit committee : 100 %	**Senior Vice President - Investments and Private Equity - Quebec, Caisse de dépôt et placement du Québec** Since February 2018, Mr. Mathieu Gauvin acts as Senior Vice-President, Investments and Private Equity - Quebec of the Caisse de dépôt et placement du Québec. From September 2006 to February 2018, Mr. Gauvin was employed by Richter Advisory Group Inc. as a Vice-President and, since 2011, as a Partner. Previously, from January 2006 to May 2006, Mr. Gauvin was Chief Financial Officer of Europe's Best Inc. From November 1987 to January 2006, he worked for Schroders & Associates Canada Inc. and for its predecessor corporations in senior managerial positions. Mr. Gauvin complies with the Corporation's minimum Shareholding guidelines. **Mr. Gauvin is President of the Audit Committee.** Votes received in favor at the 2018 Annual Meeting of Shareholders (%) : 93.01 - Withheld (%) : 6.99
RICHARD LORD Quebec, Canada Director since 1988 **Non Independent (Management)** Number / Value Stock options : 477,000 / $4,474,500 Common Shares : 4,224,535 / $99,318,818 DSU : — / — *Attendance* Board : 100 %	**President and Chief Executive Officer of the Corporation** Mr. Richard Lord has been President and Chief Executive Officer of Richelieu Hardware Ltd. since 1988. Mr. Lord complies with the Corporation's minimum Shareholding guidelines. **Mr. Lord is a member of the Board.** Votes received in favor at the 2018 Annual Meeting of Shareholders (%) : 98.56 - Withheld (%) : 1.44
PIERRE POMERLEAU Quebec, Canada Director since 2016 **Independent** Number / Value Stock options : 9,000 / — Common Shares : 7,500 / $176,325 DSU : 6,313 / $160,982 *Attendance* Board : 100 % Audit committee : 100 %	**President and Chief Executive Officer, Pomerleau Inc.** Since 1997, Mr. Pierre Pomerleau acts as President and Chief Executive Officer of Pomerleau Inc., a leading general contractor with extensive expertise in all facets of the Canadian construction business, from medium to large-scale institutional, industrial, commercial, infrastructure and civil engineering projects. Mr. Pomerleau previously held a variety of progressively senior management roles within the Pomerleau group of companies. Mr. Pomerleau is also a member of the Consultative Boards of Alia Consulting, of Canadian Wood Product (CWP), of the Fondation de Polytechnique as well as of the Board of Trade of Metropolitan Montreal. Mr. Pomerleau complies with the Corporation's minimum Shareholding guidelines.(1) **Mr. Pomerleau is a member of the Audit Committee.** Votes received in favor at the 2018 Annual Meeting of Shareholders (%) : 98.99 - Withheld (%) : 1.01
MARC POULIN Quebec, Canada Director since 2013 **Independent** Number / Value Stock options : 15,000 / $77,250 Common Shares : 6,000 / $141,060 DSU : 16,357 / $417,104 *Attendance* Board : 100 % Audit committee : 100 %	**Corporate Director** Mr. Marc Poulin is a corporate director. Previously, Mr. Poulin acted as President and Chief Executive Officer of the Empire Company Limited and President and Chief Operating Officer of Sobeys Inc. from June 2012 to July 2016. From 2001 to June 2012, he was President of Sobeys Quebec from 1997 to 2001 and Vice-President merchandising for the Oshawa Group and, after its acquisition, for Sobeys. Mr. Poulin is a member of the board of directors of the Montreal Heart Institute Foundation. Mr. Poulin complies with the Corporation's minimum Shareholding guidelines. **Mr. Poulin is a member of the Audit Committee.** Votes received in favor at the 2018 Annual Meeting of Shareholders (%) : 99.50 - Withheld (%) : 0.50
JOCELYN PROTEAU Quebec, Canada Director since 2005 **Independent** Number / Value Stock options : — / — Common Shares : 3,500 / $82,285 DSU : 34,299 / $874,625 *Attendance* Board : 100 % Audit committee : 100 % Human Resources and Corporate Governance Committee : 100 %	**Corporate Director** Mr. Jocelyn Proteau is a corporate director. From March 1989 to June 2001, he was Chair of the Board and Chief Executive Officer of Fédération des caisses populaires Desjardins de Montréal et de l'Ouest-du-Québec. He was also Chair of the Board of Standard Life of Canada from 2004 to 2009. He was lead director, member of the Corporate Governance and Nominating Committee, and member of the Compensation Committee of Technologies 20-20 Inc., from 2000 to September 2012. Mr. Proteau is Chair of the Board and a member of the Corporate Governance and Compensation Committee of BTB Real Estate Investment Trust; director and chair of the Audit Committee of CO2 Solutions Inc. as well as director and Vice-Chair of the Board and President of the Governance Committee of the Canadian Public Accountability Board (CPAB). Mr. Proteau complies with the Corporation's minimum Shareholding guidelines. **Mr. Proteau is President of the Board.** Votes received in favor at the 2018 Annual Meeting of Shareholders (%) : 98.39 - Withheld (%) : 1.61

SYLVIE VACHON Quebec, Canada Director since 2015 **Independent**			**President and Chief Executive Officer, Montreal Port Authority** Mrs. Sylvie Vachon holds the function of President and Chief Executive Officer of the Montreal Port Authority (MPA) since July 2009. Having joined the MPA in 1990 as Head of Human Resources, Mrs. Vachon held various other functions before being promoted CEO.
	Number	**Value**	Mrs. Vachon further acts as President of CargoM, the Logistic and Transportation Metropolitan Cluster of Montreal, President of the Board of le Cercle des présidents du Québec, a member of the board of directors, human resources committee and audit committee of Cascades Inc. as well as a member of the boards of directors of the St. Lawrence Economic Development Council (SODES), Alliance Verte and of the Association of Canadian Port Authorities. She is also a governor member of the Quebec Business Council and the Quebec Business Council on the Environment. Mrs. Vachon complies with the Corporation's minimum Shareholding guidelines.(1)
Stock options :	12,000	$3,780	
Common Shares :	1,000	$23,510	
DSU :	6,437	$164,144	
Attendance			
Board :		100 %	**Mrs. Vachon is a member of the Human Resources and Corporate Governance Committee.**
Human Resources and Corporate Governance Committee:s :		100 %	Votes received in favor at the 2018 Annual Meeting of Shareholders (%) : 99.24 - Withheld (%) : 0.76

1) As set out on page 8 below, directors have five (5) years from the date of their appointment to comply with the minimum shareholding guidelines established by the Board.

To the best knowledge of the Corporation, none of the proposed nominees for election to the Board:

a) is, as of the date of this Circular, or has been, within the past ten (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 thirty (30) consecutive days; or ii) was subject to a cease trade or similar order or an order that denied such company access to any exemptions under Canadian securities legislation for a period of more than thirty (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;

b) is, as of the date of this Circular, or has been, within the past ten (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; or

c) as of the date of this Circular or within the past ten (10) years, as applicable, i) is or has been declared bankrupt, ii) has made a proposal under any legislation relating to bankruptcy or insolvency, iii) is or has been subject to or instituted any proceedings, arrangement or compromise with creditors, or iv) has or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or has entered into a settlement agreement with a securities regulatory authority; or

e) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

BOARD DIVERSITY

Richelieu believes in diversity and values the benefits that diversity can bring to its Board. Diversity promotes the inclusion of different perspectives and ideas, mitigates against group thinking and ensures that Richelieu's Board is provided with the opportunity to benefit from all available talent. The promotion of a diverse Board makes prudent business sense and, we believe, also makes for better corporate governance.

Richelieu further believes that a Board made up of highly qualified directors, issued from diverse backgrounds and who reflect the diverse nature of the business environment in which it operates, the talent available with the required expertise, and Richelieu's evolving customer and employee base, equally promotes better corporate governance practices.

In identifying potential candidates to recommend for appointment/election to the Board, the Human Resources and Corporate Governance Committee:

a) Only consider candidates who are highly qualified based on their experience, functional expertise, and personal skills and qualities;

b) Consider diversity criteria, including, but not limited to, gender, age, business experience and ethnicity;

In addition to its own search, the Human Resources and Corporate Governance Committee may engage qualified, independent external advisors, if and as required form time to time, to conduct a search for candidates that meet the Board's skills and diversity criteria to help achieve its diversity aspirations.

Richelieu is committed to a merit based system for Board composition within a diverse and inclusive culture which solicits multiple perspectives and views, and is free of conscious or unconscious bias and discrimination. As such, while assessing Board composition or identifying suitable candidates for appointment or re-election to the Board, Richelieu considers candidates based on merit against objective criteria having due regard to the benefits of diversity and the needs of the Board while also aspiring towards Board composition in which each gender comprises at least one-quarter of all independent directors. It is to be noted that, if re-elected at the Meeting, two (2) of the eight (8) nominees will be women, thereby holding 25% of the seats on the Board, a proportion significantly greater than most other Canadian public issuers.

PUBLIC BOARD MEMBERSHIPS

Nominees as directors who are directors of another issuer that is a reporting issuer in a Canadian or a foreign jurisdiction are identified above.

INTERLOCKING DIRECTORSHIPS

No nominee as director currently serves with any other director of the Corporation on the board of another public issuer.

INDEPENDENCE OF DIRECTORS

Seven of the eight directors of the Corporation, namely Denyse Chicoyne, Sylvie Vachon, Robert Courteau, Mathieu Gauvin, Pierre Pomerleau, Marc Poulin and Jocelyn Proteau are, in the reasonable opinion of the Board, independent under the laws, regulations and listing requirements to which the Corporation is subject. The Board determined that Richard Lord is not independent due to his position as officer of the Corporation. The following table indicates the status of each director in terms of their independence.

Name	Status		Reason for Non-Independence
	Independent	Not Independent	
Denyse Chicoyne	✓		
Sylvie Vachon	✓		
Robert Courteau	✓		
Mathieu Gauvin	✓		
Richard Lord		✓	Mr. Lord is President and CEO of the Corporation.
Pierre Pomerleau	✓		
Marc Poulin	✓		
Jocelyn Proteau	✓		

DIRECTORS' COMPENSATION

Directors' Compensation Policy

During fiscal 2018, each independent director received an annual retainer of $75,000. The Chairman of the Board further received an additional remuneration of $75,000 while the chairs of the Audit Committee and the Human Resources and Corporate Governance Committee each received an additional remuneration of $10,000. The annual remuneration of independent directors, including the Chairman of the Board and the chairs of Audit Committee and of the Human Resources and Corporate Governance Committee, is not subject to any further attendance fees, notwithstanding the number of meeting held annually. No retirement plan is available to the directors of the Corporation.

Deferred Share Unit Plan

On July 5, 2005, the Corporation established a Deferred Share Unit ("DSU") Plan to attract and retain experienced and qualified directors. The Human Resources and Corporate Governance Committee, which is responsible for managing the Plan, decided that only independent directors would be eligible for the Plan. Independent directors can elect to receive part or all of their compensation in DSUs. The number of DSUs granted to a director equals the compensation amount to be converted in DSUs divided by the average closing price of the Shares on the Toronto Stock Exchange for the five (5) business days immediately preceding the date of the payment. DSUs earn dividend equivalents in the form of additional DSUs at the same rate as dividends are paid on the Shares. The value of DSUs is redeemable for cash upon the independent director ceasing to be a member of the Board. The amount paid is equal to the number of accumulated DSUs multiplied by the average closing price of the Shares on the Toronto Stock Exchange for the five (5) business days immediately preceding the date on which the independent director elects to exercise his/her rights. The date of exercise of the rights, can be fixed, at the latest, at the end of the first complete calendar year following the year in which such independent director ceases to be a member of the Board. This date of exercise shall be approved by the Human Resources and Corporate Governance Committee of the Corporation. The amount is paid in cash and is subject to applicable tax deductions.

Minimum Shareholding Guidelines

Each independent directors are required, over a period of five (5) years, to accumulate a number of shares and/or DSUs equivalent to three (3) times their base compensation. To that effect, a minimum of 50% of each independent directors' base compensation must be paid in DSUs until the required holding amount has been attained.

Share Option Plan

Under the Corporation's Share Option Plan, each new independent director is granted 3 000 options per year, for the first five (5) years of his/her tenure, up to a maximum of 15,000 options. Notwithstanding the preceding or the terms and conditions set forth in the Corporation Share Option Plan and as per the recommendation of the Human Resources Committee and Corporate Governance Committee, the Board resolved, on January 19, 2017, to terminate said policy once all Directors currently in office will have been granted their respective maximum of 15,000 options each.

Compensation Paid to Directors for the Fiscal Year Ended November 30, 2018

The following table presents the compensation paid to each director for services rendered during the fiscal year ended November 30, 2018, differentiating the compensation paid in cash from the compensation converted in DSUs. DSUs are granted on a quarterly basis, at the same rate as meetings are held and vest immediately. During the year ended November 30, 2018, four (4) meetings the Board; four (4) meetings the Audit Committee; and four (4) meetings of the Human Resources and Corporate Governance Committee were held.

Name	Fees Earned					Option-based Awards (2)	All other compensation (3)	Total Compensation
	Board Retainer	Additional Retainer Paid to the Chair of the Board or Chair of a Committee	Board and Committee Fees	Fees Received in Cash	Fees Received in Share-based Awards DSUs(1)			
Denyse Chicoyne	$75,000	N/A	N/A	—	$75,000	—	$13,842	$88,842
Robert Courteau	$75,000	$10,000	N/A	—	$85,000	—	$14,080	$99,080
Mathieu Gauvin	$75,000	$10,000	N/A	—	$85,000	—	$15,799	$100,799
Richard Lord	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Pierre Pomerleau	$75,000	N/A	N/A	—	$75,000	$22,170	$1,112	$98,282
Marc Poulin	$75,000	N/A	N/A	—	$75,000	—	$3,509	$78,509
Jocelyn Proteau	$75,000	$75,000	N/A	$150,000	—	—	$8,179	$158,179
Sylvie Vachon	$75,000	N/A	N/A		$75,000	$22,170	$1,148	$98,318

1) This amount is equal to the number of DSUs granted at the end of each quarter multiplied by the average of the closing prices for a round lot of the Shares on the Toronto Stock Exchange for the five (5) trading days immediately preceding the date of grant.
2) This amount is equal to the number of options granted on January 25, 2018 multiplied by $7.39, which corresponds to the fair market value of the options as determined under the Black-Scholes model, an established methodology, using the following assumptions, which are the same assumptions as those used to determine the accounting expense related to the option grants for the purposes of the Corporation's financial statements :

	Attribution date:	January 25, 2018
i.	Exercise price:	32.77
ii.	Risk-free interest rate:	2.25%
iii.	Expected life of options:	7
iv.	Volatility:	20.0%
v.	Dividend yield:	0.80%

3) This amount represents the dividend equivalents reinvested in additional DSUs during the 2018 financial year.
4) Mr. Richard Lord receives no compensation for his duties as director of the Corporation.

