



NOTICE OF ANNUAL MEETING AND MANAGEMENT PROXY CIRCULAR

Financial year ended on November 30th, 2014

OUR ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS WILL BE HELD AT 10:30 A.M. ON THURSDAY, APRIL 2, 2015 AT THE OMNI MONT-ROYAL HOTEL'S SALON PIERRE DE COUBERTIN, LOCATED AT 1050 SHERBROOKE STREET WEST, MONTREAL, QUEBEC H3A 2R6.

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 27, 2015

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RICHELIEU HARDWARE LTD.

**NOTICE OF ANNUAL AND SPECIAL MEETING
OF SHAREHOLDERS**

NOTICE IS HEREBY GIVEN that the Annual and Special Meeting of shareholders (the "Meeting") of **RICHELIEU HARDWARE LTD.** (the "Corporation") will be held at the Omni Mont-Royal Hotel's Salon Pierre de Coubertin, located at 1050 Sherbrooke West, Montreal, Province of Quebec, Canada, on Thursday, April 2, 2015 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, 2014;
2. electing directors;
3. appointing auditors and authorizing the directors to fix their remuneration;
4. considering and, if deemed advisable, approve and ratify the amendments to the Corporation's Share Option Plan, thereby increasing the number of shares reserved for issuance under said Share Option Plan; and
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 26, 2015.**

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.

To be valid, 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., Montréal time, on March 31st, 2015. Your shares will be voted in accordance with your instructions as indicated on the proxy.

Montreal, province of Quebec, this 27th day of February 2015.

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 January 31, 2015 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, 2015, the Corporation had 19 592 294 outstanding Shares. Each Share of the Corporation entitles its holder to one vote.

The registered holders of Shares at 5:00 p.m., Montréal time, on February 26, 2015 (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 31, 2015, no person owned, directly or indirectly, more than 10% of the outstanding Shares, except Mawer Investment Management Ltd. for a holding equivalent to 19%.

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 fulfil 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.

This year, the Corporation proposes 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, 2013 to November 30, 2014, 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 22, 2015, except for the deferred share units which are as of November 30, 2014.

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.

<p>SYLVIE VACHON Quebec, Canada</p> <p>Independent</p> <p>Common shares: N/A Share options: N/A DSU: N/A</p> <p><i>Attendance</i></p> <p>Board: N/A</p>	<p>President and Chief Executive Officer of the Montreal Port Authority</p> <p>A Business Administration graduate from the University of Sherbrooke, 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.</p> <p>Mrs. Vachon further acts as President of the Logistic and Transportation Metropolitan Cluster of Montreal – Cargo Montreal, is a member of the boards of directors of the St. Lawrence Economic Development Council (SODES), of the Association of Canadian Port Authorities as well as of Cascade. She is also a governor member of the Quebec Business Council on the Environment.</p> <p>Votes received in favour at the 2014 Annual Meeting of Shareholders (%) : N/A - Withheld (%) : N/A</p>
<p>DENYSE CHICOYNE Quebec, Canada Director since 2005</p> <p>Independent</p> <p>Common shares: 3 000 Share options: 5 000 DSU: 16 150</p> <p><i>Attendance</i></p> <p>Board: 100 % Human Resources and Corporate Governance Committee: 100 %</p>	<p>Corporate Director</p> <p>Ms. Denyse Chicoyne is a corporate director. From 1991 to 2003, Mr. Chicoyne held the position of Vice-President and Analyst for the retail industry at BMO Nesbitt Burns/Nesbitt Thompson.</p> <p>Ms. Chicoyne acts as a director, member of the Finance and Audit Committee, the Governance Committee, and the Regulatory Oversight Committee of the TMX Group, as well as a director and member of the Investment Committee of Industrielle Alliance since May 2014.</p> <p>Mrs. Chicoyne is a member of the Human Resources and Corporate Governance Committee.</p> <p>Votes received in favour at the 2014 Annual Meeting of Shareholders (%) : 99,59 - Withheld (%) : 0,41</p>