Outstanding Option-based Awards and Share-based Awards

The following table presents, for each director, all options outstanding as of January 31, 2019. The Corporation also grants share-based awards in the form of DSUs on a quarterly basis and DSUs granted vest immediately on the grant date. Accordingly, on November 30, 2018, all DSUs granted were already vested. As of November 30, 2018 and 2017, liabilities attributable to the DSU Plan were $6,426,000 and $7,914,000, respectively.

Name	Unexercised Options Held (#)	Market Value of Options (1)	Number of Unvested DSUs (#)	Market Value of Unvested DSUs (2)
Denyse Chicoyne	6,000	$100,980	—	—
Robert Courteau	—	—	—	—
Mathieu Gauvin	—	—	—	—
Richard Lord (3)	N/A	N/A	N/A	N/A
Pierre Pomerleau	9,000	—	—	—
Marc Poulin	15,000	$77,250	—	—
Jocelyn Proteau	—	—	—	—
Sylvie Vachon	12,000	$3,780	—	—

1) The following table presents a breakdown of all outstanding options granted and their value as of January 31, 2019, based on the difference between the closing price of the Share on the Toronto Stock Exchange ($23.51) and the exercise price. This value has not been, and may never be, realized. The actual gain, if any, will depend on the value of the Shares on the dates the options are exercised (see "Long-term Incentive Plan – Share Option Plan").
2) DSUs are granted at the end of every quarter and vest immediately on the grant date.
3) Mr. Richard Lord receives no compensation for his duties as director of the Corporation.

Option-based Awards					
Name	Grant Date	Number of Securities Underlying Unexercised Options	Option Exercise Price	Option Expiration Date	Value of Unexercised In The-Money Options
Denyse Chicoyne	March 26, 2009	3,000	$5.57	March 26, 2019	$53,820
	July 8, 2010	3,000	$7.79	July 8, 2020	$47,160
Robert Courteau	—	—	—	—	—
Mathieu Gauvin	—	—	—	—	—
Richard Lord (1)	N/A (1)	N/A (1)	N/A (1)	N/A (1)	N/A (1)
Pierre Pomerleau	January 19, 2017	3,000	$25.71	January 19, 2027	—
	January 25, 2018	3,000	$32.77	January 25, 2028	—
	January 24, 2019	3,000	$25.27	January 24, 2029	—
Marc Poulin	January 29, 2013	3,000	$12.71	January 29, 2023	$32,400
	January 23, 2014	3,000	$14.50	January 23, 2024	$27,030
	January 22, 2015	3,000	$18.83	January 22, 2025	$14,040
	April 7, 2016	3,000	$22.25	April 7, 2026	$3,780
	January 19, 2017	3,000	$25.71	January 19, 2027	—
Jocelyn Proteau	—	—	—	—	—
Sylvie Vachon	April 7, 2016	3,000	$22.25	April 7, 2026	$3,780
	January 19, 2017	3,000	$25.71	January 19, 2027	—
	January 25, 2018	3,000	$32.77	January 25, 2028	—
	January 24, 2019	3,000	$25.27	January 24, 2029	—

1) Mr. Richard Lord receives no compensation for his duties as director of the Corporation.

Incentive Plan Awards – Value Vested or Earned during the Fiscal Year

The following table presents, for each director, the value of options and DSUs that have vested during fiscal year ended November 30, 2018. The value of DSUs is payable in cash only and that when a director ceases to be a member of the Board.

Name	Option-based Awards - Value Vested during the Year ($) (1)	Share-based Awards (DSUs) - Value Vested during the Year ($) (2)
Denyse Chicoyne	—	$88,842
Robert Courteau	—	$99,080
Mathieu Gauvin	—	$100,799
Richard Lord (3)	N/A (3)	N/A (3)
Pierre Pomerleau	$5,468	$76,112
Marc Poulin	$34,531	$78,509
Jocelyn Proteau	—	$8,179
Sylvie Vachon	$10,726	$76,148

1) The options automatically vest at a rate of 25% per year on each of the first four anniversaries of their date of grant.
2) DSUs vest at the end of each quarter when the DSUs are credited to the director's notional account. This amount includes the dividend equivalents reinvested in additional DSUs during the 2018 financial year. The value on the vesting date is therefore equal to the value on the date of grant presented in the Directors Summary Compensation Table.
3) Mr. Richard Lord receives no compensation for his duties as director of the Corporation.

CORPORATE GOVERNANCE

The Corporation supports and conducts its business in accordance with guidelines for effective corporate governance pursuant to *Policy Statement 58-201* to Corporate Governance Guidelines ("*58-201*"). Under *58-201*, the Corporation must disclose its Corporate Governance Practices. This information is presented in Appendix A of the Circular.

These guidelines address such matters as the constitution and independence of the Board, the functions to be performed by the Board and its committees, and the relationship between the Board, the Corporation's management and its shareholders.

The corporate governance of the Corporation favors the efficient administration of the Corporation by its Management. The Board considers that the corporate governance practices adopted by the Corporation suit its situation and are efficient, and that structures and processes necessary to ensure its independence from Management are in place.

AUDIT COMMITTEE INFORMATION

The Audit Committee is composed exclusively of "independent" directors as defined in *Regulation 52-110* respecting audit committees. Said directors are Mr. Mathieu Gauvin (Chair), Mr. Pierre Pomerleau and Mr. Marc Poulin. The Chair of the Board acts as ex-officio member of the Audit Committee. The Audit Committee is governed by a Charter adopted by the Board; a complete copy thereof is available on the SEDAR Website (www.sedar.com).

The members of the Audit Committee assume the responsibilities delegated to them in implementing the rules prescribed by the Charter of the Committee. In particular, the Committee is responsible for assisting the Board in fulfilling its duties of overseeing accounting and financial reporting as well as the adequacy and integrity of internal controls and risk management. The Audit Committee is responsible for overseeing the Corporation's financial reporting processes and internal controls. Management of the Corporation assumes the responsibility for preparing and reporting on the Corporation's financial statements, their integrity, as well as the effectiveness of the internal controls and supervision to provide reasonable assurance regarding the reliability of financial reporting. The Audit Committee is also responsible for overseeing the work of the Corporation's external auditors and to ensure their independence and their qualifications.

EXECUTIVES' COMPENSATION

This section is intended to provide the Corporation's shareholders with a description of the policies, plans, and decisions with respect to the compensation of the named executive officers (collectively the "Named Executive Officers" or "NEOs") for the Corporation's fiscal year ended November 30, 2018. The NEOs include the Corporation's President and Chief Executive Officer, the Vice-President and Chief Financial Officer, and the other three most highly compensated executives, namely the Vice-President, Sales and Marketing - Industrial, the Vice-President – General Manager, US and the General Manager Western Canada and Western U.S.

Although the main purpose of this section is to describe the compensation policies and plans applicable to NEOs, these plans also apply to other Corporation executives. Unless indicated otherwise, the information in this section is effective as of November 30, 2018.

Compensation Analysis

Role and Responsibilities of the Human Resources and Corporate Governance Committee

The Human Resources and Corporate Governance Committee is in charge of determining the level of compensation and terms of employment of the executives and of making recommendations to the Board based on the best practices and market trends in terms of compensation, performance, and corporate governance.

As part of its mandate, the Human Resources and Corporate Governance Committee establishes the President and CEO's compensation based on total compensation package, its components, weights, and level of opportunity to ensure the package's competitiveness and alignment with shareholders' interests. The Human Resources and Corporate Governance Committee also assesses the President and CEO's performance. The Human Resources and Corporate Governance Committee's recommendations with regard to the President and CEO's compensation, objectives, and performance assessment are discussed with members of the Board and submitted for approval.

The President and CEO establishes the compensation of the Corporation's executives (components of compensation, guidelines as regards to executives' level of opportunity and weights) to ensure the total compensation package is competitive and aligned with shareholders' interests. He submits the outline of these elements of compensation to the Human Resources and Corporate Governance Committee. The Human Resources and Corporate Governance Committee, where applicable and on the recommendation of the President and CEO, reviews the market positioning of the Corporation's executive compensation. The President and CEO may recommend changes to the executives' total compensation packages in order to reach the Corporation's objectives. The Human Resources and Corporate Governance Committee submits its recommendations with regard to the employees' total compensation packages to the Board for approval.

At the end of each fiscal year, the annual assessment of the President and CEO is conducted by the Human Resources and Corporate Governance Committee, submitted to the Board, and then discussed in closed session. The Human Resources and Corporate Governance Committee also determines the extent to which the performance objectives set at the beginning of the previous fiscal year have been achieved and, if any, submits to the Board for approval its recommendations with regard to the amount of annual bonus payable to the President and CEO, as well as a salary increase, where applicable. The President and CEO conduct the annual assessment of the other NEOs. According to the achievement of objectives set at the beginning of the year, he determines each executive officer’s annual bonus and salary increase, where applicable. The Human Resources and Corporate Governance Committee examines the total annual bonus package suggested by the President and CEO, and the cost of all salary increases. When the Human Resources and Corporate Governance Committee is satisfied that the compensation proposed is fair given the Corporation's performance, it requests the approval of the Board.

Based on the recommendation of the Human Resources and Corporate Governance Committee, at the beginning of each fiscal year, the Board establishes the number of options granted to the President and CEO, taking into account the total compensation package of the President and CEO and the respective composition of each aspects thereof, and approves, on the recommendation of the President and CEO, the total number of options that are granted to the participants other than the President and CEO during the fiscal year. The Human Resources and Corporate Governance Committee is comprised of three (3) independent directors: Mr. Robert Courteau (Chair), Mrs. Denyse Chicoyne and Mrs. Sylvie Vachon. Mr. Jocelyn Proteau acts as ex-officio member.

No officers of the Corporation are involved in the process of determining executive compensation, except the President and CEO with respect to the compensation of executives who report directly to him. That being said, the Vice-President and CFO, together with the other executives, are involved in the preparation of the financial budgets, which are recommended to the Board for approval and form the basis for the financial performance targets used in determining bonuses. The Vice-President and CFO is also in charge of overseeing the financial, accounting, legal, and regulatory aspects of the Share option plan, including maintaining a record of the options granted, exercised and/or cancelled. Any proposed modifications to the annual incentive plan and the Share option plan are discussed with the President and CEO, and then with the Human Resources and Corporate Governance Committee, who chooses, at its discretion, to recommend its approval by the Board and, when required, by the shareholders.

Conflicts of interest

No member of the Human Resources and Corporate Governance Committee is or has been indebted to the Corporation or one of its subsidiaries or has, or previously had, an interest in any material transaction involving the Corporation during the fiscal year ended on November 30, 2018. No member of the Human Resources and Corporate Governance Committee is or has been an officer, employee or member of senior management of the Corporation.

Information Sources

The Human Resources and Corporate Governance Committee is entitled to retains, on an "as needed" basis, the services of external compensation consulting firms for the purpose of obtaining external information and advice on any NEO compensation plans.

Executive Compensation Principles

The compensation of the Corporation’s executives is designed to achieve the following primary objectives:

- Attract and develop the loyalty of qualified executives who will define and achieve the Corporation’s business strategy.
- Encourage the executives to employ strategies that will improve the Corporation's performance and economic value for its shareholders.

The compensation granted to the Corporation’s executives also aims to provide total compensation that is competitive in relation to its comparative group, taking into consideration additional Corporation and executive-specific issues such as the scope of responsibilities, experience and skills for the position, the achievement of clearly defined financial, operational and personal objectives, as well as each individual's direct contribution to the success of the Corporation.

Total compensation plans are structured to provide compensation that is above the competitive market median when results exceed the Corporation’s business objectives and below market median when results are below target. As a result, a large portion of the Corporation’s executive compensation is based on performance given that it is directly related to the Corporation's results and the growth of the Share price.

Comparative Group

To establish guidelines for compensation levels and to benchmark the total compensation, the Corporation's executive compensation opportunity is compared to the compensation of positions of comparable responsibility in thirteen (13) Canadian corporations operating in the distribution and retail sector, the revenues, total assets and market capitalization of which represent approximately 1/3 to 3 times those of the Corporation.

For executive compensation purposes, Richelieu Hardware's comparative group includes the following corporations:

Wajax Corporation	**Uni-Sélect Inc.**	**Leon’s Furniture Ltd.**	**Strongco Corporation**	**BMTC Group inc.**
Groupe Colabor inc.	**Brick**	**Goodfellow inc.**	**Cervus Equipment Corp.**	**Canwell Building Materials Groups Ltd.**
Hardwoods Distribution Inc.	**Rocky Mountain Dealerships**	**Vicwest inc.**		

The Corporation is of the opinion that the comparative group is relevant and adequate in regards to its business activities.

Components of Compensation

The following table presents the total executive compensation components, objectives, and progression or award criteria of each applicable plan:

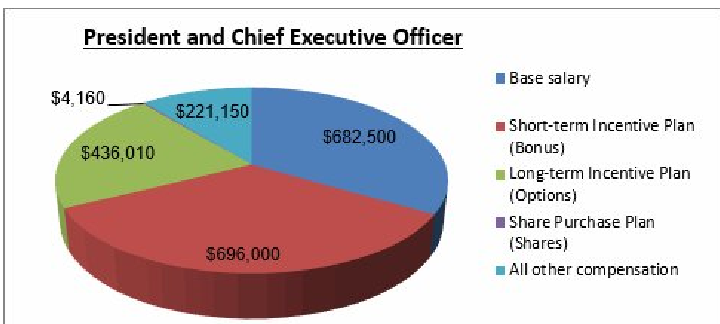
COMPENSATION COMPONENT		DESCRIPTION	CRITERIA	OBJECTIVE	ELIGIBILITY	SHORT TERM	LONG TERM
FIXED	Base salary	Fixed level of compensation	Employee level, experience, personal skills, and contribution	Attract and retain - Recognize the level of responsibility, skills, and contribution to Corporation results	All employees	x	
	Benefits (group insurance)	Suitable insurance against health related complications	Based on the competitive market data for each employee level - Some directly related to the salary	Suitable insurance (health, disability and life)	All employees	x	
	Retirement allowance	Retirement allowance granted starting July 8, 2010	Position, years of service and contribution to Corporation's earnings	Recognition of years of service and retention	President and Chief Executive Officer	x	x
VARIABLE	**Opportunity based on the competitive market data for each employee level**						
	Annual bonus	Annual bonus based on the achievement of objectives that were established at the beginning of the fiscal year	Payments vary from 0 to 150% of the potential bonus, according to the Corporation's net earnings per Share, diluted ("EPS"), the department or region's results, and personal achievements	Motivate to achieve and surpass the Corporation's financial and operational objectives	Executives and Key employees	x	
	Long-term incentive opportunity						
	Share purchase plan	Opportunity to buy Shares up to a yearly maximum, with a proportional contribution from the Corporation for additional purchases	Personal investment and Share price	Promote shareholding: ✓ Stimulate employee interest in increasing the Share price ✓ Allow capital to accumulate	All employees		x
	Share Option Plan	Annual granting of options to buy Shares at a fixed rate for a 10-year term	Vesting at a rate of 25% per year from the first anniversary of the date of grant - Value based on increase in Share price	Motivate to increase the Share price - Retention via the vesting conditions	Executives and Key employees		x

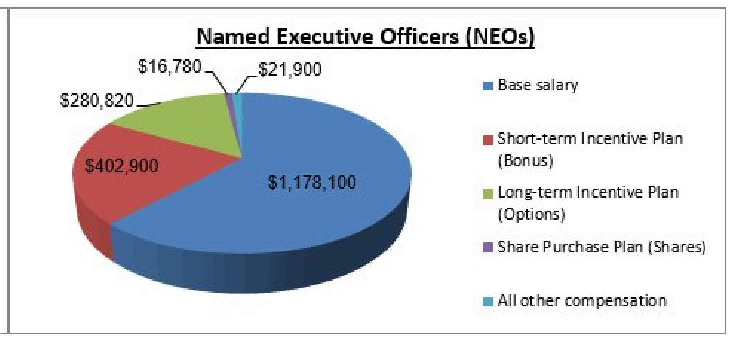
Determination and Description of Compensation Components

In order to achieve the objectives described in the above table, the various compensation components are positioned as follows:

- Base Salary – The targeted base salary is the median of the comparative group. However, it may be adjusted upward or downward to reflect specific circumstances, such as experience and individual contributions.
- Benefit Plan – Benefits are set at market competitive levels.
- Annual Short-term Incentive Plan ("STIP") – The maximum bonus is set for each employee level around the median of the comparative group when the Corporation achieves or exceeds business objectives. When results are below target, the bonus is reduced and potentially waived entirely when the Corporation's EPS are below the threshold established by the Board at the beginning of the fiscal year.
- Long-term Incentive Plan ("LTIP") – The number of Shares awarded under the Share purchase plan is linked to the amounts invested by the participants and their vesting is immediate; annual Share option grants are aligned with median long-term incentive grants made by the corporations of the comparative group, and provide for vesting based on the number of years of service subsequent to the grants, in order to align the interests of executives and shareholders. The number of Share options granted annually is subject to the discretion of the Board and may vary according to Corporation results and individual performance.
- Retirement allowance for the benefit of the President and Chief Executive officer, representing a lump sum payment of $2.96 million for a retirement starting on December 1, 2019.

The following diagrams illustrate all the compensation elements for the President and Chief Executives Officer and for the other NEOs.





Base Salary

On an annual basis, the Human Resources and Corporate Governance Committee recommends to the Board any increases, if and as deemed appropriate, to the President and CEO's base salary, further to examining the Corporation's market positioning and the range of Corporation salary increases. The President and CEO reviews, on an annual basis, the salaries of each executive officer who reports to him and makes adjustments when required, to ensure the compensation remains market competitive and is commensurate with individual performance, the responsibilities of the position, and competency development. The President and CEO then submits his recommendations to the Human Resources and Corporate Governance Committee for approval and ratification. Individual performance metrics upon which executives are evaluated includes, but is not limited to, each such executive's contribution to the Corporation's success, functional or regional results, leadership, quality of management and embrace of our corporate values. For the fiscal year ended November 30, 2018, the NEOs' base salaries were increased, on average, by a percentage of 1.87%.

Annual Short-Term Incentive Plan

The Corporation believes short-term incentive rewards should be paid to executives for their contribution to the Corporation's overall performance as well as for having met specific and pre-determined objectives related to their activity sector, region, duties, business unit, including personal achievements.

The following table presents the maximum annual bonus, the bonus formula used and the performance indicators applicable to each NEO for the fiscal year ended November 30, 2018.

Name and Position Title	Maximum Bonus Opportunity	=	(	EPS	+	Sector or Region Quantitative Objectives	+	Function Quantitative Objectives	+	Individual Specific Objectives	)
	(% of base salary)										
RICHARD LORD - President and Chief Executive Officer	150 %	=	(	0 % - 60 %	+	0 % - 40 %	+	0 % - 20 %	+	0 % - 30 %	)
ANTOINE AUCLAIR - Vice-President and Chief Financial Officer	60 %	=	(	0 % - 40 %	+	0 % - 5%	+	0 % - 10 %	+	0 % - 5 %	)
GUY GRENIER - Vice-President, Sales and Marketing - Industrial	60 %	=	(	0 % - 20 %	+	0 % - 3%	+	0 % - 17 %	+	0 % - 20 %	)
CRAIG RATCHFORD - Vice-President - General Manager, U.S.	50 %	=	(	0 % - 9 %	+	0 % - 16 %	+	0 % - 17 %	+	0 % - 8 %	)
JOHN STATTON - General Manager Western Canada and Western U.S	70 %	=	(	0 % - 7 %	+	0 % - 45%	+	0 % - 18 %	+	-	)

The Sector or Region Quantitative Objectives refer to specific financial objectives (such as increase of sales, margin, earnings before taxes, interest and amortization), as established and approved by the Board at the beginning of the Corporation's fiscal year.

The function quantitative objectives refer to sales and/or other quantitative objectives established for each specific functions, including, but not limited to pre-determined sales and profit increases, for all or specific product categories, expenses cutting measures, project deadlines, etc.

Similarly, individual specific objectives are also established and approved at the beginning of each fiscal year, and typically consist of specific projects to be completed or (financial) targets to be achieved during the year in addition to the position's basic responsibilities and that are aligned with the key priorities of the sector, region, or role.

Objectives for all performance indicators are set at challenging levels to ensure strong growth and increased corporate value and no bonus is paid when the Corporation's EPS is below the threshold established at the start of the fiscal year. During the last four (4) fiscal years, the Corporation paid, on average, 86% of the maximum bonus to its NEO and the percentage ranged from 33% to 100%.

On an annual basis, the Human Resources and Corporate Governance Committee formulates a recommendation to the Board in regards to the President and CEO's bonus payable based on the performance objectives established at the beginning of the previous fiscal year. The Human Resources and Corporate Governance Committee formulates further recommendations regarding the President and CEO's upcoming performance objectives. These recommendations are based on the previous year's performance, the Corporation's business plan and objectives for the coming year, as well as the level of difficulty in achieving them. The Human Resources and Corporate Governance Committee reviews and recommends the approval of objectives submitted by the President and CEO for the NEOs for the upcoming fiscal year. The objectives and their degree of difficulty are determined in accordance with the economic and commercial forecasts available at the time.

On January 24, 2019, the Board approved the payment of a bonus of $696,000 to the President and CEO, which represents 102% of his base salary for the fiscal year ended on November 30, 2018. Similarly, the Board also approved a bonus pool of $3.809 million to be paid to participants in the short-term incentive plan. The President and CEO allocated the bonus pool based on regional or sectoral results as well as individual position and performance.

The Board believes that the bonuses awarded are fair and appropriate considering the exceptional results achieved and the following accomplishments:

- 6.6% increase in consolidated sales;
- 1,7% increase in EPS; and
- Implementation of the main objectives established in the Corporation's strategic plan.

Long-term Incentive Plans

The Corporation intends to continue to offer the following long-term incentive plans:

- a Share purchase plan; and
- a Share option Plan.

Share Purchase Plan

Enable all employees to purchase Shares up to a maximum percentage of their total compensation in cash; the Corporation contributes an amount equal to a percentage of every amount invested by the employee to purchase additional Shares. The Corporation's contribution is determined annually. The Share purchase plan aims to induce participants to increase shareholder value and to favor the accumulation of capital.

Share Option Plan

Under the Corporation's share option plan, options to purchase Shares may be granted from time to time to executive officers and other key employees. The terms and conditions of the share option plan meet the objectives to attract and retain quality executive officers while promoting long-term profitability and maximizing shareholder value. The number of options granted by the Committee to each of participants under the share option plan will be determined according to the total number of options authorized in the year by the Board for the President and CEO, and as regards the other grants, according to the President and CEO's recommendations to the Human Resources and Corporate Governance Committee based on all of the following criteria: the nature of the position, the degree of responsibility, the performance, and the number of options having already been granted to this key employee.

Clawback Policy

On January 24, 2019, the Board proceeded with the adoption of a clawback policy (the "Clawback"). Under said Clawback, any previously paid performance-based compensation shall be reviewed by a committee consisting of the non-management members of the Board of directors (the “Independent Director Committee”) in the event of a restatement of the Corporation’s financial results (other than a restatement caused by a change in applicable accounting rules or interpretations). Specifically, should the Independent Director Committee determines that i) the amount of any such performance-based compensation actually paid or awarded to an executive officer (the “Awarded Compensation”) would have been a lower amount had it been calculated based on such restated financial statements (the “Actual Compensation”), and ii) such executive officer engaged in fraud or intentional illegal conduct which materially contributed to the need for such restatement, then the Independent Director Committee will, except as provided below, seek to recover for the benefit of the Corporation the after-tax portion of the difference between the Awarded Compensation and the Actual Compensation (such difference, the “Excess Compensation”).

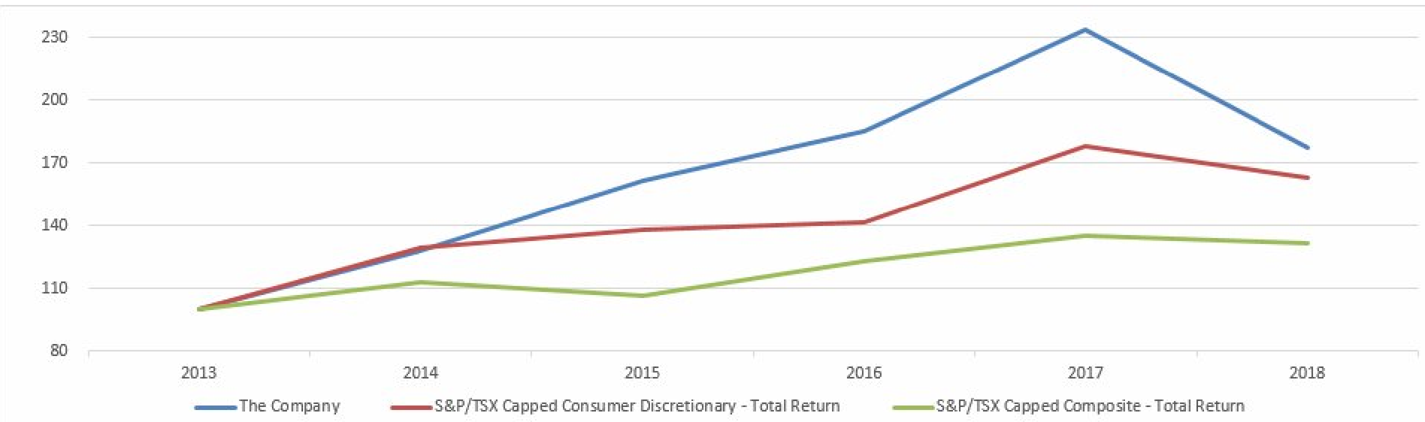
Notwithstanding the preceding however, the Independent Director Committee will not be obligated to seek recovery if it determines (i) that to do so would be unreasonable or (ii) that it would be in the best interest of the Corporation not to do so. In making such determination, the Independent Director Committee will take into account any considerations it deems appropriate, including the likelihood of success under governing law versus the cost and effort involved, whether the assertion of a claim may prejudice the interests of the Corporation, the passage of time since the occurrence of the act in respect of the applicable fraud or intentional illegal conduct, or any pending legal proceeding relating to the applicable fraud or intentional illegal conduct.

Retirement allowance for the President and Chief Executive Officer

Based on the report produced by an independent external firm with respect to the compensation plans of the President and Chief Executive Officer, the Human Resources and Corporate Governance Committee recommended that the Board proceeds to extend the retirement allowance previously granted to the President and Chief Executive Officer. The Board resolved, on January 19, 2017, to proceed with such an extension as a way to ensure that the overall compensation of the President and Chief Executive Officer remains aligned with reference market practices and continues to encourage him to remain active within the Company. The retirement allowance thus renewed will reach a maximum lump sum of $ 2.96 million as at December 1, 2019 while providing for a gradual reduction in the number of options that may be granted to the President and Chief Executive Officer under the Share Option Plan. A bank letter of credit was issued to guarantee the lump sum payment of this allowance.

Performance Graph

The following graph compares the total cumulative shareholder return of $100 invested in the Shares with the cumulative return on the Toronto Stock Exchange Composite Index during the five (5) fiscal years ending November 30, 2018 (i.e., from December 1, 2013 to the end of the fiscal year ended November 30, 2018).



As at Novembre 30th	2013	2014	2015	2016	2017	2018
The Company	$100.00	$127.80	$161.68	$185.10	$233.83	$177.56
S&P/TSX Capped Consumer Discretionary - Total Return	$100.00	$129.50	$138.26	$141.91	$178.33	$162.86
S&P/TSX Capped Composite - Total Return	$100.00	$113.25	$106.64	$123.12	$134.94	$131.52

During the past five (5) years, the total cumulative return on an investment in Richelieu’s Shares is, generally speaking, parallel to the S&P/TSX Capped Consumer Discretionary and Composite Indexes. On the whole, the compensation granted to Richelieu's NEOs evolved in parallel with the return on investment in Richelieu's Shares. On average, the salary increases were consistent with average salary increases in the market, and, in some cases, reflected additional responsibilities. In 2016, 2017 and 2018, bonuses totalling $1.596 million, $1.501 million and $1.099 million, respectively, were granted to the NEO for achieving the objectives and the expected financial results set out at the beginning of the year.

NEOs' Compensation – Summary Compensation Table

The following table indicates the compensation of the President and CEO, Vice-President and CFO and of the three most highly compensated executives of the Corporation for the fiscal years ended November 30, 2018, 2017, and 2016.

Name	Year	Salary ($)	Share-based awards (1)	Option-based awards ($) (2)	Non-equity incentive plan compensation (annual performance bonus) (3)	All other compensation ($) (4)	Total compensation ($)
RICHARD LORD - President and Chief Executive Officer	2018	$682,500	$4,160	$436,010	$696,000	$221,150	$2,039,820
	2017	$669,000	$4,160	$397,310	$1,004,000	$221,150	$2,295,620
	2016	$656,000	$4,160	$314,250	$984,000	$101,150	$2,059,560
ANTOINE AUCLAIR - Vice-President and Chief Financial Officer	2018	$320,000	$6,320	$110,850	$118,000	$3,500	$558,670
	2017	$314,000	$5,580	$88,950	$175,000	$3,428	$586,958
	2016	$308,000	$4,160	$62,850	$184,000	$3,397	$562,407
GUY GRENIER - Vice-President, Sales and Marketing- Industrial	2018	$329,000	$5,600	$110,850	$111,000	$3,500	$559,950
	2017	$322,000	$5,200	$88,950	$150,000	$3,428	$569,578
	2016	$316,000	$5,200	$62,850	$185,000	$3,397	$572,447
CRAIG RATCHFORD - Vice-President -General Manager, U.S.(5)	2018	$316,100	$700	$36,950	$83,900	$14,900	$452,550
	2017	$312,400	$1,900	$29,650	$52,100	$14,900	$410,950
	2016	$305,200	—	—	—	—	$305,200
JOHN STATTON - General Manager Western Canada and Western U.S.	2018	$213,000	$4,160	$22,170	$90,000	—	$329,330
	2017	$209,000	$4,160	$17,790	$120,000	—	$350,950
	2016	$205,000	$4,160	$16,760	$140,760	—	$366,680

1. The amounts represent the value of Corporation contributions toward the purchase of Shares over and above Shares purchased by the NEO under the Corporation's Share Purchase Plan (see "Long-term Incentive Plan - Share Purchase Plan").
2. This amount is equal to the number of options granted on January 25, 2018 multiplied by $7.39, which corresponds to the fair market value of the options as determined under the Black-Scholes model, an established methodology, using the following assumptions, which are the same assumptions as those used to determine the accounting expense related to the option grants for the purposes of the Corporation's financial statements :

	Attribution date:	January 25, 2018
i.	Exercise price:	32.77
ii.	Risk-free interest rate:	2.3%
iii.	Expected life of options:	7
iv.	Volatility:	20.0%
v.	Dividend yield:	0.80%

3. See "Annual Short-term Incentive Plan"
4. The amounts represent the value of premiums paid by the Corporation for the group insurance plan to which is added, for Mr. Richard Lord, the portion of his retirement allowance for 2018. Indirect benefits and other personal benefits which, in the aggregate, do not exceed the lesser of the following amounts: (i) $50,000 and (ii) ten percent of the NEO's total annual salary for the fiscal year, are not included in the column entitled "All Other Compensation".
5. All amounts represented in Canadian dollars although paid in United States dollars. Average conversion rates of 1.29 for 2018 and 1.33 for 2017.

Incentive Plan Awards

Outstanding Option-based Awards

	Option-based Awards				
Name	**Grant Date**	**Number of Securities Underlying Unexercised Options**	**Option Exercise Price**	**Option Expiration Date**	**Value of Unexercised In the Money Options (1)**
RICHARD LORD - President and Chief Executive Officer	January 29, 2013	75,000	$12.71	January 29, 2023	$810,000
	March 14, 2014	75,000	$15.99	March 14, 2024	$564,000
	January 22, 2015	75,000	$18.83	January 22, 2025	$351,000
	April 7, 2016	75,000	$22.25	April 7, 2026	$94,500
	January 19, 2017	67,000	$25.71	January 19, 2027	—
	January 25, 2018	59,000	$32.77	January 25, 2028	—
	January 24, 2019	51,000	$25.27	January 24, 2029	—
ANTOINE AUCLAIR - Vice-President and Chief Financial Officer	January 26, 2012	45,000	$9.14	January 26, 2022	$646,650
	January 29, 2013	30,000	$12.71	January 29, 2023	$324,000
	January 23, 2014	30,000	$14.50	January 23, 2024	$270,300
	January 22, 2015	15,000	$18.83	January 22, 2025	$70,200
	April 7, 2016	15,000	$22.25	April 7, 2026	$18,900
	January 19, 2017	15,000	$25.71	January 19, 2027	—
	January 25, 2018	15,000	$32.77	January 25, 2028	—
	January 24, 2019	10,000	$25.27	January 24, 2029	—
GUY GRENIER - Vice-President, Sales and Marketing – Industrial	March 31, 2011	6,000	$10.15	March 31, 2021	$80,160
	January 26, 2012	3,000	$9.14	January 26, 2022	$43,110
	January 29, 2013	9,000	$12.71	January 29, 2023	$97,200
	January 23, 2014	6,000	$14.50	January 23, 2024	$54,060
	January 22, 2015	15,000	$18.83	January 22, 2025	$70,200
	April 7, 2016	15,000	$22.25	April 7, 2026	$18,900
	January 19, 2017	15,000	$25.71	January 19, 2027	—
	January 25, 2018	15,000	$32.77	January 25, 2028	—
	January 24, 2019	10,000	$25.27	January 24, 2029	—
CRAIG RATCHFORD - Vice-President - General Manager, U.S.	September 12, 2016	5,000	$26.29	September 12, 2026	—
	January 19, 2017	5,000	$25.71	January 19, 2027	—
	January 25, 2018	5,000	$32.77	January 25, 2028	—
	January 24, 2019	5,000	$25.27	January 24, 2029	—
JOHN STATTON - General Manager, Western Canada and Western U.S.	March 3, 2011	3,000	$10.15	March 31, 2021	$40,080
	January 26, 2012	3,000	$9.14	January 26, 2022	$43,110
	January 29, 2013	9,000	$12.71	January 29, 2023	$97,200
	January 23, 2014	1,500	$14.50	January 23, 2024	$13,515
	January 22, 2015	3,000	$18.83	January 22, 2025	$14,040
	April 7, 2016	4,000	$22.25	April 7, 2026	$5,040
	January 19, 2017	3,000	$25.71	January 19, 2027	—
	January 25, 2018	3,000	$32.77	January 25, 2028	—
	January 24, 2019	2,000	$25.27	January 24, 2029	—

1) This value corresponds to the number of options held by the NEO multiplied by the difference between the closing price of the Shares on the Toronto Stock Exchange on January 31, 2019 ($23.51) and the exercise price. This value has not been, and may never be, realized. The actual gain, if any, will depend on the value of Shares on the dates the options are exercised (see "Long-term Incentive Plan (Options)").

Incentive Plan Awards – Value Vested or Earned During the Fiscal Year

The following table presents, for each NEO, the value of options that have become vested during fiscal year 2018 and the amount of bonus earned with respect to the performance achieved during fiscal year 2018.

Name	Option-based Awards – Value Vested During the Year (1) ($)	Share-based Awards – Value Vested During the Year ($)	Non-equity Incentive Plan Compensation – Value Earned During the Year (2) ($)
RICHARD LORD - President and Chief Executive Officer	$513,796	$4,160	$696,000
ANTOINE AUCLAIR - Vice-President and Chief Financial Officer	$105,676	$6,320	$118,000
GUY GRENIER - Vice-President, Sales and Marketing – Industrial	$105,676	$5,600	$111,000
CRAIG RATCHFORD - Vice-President - General Manager, U.S.	$15,613	$700	$83,900
JOHN STATTON - General Manager, Western Canada and Western U.S.	$22,888	$4,160	$90,000

1) The options automatically vest at a rate of 25% per year on each of the first four anniversaries of their date of grant. This value corresponds to the number of options vested multiplied by the difference between the closing price of the Shares on the Toronto Stock Exchange as of the vesting date, and their exercise price. This value has not been, and may never be, realized. The actual gain, if any, will depend on the value of Shares on the dates the options are exercised (see "Long-term Incentive Plan (Options)").

2) This amount corresponds to the amount set forth in the "NEOs' Compensation – Summary Compensation Table."

Benefits in the Case of Cessation of Service or Change of Control

There is no contract, arrangement, or any other understanding with respect to employment, termination of employment, a change of control, or a change in responsibilities following a change of control, between the Corporation and any of the Corporation's executive officers.

Succession Planning

The Corporation considers the succession planning of its upper management as a fundamental element. The succession planning for the President and Chief Executive Officer, as well as for other senior executives is reviewed annually by the Human Resources and Corporate Governance Committee, which ensures to monitor and make appropriate recommendations to the Board. The succession plans for senior management, including the President and Chief Executive Officer, are presented to, and reviewed by, the Board annually.

Succession plans include, without limitations: an emergency plan in case of unforeseen circumstances, the identification of potential candidates, a succession planning on an ongoing basis and integrated adjustments to succession plans where necessary, as well as setting up and monitoring individual and organizational development programs as well as regular succession planning process reviews and talent management.

SHARE OPTION PLAN

Richelieu's new option plan, which was approved by the Board on January 21, 2016 and ratified by the Corporation's shareholders on April 7th, 2016 (the "Plan"), is intended to provide full-time or part-time employees, consultants, directors (subject to the limitation set forth in Section 3.1.2 of the Plan) and officers of the Corporation or that of its subsidiaries (each, a "Participant") with an opportunity to actively participate in the Corporation's growth, to encourage them to establish, maintain and abide by good management practices, to protect the Corporation's general business interests, to provide additional incentives to remain at the Corporation's services and to ensure that the Corporation has all required tools to continue to attract the best candidates available on the market.

Under the Plan, the Board may, from time to time and following a recommendation from the Human Resources and Corporate Governance Committee, designate Participants to whom options may be granted, determine the number of options to be granted to each such Participant and/or determine each such option's applicable vesting term and conditions, provided however that:

- notwithstanding any provision to the contrary, the total number of options issued to a director of the Corporation (with the exception of the President and Chief Executive Officer, even if he or she also acts as director) under the Plan may not exceed an annual maximum limit of $100,000 in options per director, each director who is not an employee may not be granted during his or her term of office more than 15,000 Options, and provided that all the directors who are not employees may not be granted more than one percent (1%) of all options under the Plan, after deducting the total number of options or other securities granted pursuant to any other share compensation arrangements of the Corporation;
- the total number of options which may be granted to insiders, or associates of such insiders, pursuant to the Plan may not exceed seven percent (7%) of the number of common shares in the outstanding issue at any time during a period of twelve (12) months, after deducting all options and other securities granted to insiders pursuant to other share compensation arrangements of the Corporation;
- during a year, the total number of options which may be granted to Participants under the Plan may not exceed one point eight percent (1.8%) of the outstanding issue, after deducting all options and other securities granted pursuant to any other share compensation arrangements of the Corporation;
- during a year, the total number of options which may be granted to a single insider, or associates of such insider, may not exceed one point eight percent (1.8%) of the outstanding issue, after deducting all options and other securities granted pursuant to any other share compensation arrangements of the Corporation;
- during a year, the total number of options which may be granted to a single Participant may not exceed one point eight percent (1.8%) of the outstanding issue, after deducting all options and other securities granted pursuant to any other share compensation arrangements of the Corporation; and;
- the total number of options which may be granted to a single Participant under the Plan may not exceed five percent (5%) of the number of common shares of the outstanding issue, after deducting all options and other securities granted to such Participant pursuant to other share compensation arrangements of the Corporation.

The exercise price of each option is determined by the Board on the date of grant of such option, which price may not, however, be less than the weighted average trading price of the common Shares on the Toronto Stock Exchange during the five (5) Business days immediately preceding the date of the grant.

Unless otherwise instructed by the Board, options granted under the Plan shall vest as follows:

- up to 25% of the options are exercisable one (1) year from the date of the grant;
- up to 50% of the options are exercisable two (2) years from the date of the grant;
- up to 75% of the options are exercisable three (3) years from the date of the grant;
- up to 100% of the options are exercisable four (4) years from the date of the grant.

The period during which an option may be exercised shall be determined by the Board at the time the option is granted, provided, however, that such period may not in any event exceed ten (10) years.

Notwithstanding the preceding, should the expiration of the term of an Option fall within a period during which some or all Participants cannot trade common shares pursuant to the Corporation's policy respecting restrictions on trading which is in effect at that time (a "Black Out Period") or within nine (9) business days following the expiration of a Black Out Period, such expiration date shall be automatically extended without any further act or formality to the date which is the tenth business day after the end of the Black Out Period, such tenth (10^{th}) business day to be considered the expiration of the term of such Option for all purposes under the Plan. Said ten (10) business day period shall however not, under any circumstances, be extended by the Board

Options granted to a Participant will further expire sooner if:

- the Corporation terminates the Participant's employment for just cause, any unexercised option shall terminate on the date on which notice of termination is given by the Corporation;
- the Corporation terminates the Participant's employment without just cause, any unexercised option may be exercised by the Participant no later than ninety (90) days following the date of such notice of termination or prior to the expiry of the option term, if such date is earlier, but only as to the number of Shares that the Participant was entitled to acquire on the date of such notice of termination;
- the Participant resigns or otherwise terminates its service agreement with the Corporation, any unexercised option shall terminate on the date on which notice of termination is given by the Participant;
- the Participant leaves for retirement, any unexercised option may be exercised no later than ninety (90) days from the date of retirement or prior to the expiry of the option term, if such date is earlier, but only as to the number of Shares that the Participant was entitled to acquire on the date of his/her retirement;
- the Participant dies while employed by the Corporation, any unexercised option may be exercised by the person to whom said option has been assigned to by will, testament or under the applicable estate law not later than one hundred eighty (180) days after the Participant's death, or prior to the expiry of the option term, if such date is earlier, but only as to the number of Shares that the Participant was entitled to acquire of the time of his death.
- the Participant's employment with the Corporation is terminated by reason of injury or disability, any Option or unexercised part thereof granted to such Participant may be exercised by him or her only for the number of shares which he or she was entitled to acquire on the date a notice of termination of the employment or service contract is given by the Corporation and no Option whatsoever shall continue to vest after that date. Such Option shall only be exercisable within ninety (90) days after the date notice of termination is given by the Corporation or prior to the expiration of the term of the Option, whichever occurs first. For greater certainty, no notice or pay in lieu of notice given or which ought to have been given to the Participant pursuant to any applicable law or contract will be used in determining entitlement to acquire or exercise any Option, in whole or in part.

Each Option granted under the Plan is personal to the optionee and shall not be assignable or transferable by the optionee, whether voluntarily or by operation of law, except by will or by the laws of succession of the domicile of the deceased optionee. No Option granted hereunder may be pledged, hypothecated, charged, transferred, assigned or otherwise encumbered or disposed of on pain of nullity.

In compliance with applicable laws, rules and regulations of, and receipt of any required approvals from the TSX or other regulatory authorities, the Board has the authority, by way of example and without limiting the generality of the foregoing, to suspend or terminate the Plan, or to make any housekeeping changes such as amending or supplementing to any eligibility or vesting criteria and/or conditions applicable to future Option grants, or as otherwise necessary to comply with applicable laws, rules and regulations, etc. without having to obtain the prior consent of the shareholders, provided that no change to the terms of an Option previously granted may adversely change the terms thereof for its holder under the Plan, unless explicitly provided for in the Plan or with the written consent of an optionee.

Notwithstanding the preceding or any provision to the contrary, but subject to adjustments under Section 7 of the Plan, the Board shall obtain shareholder approval to take any of the following steps: (i) increase the maximum number of common shares which may be issued under the Plan; (ii) reduce the exercise price or purchase price of an Option; (iii) extend the term of an Option; (iv) change a category of Participants; (v) make changes which would allow an Option granted under the Plan to be transferred except by will or by the laws of succession of the domicile of the deceased Participant; (vi) change the maximum limits for insiders; (vii) cancel, re-issue, reduce the exercise price following a cancellation and/or re-issuance and/or make any other change to the rights and conditions relating to the Options after their granting to a Participant, other than as otherwise permitted under the Plan; and (viii) change the terms of Section 8 of the Plan. In obtaining such shareholder approval, the votes attached to the common shares directly or indirectly held by insiders benefiting from the changes indicated in paragraphs (ii), (iii), (vi), and (vii) shall not be taken into account, as well as in the event the change gives one or more insiders a disproportionate advantage over other Participants.

A maximum of 500,000 Shares were initially reserved for issuance under the Plan. On February 29, 2016, the Corporation's Shares were subdivided, which increased the number of Shares reserved for issuance pursuant to the Plan to 1,500,000. As of January 31, 2019, 1,189,875 options issued under the Plan were outstanding, representing 2.08 % of the issued and outstanding securities.

Notwithstanding the preceding, it should be further noted that as of January 31, 2019, a total of 667,850 Shares remained reserved for issuance under the Corporation's prior share option plan (the "Old Plan"), representing 1.17 % of the issued and outstanding Shares of the Corporation.

The following table indicates the outstanding options and options available under the Plan as of November 30, 2018:

	Total Number of Options Pursuant to the Option Plan	**Total Number of Reserved Shares**	**Outstanding Options**	**Average Exercise Price of Outstanding Options**	**Available Options**
	1,500,000	1,473,187	967,625	$27.10	505,562
% of Shares outstanding	*2.63%*	*2.58%*	*1.69%*		*0.89%*

The following table indicates the outstanding options and options available under the Old Plan as of November 30, 2018:

	Total Number of Options Pursuant to the Old Option Plan	Total Number of Reserved Shares	Outstanding Options	Average Exercise Price of Outstanding Options	Available Options
	3,237,680	739,200	701,850	$14.23	—
% of Shares outstanding	*5.67%*	*1.29%*	*1.23%*		—

The information presented below reflects the rules set out in the TSX Company Manual applicable for the fiscal year ended November 30, 2018.

	2018	2017	2016
Burn Rate 1)	0.64%	0.57%	0.61%

1) The burn rate is equal to the number of options granted during the fiscal year divided by the weighted average number of shares outstanding during the applicable fiscal year. For fiscal 2018, the number of options granted in January 2018, i.e., 369,500, is divided by the weighted average number of shares outstanding during fiscal 2018, i.e., 57,597,000. For fiscal 2017, these numbers correspond to 331,500 and 57,956,000, and for fiscal 2016, they correspond to 356,500 and 58,051,000. Furthermore, the number of options granted in January 2019 is 232,000. The burn rate for this grant will be calculated by dividing by the weighted average number of shares outstanding during fiscal 2019.

APPOINTMENT AND COMPENSATION OF AUDITORS

The Board and the management of the Corporation propose that Ernst & Young LLP, Chartered Accountants be appointed auditors of the Corporation and that the directors of the Corporation be authorized to fix their remuneration. Ernst & Young LLP have been the auditors of the Corporation for more than five years.

Unless indicated otherwise by the shareholder, the voting rights attached to the Shares represented by any proxy duly signed will be exercised IN FAVOUR OF the appointment of Ernst & Young LLP as auditors and the authorization for the Board to fix their remuneration.

The following table presents by category the fees billed by the external auditors of the firm Ernst & Young LLP for the fiscal years ended November 30, 2018, and 2017.

Category of Fees	2018	2017
Audit Fees	$202,500	$206,350
Audit-related Fees	$1,500	$31,400
Tax Fees	$125,900	$100,300
Total	$329,900	$338,050

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.

AMENDMENTS TO THE SHARE OPTION PLAN

The current option plan (the “Share Option Plan”) was adopted at the Annual and Special Meeting held on April 7th, 2016. We refer you to the section entitled “Share Option Plan” of this Circular for further details regarding said Share Option Plan.

Since the Share Option Plan’s adoption, the performance of the Corporation and that of its management team have demonstrated that the Corporation has made sound decisions regarding compensation. The Share Option Plan only constitute a reasonably weighted portion of the Corporation’s compensation plans, taken as a whole, compared to others essential components such as base salary, target annual bonus and other benefits plans. As such, the Corporation considers that the relative importance of the Share Option Plan in regards to other essential compensation components is reasonable.

The general conditions of the Share Option Plan, including the grant of a new maximum number of Shares available as options, are submitted for approval by its shareholders. The number of Shares available for issuance and the exercise price for each option are fixed, the options have a limited and reasonable term, and their dilutive effect is moderate. As well, the Corporation’s Share options are not immediately vested. Since the value of the options is directly related to the underlying appreciation of the Share price, these vesting periods favor the long-term performance of those participating in the Share Option Plan.

The Corporation’s compensation policy is regularly reviewed by the Human Resources and Corporate Governance Committee, which is made up entirely of independent directors, in order to ensure that it remains reasonable and competitive, and that it also takes into account changes in the Corporation’s financial, economic and competitive position.

The Share Option Plan is an essential tool for the Corporation in attracting the best candidates and retaining key employees, given today’s competitive job market environment. The Share Option Plan remains an effective incentive for officers to focus on ensuring the Corporation’s long-term growth and to align their interests with those of its shareholders.

Since the Share Option Plan’s adoption, 1,500,000 Shares have been reserved for grants under said Option Plan, 26,813 Shares have been issued as the result of options being exercised and, as of January 31, 2019, 1,289,500 options were granted, of which 72,812 have however been canceled post grant. As a result, only 283,312 options remain available for future grants under the Share Option Plan. Since approximately 300,000 options are granted each year, should the shareholders fail to amend the Share Option Plan to increase the number of Shares reserved for issuance, the Corporation will not have enough Shares reserved for future grants. Without this increase, the Corporation will not be able to maintain this important component of its compensation program and could be put at a competitive disadvantage to attract and retain key employees.

In addition to the preceding, the Board further recommends proceeding with other minor amendments to the Plan, mainly as required to comply with applicable TMX Compensation Arrangements guidelines in regards to insider participation limits (Section 3.1.3), to add a clawback provision granting the right, should the Board determines, acting reasonably, that a Participant has engaged in fraudulent or intentional misconduct and that such misconduct resulted, or is likely to result, in a significant restatement of the Corporation's financial results, to seek cancellation and/or reimbursement of any option-based, incentive compensation awarded to said Participant which is greater than would have been paid or awarded if calculated based on the then restated financial results (Section 6.1.12), as well as to further clarify the Board's authority in regards to permitted minor and/or housekeeping amendments (Section 8.1).

Consequently, whereas, on January 24, 2019, the Board authorized an additional number of 1,500,000 Shares reserved for issuance, thereby increasing the total number of Shares reserved for issuance, taking into account all common shares still reserved for issuance under any other share compensation agreements of the Corporation, to 3,641,037 as of the date hereof (667,850 under the old option plan, 1,473,187 under the current Share Option Plan and 1,500,000, as authorized by the Board on January 24, 2019). As at January 31, 2019, there were 57,148,234 Shares issued and outstanding, and the total number of Shares reserved for issuance under compensation arrangements on said date represented approximately 6.4% of the total number of Shares issued and outstanding;

Whereas the Board has authorized that 1,500,000 additional Shares be reserved for issuance under said Share Option Plan, thereby bringing the total amount of shares reserved for issuance to 3,000,000;

Whereas the Board has authorized further minor amendments to Sections 3.1.3, 6.1.12 and 8.1 of the Plan, as more amply described above;

Whereas the proposed amendment to the Share Option Plan must be approved by an ordinary resolution passed with a majority of votes from shareholders at an Annual and Special Shareholder's Meeting;

The resolution presented for consideration at the Meeting is as follows:

> **IT IS RESOLVED:**
>
> **THAT** the amendments pertaining to insider participation limits, as set forth in Sections 3.1.3 of the Share Option Plan, be hereby approved and ratified;
>
> **THAT** the amendments providing for 1,500,000 additional Shares to be reserved for issuance under said Share Option Plan, thereby bringing the total amount of shares reserved for issuance to 3,000,000, as set forth in Section 4.1 of the Share Option Plan, be hereby approved and ratified;
>
> **THAT** a clawback provision, as set forth in Section 6.1.12 of the Share Option Plan, be hereby approved and ratified;
>
> **THAT** the amendments intended to further clarify the Board's authority in regards to permitted minor and/or housekeeping modifications, as set forth in 8,1 of the Share Option Plan, be hereby approved and ratified;
>
> **THAT** any director or officer of the Corporation be and is hereby authorized, on the Corporation's behalf, to make any and all requests to the regulatory authorities and to execute, seal and deliver any document, endorsement or written instrument and take any other action that he or she may, at his or her entire discretion, deem necessary in order to give effect to this resolution.

Unless otherwise specified, the persons designated in the accompanying form of proxy intend to vote FOR the resolution to amend the Share Option Plan described herein.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As of November 30, 2018, neither the Corporation nor any of its subsidiaries had any outstanding loans to any of its current or former directors, officers, or employees in their personal capacity or to one of their related companies.

INSURANCE OF DIRECTORS AND OFFICERS

The Corporation provides liability insurance for the benefit of its directors and officers and those of its subsidiaries as a group. The total amount of the coverage for the period beginning December 1st, 2018 and ending November 30, 2019 is $20,000,000. For the coverage year as defined in the policy, the Corporation has paid an annual premium of approximately $43,000.

INTEREST OF INFORMED PERSONS AND OTHER 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.

ADDITIONAL INFORMATION

The Corporation's financial information is included in its audited consolidated financial statements and management's discussion and analysis for the fiscal year ended November 30, 2018. Copies of these documents and additional information concerning the Corporation (including the Corporation's annual information form) can be found on the SEDAR Website at the following address: www.sedar.com and may also be obtained upon request to the Vice-President and Chief Financial Officer of the Corporation at 7900 Henri-Bourassa Blvd. West, Montreal, Quebec, H4S 1V4. The Corporation may charge a reasonable amount for any request from someone who is not a shareholder of the Corporation.

APPROVAL OF DIRECTORS

The Board has approved the form, the content and the sending of the Circular.

Montreal, province of Quebec, this 28th day of February 2019.

(Signed)

Yannick Godeau
Corporate Secretary

APPENDIX A: CORPORATE GOVERNANCE DISCLOSURE

Board of directors

The Board, through its Human Resources and Corporate Governance Committee, established that a majority of directors are independent, namely: Mrs. Denyse Chicoyne, Mr. Robert Courteau, Mr. Mathieu Gauvin, Mr. Pierre Pomerleau, Mr. Marc Poulin, Mr. Jocelyn Proteau and Mrs. Sylvie Vachon are considered independent as they are not, and were not in the past, party to any material relationship with the Corporation, its subsidiaries or controlling shareholder that may, in the opinion of the Board, interfere with the independent judgment of the director. Mr. Richard Lord does not qualify as an independent director due to his acting as President and Chief Executive Officer of the Corporation.

The duties of the Chair of the Board, which are outlined in the Charter of the Board, can be found in Appendix B of this Circular and are summarized in Appendix C, are currently assumed by Mr. Jocelyn Proteau who is acting as an independent director.

However, to ensure that the Board remains independent in its judgment, the independent directors hold in-camera meetings after each Board meeting or more frequently, should the need arise, without the presence of management and the only non-independent director.

Four (4) independent directors meetings were held during the fiscal year ending on November 30, 2018.

The other directorships of the directors of the Corporation is presented under the section “Information about Nominees Proposed for Election as Directors” on pages 5 and following of this Circular.

The attendance by the directors to Board and committees meetings held over the course of the fiscal year ending November 30, 2018, is listed in the section “Information about Nominees Proposed for Election as Directors” beginning on pages 5 and following of this Circular.

Mandate of the Board of directors

The mandate of the Board can be found in Appendix B of this Circular.

Position Description

The Board has developed written position descriptions for the Chair of the Board and the Chair of each Board committee. The responsibilities of the Chair of the Board are listed in the Charter of the Board that can be found in Appendix B of this Circular. A summary of the description for the Chair or the Board and for the Chair of each committee appears in Appendix C of this Circular.

The Human Resources and Corporate Governance Committee reviews, on an annual basis, the description of the duties of the President and Chief Executive Officer and other senior officers and provides recommendations to the Board. Furthermore, such committee reviews, on an annual basis, the objectives that the President and Chief Executive Officer is asked to meet, evaluates his performance following the established criteria, and provides recommendations to the Board. However, the Human Resources and Corporate Governance Committee decided that it was not necessary at this point to adopt a written job description for the President and Chief Executive Officer.

Orientation and Continuing Education

The Chair of the Board provides all new directors with all the documentation pertinent to the affairs of the Corporation including in particular historical public information about the Corporation, by-laws, the previous minutes of the Board and of its relevant committees, the Corporation’s code of ethics and its various policies. Moreover, through the meetings they attend and discussions with the directors and members of management, new directors can familiarize themselves with the activities of the Corporation.

Finally, to ensure the continuing education of its directors, presentations on various aspects of the Corporation’s operations and the industry in general are offered by members of the management to the directors during the meetings of the Board.

Business Ethics

On January 26, 2005, the Board adopted a code of ethics to which all employees, executives and directors of the Corporation must comply. This code of ethics is available on the SEDAR Website (www.sedar.com). It can also be obtained upon request from the Corporation's Vice-president and Chief Financial Officer at 7900 Henri-Bourassa Blvd. West, Montreal, Quebec, H4S 1V4.

Each year, at the Board’s request, the management provides the code of ethic to all employees of the Corporation. The management of the Corporation will take all reasonable measures to ensure compliance with the code of ethics and to react adequately and promptly to reported violations. The Board, through the Human Resources and Corporate Governance Committee, is responsible for monitoring compliance with the code of ethics. Any violation of the code of ethics shall be reported to the Human Resources and Corporate Governance Committee, which in turn shall report such violation to the Board.

Additionally, the Audit Committee has elaborated a whistle blowing policy relative to questionable accounting or auditing practices whereby employees, under the protection of anonymity and on a confidential basis, can report to the Chair of the Audit Committee reprehensible practices concerning accounting, internal controls, auditing matters and possible violations of the law. The reporting may be done directly by mail, phone, or email, or indirectly through their immediate superior or the Human Resources Manager. This document is handed down to all employees on an annual basis. Each year, the external auditors shall audit the process by testing its accessibility and its confidentiality level.

Selection of Nominees for Election to the Board of directors

The Human Resources and Corporate Governance Committee recommends to the Board candidates for the position of director. This Human Resources and Corporate Governance Committee is comprised of three (3) independent directors: Mr. Robert Courteau (Chair), Mrs. Denyse Chicoyne and Mrs. Sylvie Vachon. Mr. Jocelyn Proteau also acts as ex-officio member of this Committee. The members of the Human Resources and Corporate Governance Committee are appointed by the Board in April of each year.

To fulfill this responsibility, and pursuant to its written mandate, the Human Resources and Corporate Governance Committee takes into account the size of the Board, the Corporation’s needs as well as the particular skills and qualifications of the members already on the Board. Guided by the strengths of the Board and the evolution of the Corporation's needs, the Human Resources and Corporate Governance Committee determines what qualifications, aptitudes and personal qualities are sought in directors to add value to the Corporation. To that effect, a skills chart was created in order to better identify the profile of the suitable candidate. Once the profile is established, a list of candidates is established in consultation with all directors. The Human Resources and Corporate Governance Committee may, if need be, give a mandate to a recruitment firm to identify potential candidates to be selected as nominees.

Compensation

The responsibilities normally assigned to a compensation committee are assumed by the Human Resources and Corporate Governance Committee, as described in the previous section, "***Selection of Nominees for Election to the Board of Directors***".

The mandate of the Human Resources and Corporate Governance Committee is to evaluate the senior officers of the Corporation and to recommend to the Board their employment terms and their level of compensation. To establish the compensation of directors, the Human Resources and Corporate Governance Committee considers the time devoted to the Corporation, and the compensation, risks, and duties of comparable positions.

Other Board Committees

The Board's standing committees include the Human Resources and Corporative Governance Committee and the Audit Committee. The charters for each such committee is available on the SEDAR Website (www.sedar.com).

Evaluation

The Human Resources and Corporate Governance Committee implemented a procedure to assess the Board and its committees as well as the Chair of the Board. The evaluation is performed by way of questionnaires forwarded to every director. The results are collected by the Corporation's Corporate Secretary and then communicated to the Chair of the Board and all directors.

APPENDIX B: MANDATE OF THE BOARD OF DIRECTORS

This Appendix reproduces in full the Charter of the Board of directors of the Corporation, as approved by the Board of directors on January 25, 2006 and modified on January 26, 2012. The mandate is reviewed and approved each year.

RICHELIEU HARDWARE LTD.

CHARTER OF THE BOARD OF DIRECTORS

1 PURPOSE OF THE BOARD

Elected by the shareholders of Richelieu Hardware Ltd. ("Richelieu"), the Board of directors (the "Board") is responsible for overseeing management of the business and affairs of Richelieu and its subsidiaries.

Although directors may be elected by the shareholders of Richelieu to bring special expertise or a particular point of view to Board deliberations, they are not chosen to represent particular interests. The best interests of Richelieu must be paramount at all times.

2 POWERS

As part of its functions, the Board may:

a) Ask management of Richelieu or external third parties for the information it needs to fulfil its duties;

b) Obtain, when necessary, legal or other advice from external professionals;

c) Determine and authorize the payment of the fees of such professionals; and

d) Communicate directly with the in-house auditor, if applicable, and the external auditors of Richelieu.

3 COMPOSITION OF THE BOARD

3.1 Selection of members

The Board, through its Human Resources and Corporate Governance Committee, is responsible for, among other things, (i) reviewing the size of the Board on an annual basis, (ii) examining the skills, qualifications and expertise of the directors on an annual basis, (iii) recruiting potential directors from time to time, taking into account their experience, employment and qualifications and making appropriate recommendations to the Board, and (iv) identifying and recommending directors to be nominated at each annual meeting of Richelieu. The Board approves the final choice of nominees standing for election by shareholders.

3.2 Size of Board

Subject to the articles of incorporation, the Board is made up of a maximum of ten (10) directors. The number of directors set from time to time must be sufficient to ensure a variety of skills and points of view, provide useful experience to the Board and sit on the various Board committees while contributing to effective decision-making.

3.3 Independent directors

Subject to the exceptions prescribed by the laws, regulations, policies, guidelines or standards of applicable securities authorities and stock exchanges on which Shares of Richelieu are traded (collectively the "Applicable Standards"), the majority of Board members must be "independent" directors (as such term is defined in the Applicable Standards for boards of directors).

3.4 Conditions for Board membership

In addition to meeting the requirements under the law and the constituting documents of Richelieu, directors of Richelieu must, overall, have the skills, qualifications and expertise determined from time to time by the Human Resources and Corporate Governance Committee, as well as an understanding of the challenges facing Richelieu.

3.5 What is expected of Board members

Board members shall:

a) Act ethically, with integrity and in the best interests of Richelieu;

b) Devote the necessary time to the affairs of Richelieu and act with care, diligence and skill in performing their duties as a director;

c) Understand the role and responsibilities of the Board and its committees;

d) Use their best efforts to be present (in person or by telephone) at all meetings of the Board and of the committees on which they sit;

e) Read the documents provided by management in preparation for Board and committee meetings;

f) Understand and question the affairs and strategic plans of Richelieu;

g) Keep confidential the deliberations and decisions of the Board and committees as well as information sent to them in anticipation of Board and committee meetings, except when the information has been publicly disclosed;

h) Immediately inform the Board if they cease to be "independent".

3.6 Chair of the Board

The Chair of the Board is appointed by the Board from among the "independent" directors of Richelieu. The Chair of the Board shall ensure that the Board carries out its duties efficiently.

Specifically, the Chair of the Board is responsible for the following:

a) Establishing the schedule for the Board's meetings.

b) Preparing (in consultation with management) the agenda of the Board's meetings and ensure the timely availability of the required documentation.

c) Chairing meetings of the Board.

d) Ensuring that the Board discharges its duties and responsibilities as set forth in the Charter and comply with its terms.

e) Ensuring the efficient operation of the committees. To this end, the Chair of the Board may, at its discretion, attend and participate at all times in any committee meeting, whether or not he is a member.

f) Acting as the Board's representative to the President and Chief Executive Officer to ensure efficient communication between management and the Board.

g) Chairing shareholders' meetings.

3.7 Mandate of directors

The directors are elected by shareholders at each annual meeting unless the Board appoints a director to fill a vacancy until the next annual meeting. The mandate of each director terminates at the end of the annual meeting of shareholders immediately following the meeting at which such director was elected or at the appointment of his or her successor.

4 BOARD MEETINGS

4.1 Agenda of Board meetings

The Chair of the Board, in consultation with management, prepares the agenda for Board meetings. Information and documentation that is important to allow the directors to understand items on the agenda are distributed within a reasonable time prior to the meeting.

4.2 Frequency of Board meetings

The Board meets at least four (4) times a year, and other meetings may be held as needed.

4.3 Participation of management and other guests at meetings

Members of management and any other person may, upon invitation by the Chair of the Board, participate in and make presentations at Board meetings. Persons invited to participate in Board meetings and who are not Board members are not entitled to vote on decisions made.

4.4 Quorum

The quorum required for any meeting is the majority of members of the Board.

4.5 Closed sessions

All regular meetings of the Board will provide for a closed session, at which no member of management is present, in order to ensure a free and open discussion between the external directors.

5 DUTIES AND RESPONSIBILITIES OF THE BOARD

The Board discharges its duty to oversee the management of Richelieu by delegating to the senior officers of Richelieu responsibility for the day-to-day management. The Board discharges its duty both directly and through its committees — the Audit Committee and the Human Resources and Corporate Governance Committee. In addition to the regular committees, the Board may periodically appoint ad hoc committees to address certain issues of a more short-term or urgent nature.

When it delegates matters for which it is responsible to Board committees, the Board nonetheless maintains its oversight role and ultimate responsibility for the matters in question and any other delegated duty.

In addition to the duties prescribed by law, the primary role of the Board is to oversee the activities of Richelieu and to ensure the quality, thoroughness and continuity of its management in order to reach the strategic goals of Richelieu. The Board also has the following duties:

a) The Board is responsible for choosing the Chair of the Board.

b) The Board is responsible for reviewing and ratifying the recommendations issued by the Human Resources and Corporate Governance Committee with respect to its composition and size, candidates nominated for election to the Board, committee and committee chair appointments, committee charters and director compensation.

c) The Board is responsible, through the Human Resources and Corporate Governance Committee, for evaluating, on an annual basis, the performance of the Board and its Chair, as well as the performance of Board committees and their chairs.

d) The Board is responsible, through the Human Resources and Corporate Governance Committee, for supervising the training and development of the directors.

e) The Board is responsible for ensuring that the appropriate structures and procedures are in place in order to allow the Board and its committees to operate independently of management of Richelieu.

f) The Board is responsible for approving the appointment of senior officers, including the President and Chief Executive Officer, and approving their remuneration based on recommendations made by the Human Resources and Corporate Governance Committee.

g) The Board is responsible, through the Human Resources and Corporate Governance Committee, for overseeing the succession planning programs, including training and development programs for senior officers.

h) The Board is responsible for approving and, as needed, reviewing the description of the duties of the President and Chief Executive Officer developed by the Human Resources and Corporate Governance Committee.

i) The Board is responsible for approving, upon the recommendation of the Human Resources and Corporate Governance Committee, the goals of the President and Chief Executive Officer.

j) The Board is responsible for reviewing the evaluation of the performance of the President and Chief Executive Officer and of the other senior officers made by the Human Resources and Corporate Governance Committee and reviewing and ratifying the recommendations of the committee with respect to their compensation.

k) The Board is responsible for ensuring that its expectations of management are well understood by management.

l) The Board is responsible for adopting a strategic planning process as well as for reviewing and, on an annual basis, approving the strategic plan of Richelieu developed by management.

m) The Board is responsible for considering alternate strategies in response to possible change of control transactions or take-over bids with a view to maximizing value for shareholders.

n) The Board is responsible for enhancing alignment between shareholders expectations, Richelieu plans and management performance.

o) The Board is responsible for approving, on an annual basis, the operating budget and the capital expenditure budget of Richelieu developed by management.

p) The Board is responsible for supervising, through the Audit Committee, the quality and integrity of the accounting systems, controls and procedures for disclosing information as well as the internal control and information management systems of Richelieu.

q) The Board is responsible for overseeing, through the Audit Committee, the integrity and quality of the financial statements and other financial information of Richelieu.

r) The Board is responsible for approving, upon the recommendation of the Audit Committee, the audited financial statements, interim financial statements and the notes and Management's Discussion and Analysis accompanying such financial statements, the annual report, annual information form, information circular, press releases and any other financial document which Richelieu is required to publish or file.

s) The Board is responsible for ensuring, through the Audit Committee, that the external auditors are independent and competent.

t) The Board is responsible for reviewing and approving Richelieu's material transactions outside the ordinary course of business and those matters which the Board is required to approve under the constituting documents of Richelieu, including the payment of dividends, acquisitions and dispositions of material capital assets and major capital expenditures.

u) The Board is responsible for identifying the principal risks of Richelieu's business and ensuring the implementation of appropriate systems to effectively monitor and manage such risks with a view to the long-term viability of Richelieu and achieving a proper balance between the risks incurred and the potential return to shareholders of Richelieu.

v) The Board is responsible for reviewing and approving the key policies developed by management respecting various matters such as ethics, disclosure, insider trading, cash flow management, the environment and human resources.

w) The Board is responsible for approving and reviewing, as needed, a communications plan to address communications with shareholders, employees, financial analysts, governments and regulatory authorities, the community and the media.

x) The Board is responsible for taking steps to enhance the timely disclosure of any development that has a material impact on Richelieu.

y) The Board is responsible for overseeing the implementation of systems which accommodate feedback from shareholders.

z) The Board is responsible, through the Human Resources and Corporate Governance Committee, for developing and, as needed, reviewing the appropriate corporate governance structures and procedures.

aa) The Board is responsible for (i) ensuring the integrity of the President and Chief Executive Officer and the other senior officers and ensuring that such persons maintain a culture of integrity within the Corporation, (ii) upon the recommendation of the Human Resources and Corporate Governance Committee, adopting a code of ethics (including a disclosure regime for financial and accounting issues) and reviewing it as needed, (iii) through the Human Resources and Corporate Governance Committee, controlling compliance with the code of ethics, and (iv) upon the recommendation of the Committee, granting exemptions from the code of ethics.

6 CHARTER

This charter will be revised annually (or as needed) by the Board through its Human Resources and Corporate Governance Committee. The committee will recommend to the Board of directors the changes to be made to the charter, where applicable. The performance of the Board will be evaluated on the basis of this charter.

APPENDIX C: MANDATE OF THE CHAIR OF THE BOARD AND OF THE CHAIRS OF COMMITTEES

MANDATE OF THE CHAIR OF THE BOARD

The mandate of the Chair of the Board outlines its responsibilities as well as the expectations of the Board. The complete description of the mandate appears in the Charter of the Board, which can be found at Appendix B of the Circular.

In brief, the Chair of the Board has the following responsibilities:

i) planning Board meetings;

ii) presiding over Board meetings and any annual or special meeting of the shareholders;

iii) ensuring that the Board discharges its duties and responsibilities as set forth in the Charter and complies with its terms;

iv) ensuring the efficient operation of the committees; and

v) acting as the principal intermediary and facilitating communications between the Board and the President and Chief Executive Officer of the Corporation.

MANDATE OF THE COMMITTEE CHAIRS

The written charters of the Audit Committee and the Human Resources and Corporate Governance Committee are available on the SEDAR Website (www.sedar.com). They set forth the detailed responsibilities of each committee Chair.

Therefore, a committee Chair has the following responsibilities:

i) planning committee meetings;

ii) presiding over committee meetings;

iii) ensuring that the committee fulfills its responsibilities pursuant to its written mandate; and

iv) reporting to the Board on the work performed by the committee.

APPENDIX D: AMENDMENTS TO THE SHARE OPTION PLAN

This Appendix reproduces in full the Share Option Plan, as adopted by the Board on the 21st day of January, 2016 and ratified by the Corporation's shareholders on April 7th, 2016, and as subsequently amended by the Board on the 24th day of January, 2019.

NEW SHARE OPTION PLAN

RICHELIEU HARDWARE LTD.

SECTION 1 - PURPOSE OF PLAN

1.1. The purpose of this Share Option Plan (the "Plan") is to provide full-time or part-time employees, consultants, directors (subject to the limitation set forth in Section 3.1.2 hereinafter) and officers of Richelieu Hardware Ltd. (said employees, consultants, directors and officers being hereinafter collectively referred to as "Participants") and its subsidiaries (as such term is defined in the *Business Corporations Act* (Quebec) (Richelieu Hardware Ltd. and its current and future subsidiaries being hereinafter referred to collectively as the "Corporation") with a proprietary interest through the granting of options to purchase shares of the Corporation, subject to certain conditions as hereinafter set forth, for the following purposes:

1.1.1 to increase the interest in the Corporation's welfare by the Participants who share primary responsibility for the management, growth and protection of the Corporation's business.

1.1.2 to give such Participants an incentive to continue their employment or service contract with the Corporation; and

1.1.3 to provide a means through which the Corporation may attract the best candidates on the market.

SECTION 2 - ADMINISTRATION OF THE PLAN

2.1. The Plan shall be administered by the Board of Directors of the Corporation or, if the Board of Directors so decides by resolution, by a committee of the Board of Directors composed of independent directors (the Board of Directors or, as the case may be, such committee being hereinafter collectively referred to as the "Board").

2.2. The interpretation and application of the Plan and any provisions thereof by the Board shall be final and binding on all holders of options to purchase common shares of the Corporation (the "Options") granted under the Plan and all persons eligible under the provisions of the Plan to participate therein.

SECTION 3 - GRANTING OF OPTIONS

3.1. The Board may, from time to time by resolution, designate Participants to whom Options may be granted, the number of shares to be optioned to each of them and the relevant vesting provisions and option term, provided that:

3.1.1 the aggregate number of common shares to be optioned under the Plan shall not exceed the number provided for in Section 4 hereof;

3.1.2 notwithstanding any provision to the contrary, the total number of Options issued to a director of the Corporation (with the exception of the President and Chief Executive Officer, even if he or she also acts as director) under the Plan may not exceed an annual maximum limit of $100,000 in Options per director, and each director who is not an employee may not be granted during his or her term of office more than 15,000 Options, and provided that all the directors who are not employees may not be granted more than one percent (1%) of the Options under the Plan, after deducting the total number of options or other securities granted pursuant to any other share compensation arrangements of the Corporation;

3.1.3 the total number of common share which may be, pursuant to the Plan i) issued to insiders within any one (1) year period, and ii) issuable to insiders, at any time, under the arrangement, or when combined with all other security based compensation arrangements, may not exceed ten percent (10%) of the Corporation's total issued and outstanding securities, respectively; ~~may not exceed seven percent (7%) of the number of common shares in the outstanding issue at any time during a period of twelve (12) months, after deducting all options and other securities granted to insiders pursuant to other share compensation arrangements of the Corporation;~~

3.1.4 during a year, the total number of Options which may be granted to Participants under the Plan may not exceed one point eight percent (1.8%) of the outstanding issue, after deducting all options and other securities granted pursuant to any other share compensation arrangements of the Corporation;

3.1.5 during a year, the total number of Options which may be granted to a single insider, and associates of such insider, may not exceed one point eight percent (1.8%) of the outstanding issue, after deducting all options and other securities granted pursuant to any other share compensation arrangements of the Corporation. For the purposes of the Plan, (i) the terms "insider" and "associate" shall have the respective meanings ascribed thereto set forth at Section 601 of the Toronto Stock Exchange Company Manual; (ii) the term "outstanding issue" means the aggregate number of common shares outstanding on a non-diluted basis immediately prior to the share issuance in question, excluding any common shares issued pursuant to the Plan and any common shares issuable pursuant to any other share compensation arrangements of the Corporation during the preceding year; and (iii) a "share compensation arrangement" means a stock option, stock option plan, share purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of shares to one or more part-time Participants and full-time employees, officers or consultants or other service providers, including the purchase of unissued shares with the financial assistance of the Corporation by way of a loan, guarantee or otherwise.

3.1.6 during a year, the total number of Options which may be granted to a single Participant may not exceed one point eight percent (1.8%) of the outstanding issue, after deducting all options and other securities granted pursuant to any other share compensation arrangements of the Corporation; and

3.1.7 the total number of Options which may be granted to a single Participant under the Plan may not exceed five percent (5%) of the number of common shares of the outstanding issue, after deducting all options and other securities granted to such Participant pursuant to other share compensation arrangements of the Corporation.

3.2 Options may only be granted by the Corporation pursuant to resolutions of the Board. No Option shall be granted to any person who is not a Participant.

3.3 Any Option granted under the Plan shall be subject to the requirement that if at any time internal or external legal advisers of the Corporation determine that the listing, registration or qualification of the common shares subject to such Option on any securities exchange or under any law or regulation of any jurisdiction, or that the consent or approval of any securities exchange or any governmental or regulatory body is necessary as a condition of the granting or exercise of such Option or the issuance or purchase of common shares hereunder, such Option may not be accepted or exercised in whole or in part unless the Board has agreed to the conditions relating to such listing, registration, qualification, consent or approval. Nothing herein shall be deemed to require the Corporation to apply for or to obtain such listing, registration, qualification, consent or approval.

SECTION 4 - SHARES SUBJECT TO THE PLAN

4.1. The maximum number of common shares which may be issued under the Plan is ~~500,000~~ 3,000,000 (subject to adjustment pursuant to the provisions of Section 7). ~~In accordance with the foregoing and taking into account all the common shares previously reserved for issuance under any other share compensation agreements of the Corporation, less than five point twenty-five percent (5.25%) of the outstanding common shares of the Corporation shall and are hereby set aside and reserved for allotment for the purpose hereof.~~

4.2 All Options unexercised due to the expiration, termination or lapse of such Options shall be available for options to be granted thereafter pursuant to the provisions hereof.

SECTION 5 - OPTION EXERCISE PRICE

5.1. The exercise price for each Option shall be set by the Board on the date such Option is granted but, in the event the common shares are listed for trading on the Toronto Stock Exchange or any other recognized stock exchange (the "Other Stock Exchange"), the Option price shall not be less than the greater of:

5.1.1. the weighted average trading price for common shares on the Toronto Stock Exchange during the five (5) business days immediately preceding the day on which the Option is granted; and

5.1.2 the weighted average trading price for said common shares on the Other Stock Exchange during the five (5) business days immediately preceding the day on which the Option is granted.

SECTION 6 - CONDITIONS GOVERNING OPTIONS

6.1 Unless specifically approved by the Board, each Option shall be subject to the following conditions:

6.1.1 Employment - The granting of an Option to a Participant shall not oblige the Corporation to continue to employ the Participant or to use the Participant's services.

6.1.2 Option Term - The period (not to exceed ten (10) years) during which an Option is exercisable shall be determined by the Board, in its sole discretion, when the particular Option is granted. All Options which are not exercised shall be cancelled upon their expiry.

6.1.3 Vesting Schedule - Unless the Board gives instructions to the contrary, the Options granted under the Plan shall vest as follows:

6.1.3.1 twenty-five percent (25%) of the Options granted to an optionee shall vest on the first anniversary of the date they were granted;

6.1.3.2 an additional twenty-five percent (25%) of the Options granted to an optionee shall vest on the second anniversary of the date they were granted;

6.1.3.3 an additional twenty-five percent (25%) of the Options granted to an optionee shall vest on the third anniversary of the date they were granted; and

6.1.3.4 the balance of twenty-five percent (25%) of the Options granted to an optionee shall vest on the fourth anniversary of the date they were granted.

6.1.4 Exercise of Options - Prior to its expiration or earlier termination in accordance with the Plan, each Option may be exercised for all or part of the optioned shares and at such time or times as the Board may determine in its sole discretion when the Option in question is granted.

6.1.5 Non-assignability of Option Rights - Each Option granted hereunder is personal to the optionee and shall not be assignable or transferable by the optionee, whether voluntarily or by operation of law, except by will or by the laws of succession of the domicile of the deceased optionee. No Option granted hereunder may be pledged, hypothecated, charged, transferred, assigned or otherwise encumbered or disposed of on pain of nullity.

6.1.6 Effect of Termination of Employment or Death

6.1.6.1 Upon an optionee's employment or service contract with the Corporation being terminated for cause by the Corporation or upon resignation or voluntary termination by an optionee of his or her employment or service contract with the Corporation, any Option or the unexercised portion thereof shall terminate on the date of the notice of termination of the employment or service contract is given by the optionee or by the Corporation, and thereafter the optionee shall have no further rights in respect thereof. For greater certainty, no notice or pay in lieu of notice that is given or that ought to have been given to or by the optionee pursuant to any applicable law or contract will be used in determining entitlement to acquire or to exercise any Option, in whole or in part.

6.1.6.2 Upon an optionee's employment or service contract with the Corporation being terminated without cause or otherwise, except in the case of transfer from one corporation to another corporation controlled by the Corporation, termination by reason of death (see 6.1.6.3), termination by reason of injury or disability (see 6.1.6.4), termination for cause (see 6.1.6.1), resignation or voluntary termination by an optionee (see 6.1.6.1) or upon the voluntary retirement of an optionee at normal retirement age (see 6.1.6.5), any Option or unexercised part thereof granted to such optionee may be exercised by him or her only for the number of shares which he or she was entitled to acquire under the Option pursuant to paragraph 6.1.4 on the date on which notice of termination or transfer of employment or termination of the service contract is given by the Corporation and no Option whatsoever shall vest after that date. Such Option shall be exercisable for a period of not more than ninety (90) days after the date notice of termination or transfer is given by the Corporation or prior to the expiration of the term of the Option, whichever occurs first. For greater certainty, no notice or pay in lieu of notice that is given or ought to have been given to the optionee pursuant to any applicable law or contract will be used in determining entitlement to acquire or exercise any Option, in whole or in part.

6.1.6.3 If an optionee dies while employed by the Corporation or while serving the Corporation, any Option or unexercised part thereof granted to such optionee may be exercised by the person to whom the Option is transferred by will or the laws of succession of the jurisdiction where the deceased optionee was domiciled for the number of shares which the optionee was entitled to acquire under the Option pursuant to paragraph 6.1.4 at the time of his or her death and no Option whatsoever shall vest after that time. Such Option shall only be exercisable within one hundred and eighty (180) days after the optionee's death or prior to the expiration of the term of the Option, whichever occurs first.

6.1.6.4 Upon an optionee's employment with the Corporation being terminated by reason of injury or disability, any Option or unexercised part thereof granted to such optionee may be exercised by him or her only for the number of shares which he or she was entitled to acquire under the Option pursuant to paragraph 6.1.4 on the date notice of termination of the employment or service contract is given by the Corporation and no Option whatsoever shall continue to vest after that date. Such Option shall only be exercisable within ninety (90) days after the date notice of termination is given by the Corporation or prior to the expiration of the term of the Option, whichever occurs first. For greater certainty, no notice or pay in lieu of notice that is given or that ought to have been given to the optionee pursuant to any applicable law or contract will be used in determining entitlement to acquire or exercise any Option, in whole or in part.

6.1.6.5 Upon the voluntary retirement of an optionee from the Corporation at normal retirement age, any Option or unexercised part thereof granted to such optionee may be exercised by him or her for the number of shares which he or she is entitled to acquire under the Option pursuant to paragraph 6.1.4 on the date of his or her retirement and no Option whatsoever shall continue to vest after that date. Such Option shall be exercisable within ninety (90) days after the date of his or her retirement or prior to the expiration of the term of the Option, whichever occurs first. For greater certainty, no notice or pay in lieu of notice that is given or that ought to have been given by the optionee pursuant to any applicable law or contract will be used in determining entitlement to acquire or exercise any Option, in whole or in part.

6.1.6.6 Subject to the terms set forth in Section 8 below, in the event an Option is granted or an option agreement is executed which does not conform in all particulars with the provisions of the Plan, or purports to grant options on terms different from those set out in the Plan, the Option or the granting of such option shall not be void or invalidated in any way, but the Option so granted will be adjusted to become, in all respects, in conformity with the Plan.

For the purposes of this paragraph 6.1.6, the term "cause" shall mean any event or circumstances which, pursuant to applicable law or contract, constitutes serious reason for termination of employment or a service contract without notice or payment in lieu of notice.

An Option and all rights to purchase pursuant thereto shall not be affected by the transfer of the optionee's employment or service contract from one corporation to another corporation controlled by the Corporation.

6.1.7 Director who is not an employee ceasing to act as director. If a director who is not an employee ceases to act as a director of the Corporation, such director may, at any time during the ninety (90) days following the announcement of the quarterly results following the date on which the director leaves office and before the expiration date, exercise all or part of his or her Options vested as of the date he or she leaves office which have not been exercised previously; such Options which have not vested by the date on which the director leaves office shall terminate on that date.

6.1.8 Rights as a Shareholder - The optionee (or his or her personal representatives or legatees) shall have no rights whatsoever as a shareholder in respect of any shares covered by his or her Option until the date a share certificate is issued, or a DRS advice is delivered, to him or her (or his or her personal representatives or legatees) for such shares. Without in any way limiting the generality of the foregoing, no adjustment shall be made for dividends or other rights for which the record date is prior to the date such share certificate is issued or such DRS advice is delivered.

6.1.9 Method of Exercise - Subject to the provisions of the Plan, an Option granted under the Plan shall be exercisable (from time to time as provided in paragraph 6.1.4 hereinabove) by the optionee (or his or her personal representatives or legatees) by giving notice in writing to the Corporation at its registered office, addressed to its Secretary, which notice shall specify the number of common shares in respect of which the Option is being exercised and shall be accompanied by full payment, by cash or certified cheque, of the purchase price for the number of shares specified therein. Upon such exercise of the Option, the Corporation shall forthwith cause the transfer agent and registrar of the Corporation to deliver to the optionee (or his or her personal representatives or legatees) a certificate or a DRS advice in the name of the optionee (or his or her personal representatives or legatees) representing in the aggregate the number of shares the optionee (or his or her personal representatives or legatees) has paid for and as are specified in such written notice of exercise of the Option. If required by the Board by notification to the optionee at the time the Option is granted, it shall be a condition of such exercise that the optionee shall represent that he or she is purchasing the common shares in respect of which the Option is being exercised for investment only and not with a view to resale or distribution.

6.1.10 Withholdings - The Corporation shall not issue any common share to an optionee when an Option is exercised until appropriate agreements have been entered into for the payment of sums which the Corporation may hold back, withhold, remit or pay in such regard, and in particular, the Corporation may hold back the transfer of a tranche of common shares otherwise eligible in order to settle all or part of the holdbacks, withholdings, remittances or required payments.

6.1.11 Black Out Periods - Should the expiration of the term of an Option fall within a period during which some or all Participants cannot trade common shares pursuant to the Corporation's policy respecting restrictions on trading which is in effect at that time (a "Black Out Period") or within nine (9) business days following the expiration of a Black Out Period, such expiration date shall be automatically extended without any further act or formality to the date which is the tenth business day after the end of the Black Out Period, such tenth (10^{th}) business day to be considered the expiration of the term of such Option for all purposes under the Plan. Notwithstanding anything contained herein, said ten (10) business day period shall not, under any circumstances, be extended by the Board.

6.1.12 Clawback - Should the Board determines, acting reasonably, that a director or an officer has engaged in fraudulent or intentional misconduct and that such misconduct resulted, or is likely to result, in a significant restatement of the Corporation's financial results, the Board shall seek cancellation and/or reimbursement of any portion of any option-based, incentive compensation awarded to the said director or officer under the Plan that is greater than would have been paid or awarded if calculated based on the then restated financial results. For the avoidance of doubt, such remedy shall be in addition to, and not in lieu of, any actions imposed by law enforcement agencies, regulators or other authorities.

6.1.13 Quebec Stock Savings Plan - The purchase of common shares issued to an optionee under the Plan may be included in a Quebec Stock Savings Plan ("QSSP") as prescribed by the *Taxation Act* (Québec). The purchase of common shares under the plan and their inclusion in a QSSP shall allow an optionee who is a resident of Quebec on the last day of his or her fiscal year to deduct, in calculating his or her taxable income, all or part of the cost to purchase the common shares issued when an Option is exercised, provided certain conditions prescribed by law are met. The permitted deduction for an individual for all shares included in a QSSP during a given taxation year, including shares purchased hereunder, may not exceed ten percent (10%) of his or her total income for the year. All optionees who are residents of Canada should consult their tax adviser regarding the QSSP.

6.2 Options shall be evidenced by a share Option agreement or certificate in such form not inconsistent with the Plan as the Board may from time to time determine, provided that the substance of Section 6.1 is included therein.

SECTION 7 - ADJUSTMENT TO SHARES UNDER OPTION

7.1 In the event of any subdivision of the common shares into a greater number of common shares at any time after an Option is granted to an optionee and prior to the expiration of the term of such Option, the Corporation shall deliver to such optionee at the time of any subsequent exercise of his or her Option in accordance with the terms hereof in lieu of the number of common shares to which he or she was theretofore entitled upon such exercise, but for the same aggregate consideration payable therefor, such number of common shares as such optionee would have held as a result of such subdivision if on the record date thereof the optionee had been the registered holder of the number of common shares to which he or she was theretofore entitled until such exercise. The maximum number of common shares which may be issued under the Plan as per Section 4 above and the maximum number of common shares which may be issued as incentive stock options as per Section 10.3.8 below shall be adjusted in accordance with said subdivision.

7.2 In the event of any consolidation of the common shares into a lesser number of common shares at any time after an Option is granted to any optionee and prior to the expiration of the term of such Option, the Corporation shall deliver to such optionee at the time of any subsequent exercise of his or her Option in accordance with the terms hereof in lieu of the number of common shares to which he or she was theretofore entitled upon such exercise, but for the same aggregate consideration payable therefor, such number of common shares as such optionee would have held as a result of such consolidation if on the record date thereof the optionee had been the registered holder of the number of common shares to which he or she was theretofore entitled upon such exercise. The maximum number of common shares which may be issued under the Plan as per Section 4 above and the maximum number of common shares which may be issued as incentive stock options as per Section 10.3.8 below shall be adjusted in accordance with said consolidation.

7.3 If at any time after an Option is granted to any optionee and prior to the expiration of the term of such Option, the common shares are reclassified, reorganized or otherwise changed, otherwise than as specified in paragraphs 7.1 and 7.2 or, subject to the provisions of paragraph 8.2.1 hereof, if the Corporation consolidates, merges or amalgamates with or into another corporation (the corporation, legal person or other entity resulting or continuing from such consolidation, merger or amalgamation being herein called the "Successor Corporation"), the maximum number of common shares which may be issued under the Plan as per Section 4 above and the maximum number of common shares which may be issued as incentive stock options as per Section 10.3.8 below shall be adjusted in accordance with said reclassification, reorganization or other amalgamation and the optionee shall be entitled to receive upon the subsequent exercise of his or her Option in accordance with the terms hereof and shall accept in lieu of the number of common shares then subscribed for but for the same aggregate consideration payable therefor, the aggregate number of shares of the appropriate class or other securities of the Corporation or the Successor Corporation (as the case may be) or other consideration from the Corporation or the Successor Corporation (as the case may be) that the optionee would have been entitled to receive as a result of such reclassification, reorganization or other change of shares or, subject to the provisions of paragraph 8.2.1 hereof, as a result of such consolidation, merger or amalgamation, if on the record date of such reclassification, reorganization or other change of shares or the effective date of such consolidation, merger or amalgamation, as the case may be, he or she had been the registered holder of the number of common shares to which he or she was immediately theretofore entitled until such exercise.

SECTION 8 - AMENDMENT OR DISCONTINUANCE OF PLAN

8.1 Without limiting the generality of any other provision hereof, subject to the terms and conditions set forth in this Section 8 and in compliance with applicable laws, rules and regulations of, and receipt of any required approvals from, any stock exchange on which the common shares of the Corporation are listed or applicable regulatory authority, the Board shall have the authority to suspend or terminate the Plan, or to make any minor or housekeeping changes such as amending or supplementing to any eligibility or vesting criteria and/or conditions applicable to future Option grants, or as otherwise necessary to comply with the laws, rules and regulations applicable to a stock exchange on which the shares of the Corporation are listed, subject to the other provisions of this Section 8, without having to obtain the prior consent of the shareholders, provided that no change to the terms of an Option previously granted may adversely change the terms thereof for its holder under the Plan, unless explicitly provided for in the Plan or with the written consent of the optionee. Notwithstanding any provision to the contrary, but subject to adjustments under Section 7, the Board shall obtain shareholder approval to take any of the following steps: (i) increase the maximum number of common shares which may be issued under the Plan; (ii) reduce the exercise price or purchase price of an Option; (iii) extend the term of an Option; (iv) change a category of persons eligible to participate in the Plan; (v) make changes which would allow an Option granted under the Plan to be transferred except by will or by the laws of succession of the domicile of the deceased optionee, including in particular the stipulations of Section 6.1.5; (vi) change the maximum limits for insiders set forth in Section 3.1; (vii) cancel, re-issue, reduce the exercise price following a cancellation and/or re-issuance and/or make any other change to the rights and conditions relating to the Options after their granting to a Participant, other than as contemplated in Section 8.2 hereinafter; and (viii) change the terms of this Section 8. In obtaining such shareholder approval, the votes attached to the common shares directly or indirectly held by insiders benefitting from the changes indicated in paragraphs (ii), (iii), (vi), and (vii) shall not be taken into account, as well as in the event the change gives one or more insiders a disproportionate advantage over other Participants.

8.2 Notwithstanding anything contained to the contrary in the Plan or in any resolution of the Board in implementation thereof:

8.2.1 in the event that the Corporation proposes to amalgamate, merge or consolidate with or into any other corporation (other than with a wholly-owned subsidiary of the Corporation) or to liquidate, dissolve or wind-up, or in the event an offer to purchase the common shares of the Corporation or any part thereof is made to all holders of common shares of the Corporation, the Board shall have the right, upon written notice thereof to each optionee holding Options under the Plan, to permit the exercise of all such Options within the twenty (20) day period following the date of such notice and to determine, upon the expiration of such twenty (20) day period, that all rights of optionees to such Options to exercise same (to the extent not theretofore exercised) shall *ipso facto* terminate and cease to have any further force or effect whatsoever; and

8.2.3 the Board may, by resolution, but subject to applicable regulatory provisions and Section 8.1, decide that any of the provisions hereof concerning the effect of termination of the optionee's employment shall not apply for any reason acceptable to the Board.

SECTION 9 - GOVERNING LAW

9.1 This Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of Quebec and the laws of Canada applicable therein.

SECTION 10 - INCENTIVE STOCK OPTIONS UNDER U.S. INTERNAL REVENUE CODE

10.1 Subject to Section 10.3.3 of this Plan, in the discretion of the Board, an Option granted under this Plan to an optionee who is a citizen or resident of the United States (including its territories, possessions and all areas subject to its jurisdiction) and who, at the time of grant, is an officer, full-time employee or part-time employee of the Corporation (a "U.S. Optionee") may be an incentive stock option (an "Incentive Stock Option") within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended, of the United States (the "Code"). An option granted to a U.S. Optionee which is intended to be an Incentive Stock Option must indicate that it is intended to be an Incentive Stock Option within the meaning of Section 422 of the Code and, in absence of such indication, will be treated as an Option not meeting the requirements of Section 422 of the Code. An Option intended to be an Incentive Stock Option within the meaning of Section 422 of the Code must comply with the requirements of this Section 10.

10.2 No provision of this Plan, as it may be applied to a U.S. Optionee, shall be construed in a manner which is inconsistent with any provision of Section 422 of the Code.

10.3 Notwithstanding anything in this Plan to the contrary, the following provisions shall apply to each U.S. Optionee:

10.3.1 any director of the Corporation who is a U.S. Optionee shall be ineligible to vote with respect to the granting of such Option;

10.3.2 any Option granted under this Plan to a U.S. Optionee shall be an Incentive Stock Option within the meaning of Section 422 of the Code provided that the aggregate fair market value (determined on the date the Option is granted) of the common shares with respect to which Options are exercisable for the first time by such U.S. Optionee during any calendar year under this Plan and all other incentive stock option plans, within the meaning of Section 422 of the Code, of the Corporation does not exceed One Hundred Thousand Dollars in U.S. funds (US$100,000);

10.3.3 to the extent that the aggregate fair market value (determined as of the time the Option is granted) of the common shares with respect to which Incentive Stock Options (determined without reference to this subsection) are exercisable for the first time by such U.S. Optionee during any calendar year under this Plan and all other incentive stock option plans, within the meaning of Section 422 of the Code, of the Corporation exceeds One Hundred Thousand Dollars in U.S. funds (US$100,000), such Options will be treated as non qualified stock options (i.e., options which fail to qualify as Incentive Stock Options within the meaning of Section 422 of the Code) in accordance with Section 422(d) of the Code;

10.3.4 the purchase price for common shares under each option granted to a U.S. Optionee pursuant to this Plan shall not be less than the "market price" (within the meaning of Section 422 of the Code) of such common shares on the date the Option is granted;

10.3.5 if any U.S. Optionee to whom an Option is to be granted under this Plan is at the time such Option is granted the owner of shares with more than ten percent (10%) of the total combined voting power of all classes of shares of the Corporation, the following special provisions shall be applicable to the Option granted to such individual:

10.3.5.1 the purchase price per common share of the Corporation subject to such Option shall not be less than one hundred ten percent (110%) of the "market price" (within the meaning of Section 422 of the Code) of one common share of the Corporation at the time of granting, and

10.3.5.2 for the purpose of this Section 10 only, the exercise period shall not exceed five (5) years from the date of granting;

10.3.6 no Option may be granted hereunder to a U.S. Optionee following the expiry of ten (10) years after the date on which this Plan is adopted by the Board or the date this Plan is approved by the shareholders of the Corporation, whichever is earlier;

10.3.7 no Option granted to a U.S. Optionee under this Plan shall become exercisable unless and until this Plan has been approved by the shareholders of the Corporation; and

10.3.8 The maximum number of common shares of the Corporation which may be issued under the Plan as Incentive Stock Options (subject to adjustment pursuant to the provisions of Section 7 hereof) is a total of ~~500,000~~ 3,000,000 common shares.

SECTION 11 - EFFECTIVE DATE OF PLAN

11.1 The Plan was first adopted by the Board on the 21st day of January, 2016 and ratified by the Corporation's shareholders on April 7th, 2016, and subsequently amended by the Board on the 24th day of January, 2019 and ratified by the Corporation's shareholders on ____________. Should any changes to the Plan be required by any securities commission or other governmental body of any province or territory of Canada to which the Plan has been submitted or by any stock exchange on which the common shares may from time to time be listed, such changes shall be made to the Plan in accordance with Section 8.1 hereof as are necessary to conform with such requests and, if such changes are approved by the Board, the Plan shall remain in full force and effect in its amended form as of and from January ~~21st, 2016~~ 24th, 2019.