ROBERT COURTEAU Quebec, Canada Director since 2004 Independent Common shares: 1 000 Share options: 5 000 DSU: 16 142 <i>Attendance</i> Board: 100 % Human Resources and Corporate Governance Committee: 100 %	President and Chief Executive Officer of SPI Health and Safety Inc. Mr. Robert Courteau currently acts as President and CEO of SPI Health and Safety Inc. since July 2012. Previously, from April 2009 to April 2011, he was Senior Vice-President of Business Solutions for Fujitsu Canada Inc. From June 2007 to April 2009 and from May 2011 to June 2012, he was President and Chief Executive Officer of Courteau Mainville 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 President of the Human Resources and Governance Committee. Votes received in favour at the 2014 Annual Meeting of Shareholders (%) : 99,58 - Withheld (%) : 0,42
JEAN DOUVILLE Quebec, Canada Director since 2005 Independent Common shares: 1 000 Share options: 5 000 DSU: 16 621 <i>Attendance</i> Board: 100 % Human Resources and Corporate Governance Committee: 100 %	Chair of the Board, UAP Inc. Mr. Jean Douville is Chair of the Board of UAP Inc. He was Chair of the Board and Chief Executive Officer of UAP Inc. from 1982 to 2000. Mr. Douville also sits on the Board of Genuine Parts Corporation. Mr. Douville is a member of the Human Resources and Corporate Governance Committee. Votes received in favour at the 2014 Annual Meeting of Shareholders (%) : 99,58 - Withheld (%) : 0,42
MATHIEU GAUVIN Quebec, Canada Director since 1993 Independent Common shares: 79 364 Share options: — DSU: 18 430 <i>Attendance</i> Board: 100 % Audit Committee: 100 %	Partner, Richter Advisory Group Inc. Mr. Mathieu Gauvin has been employed by RSM Richter Inc. since September 2006 and he is now a Partner of the firm. Previously, from January 2006 to May 2006, he 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 also acts as a director and Chairman of the Audit Committee of HNZ Group Inc. (formerly Canadian Helicopters Group Inc.), of Supremex Inc. as well as of Logistik Unicorp Inc. Mr. Gauvin is President of the Audit Committee. Votes received in favour at the 2014 Annual Meeting of Shareholders (%) : 99,98 - Withheld (%) : 0,02
RICHARD LORD Quebec, Canada Director since 1988 Non independent (Management) Common shares: 1 399 684 Share options: 250 000 DSU: N/A <i>Attendance</i> 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 is also a director, member of the Audit Committee and Chair of the Corporate Governance and Human Resources Committee of Colabor Group inc. Mr. Lord is a member of the Board. Votes received in favour at the 2014 Annual Meeting of Shareholders (%) : 95,26 - Withheld (%) : 4,74
MARC POULIN Quebec, Canada Director since 2013 Independent Common shares: 2 000 Share options: 2 000 DSU: 2 203 <i>Attendance</i> Board: 100 % Audit Committee: 100 %	President and Chief Executive Officer of Empire Company Limited and President and Chief Executive Officer of Sobeys Inc. Mr. Marc Poulin has been employed by Sobeys Inc. since 1997 and he is presently acting as President and Chief Executive Officer of the Empire Company Limited since December 2013 and President and Chief Operating Officer of Sobeys Inc. since June 2012. Previously, from 2001 to June 2012, he was President of Sobeys Quebec and Vice-President merchandising for the Oshawa Group and after the acquisition by Sobeys, for the same Corporation. Mr. Poulin is a member of the Audit Committee. Votes received in favour at the 2014 Annual Meeting of Shareholders (%) : 99,98 - Withheld (%) : 0,02

<p>JOCELYN PROTEAU Quebec, Canada Director since 2005</p> <p>Independent</p> <p>Common shares: 1 100 Share options: 3 000 DSU: 8 789</p> <p><i>Attendance:</i></p> <p>Board: 100 % Audit Committee 100 % Human Resources and Corporate Governance Committee: 100 %</p>	<p>Corporate Director</p> <p>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.</p> <p>Mr. Proteau is Chair of the Board and 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.; director and chair of the Governance Committee of the Canadian Public Accountability Board (CPAB).</p> <p>Mr. Proteau is President of the Board.</p> <p>Votes received in favour at the 2014 Annual Meeting of Shareholders (%) : 97,15 - Withheld (%) : 2,85</p>
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To the best knowledge of the Corporation, none of the proposed nominees for election to the Board:

- is, as of the date of this Circular, or has been, within the past 10 years, a director, a chief executive officer or a chief financial officer of any corporation that, i) while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied such corporation access to any exemptions under Canadian securities legislation for a period of more than 30 consecutive days; or ii) was subject to a cease trade or similar order or an order that denied such company access to any exemptions under Canadian securities legislation for a period of more than 30 consecutive days that was issued after the director or officer ceased to act in that capacity which resulted from an event that occurred while that person was acting in that capacity;
- is, as of the date of this Circular, or has been, within the past 10 years, a director or officer of any corporation that, while such person was acting in that capacity, or within a year of that person ceasing to act in that capacity, was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- as of the date of this Circular or within the past 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.
- 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
- 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 securityholder in deciding whether to vote for a proposed director.

BOARD DIVERSITY

We believe that increasing the diversity of our Board to reflect the communities and customers we serve is important to our success. We further believe that this principle needs to be applied both in regards to the level of experience required or expected from our Board members and in regards to the gender of such members.

Composition of the Board is primarily a question of experience and expertise brought by each nominee to the Board, including, without limitations, those identified in Appendix A attached hereto. Notwithstanding the preceding, the Board's policy is also to maintain substantial representation of women, whether on its Board or within its upper management. Accordingly, the Board is receptive to increasing the representation of women as Board turnover occurs from time to time. Strong woman candidate or candidates will be identified, taking into account the skills, background, experience and knowledge desired at that particular time by the Board and its committees.

It is to be noted that, if elected or re-elected at the Meeting, two of the eight nominees will be women, thereby holding 25% of the seats on the Board, a proportion significantly greater than is characteristic on the boards of most Canadian public issuers. The Canadian Board Diversity Council in its 2014 Annual Report Card stated that women now hold approximately 17.1% of FP 500 board seats.

The Board is fully committed to ensuring that women are well represented on the Board in keeping with the aforementioned criteria. The Corporation regards involvement of women on the Board and their experience and inputs as constructive to the Board sessions and Board decision-making.

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 proposed for election to the Board, namely Denyse Chicoyne, Sylvie Vachon, Robert Courteau, Jean Douville, Mathieu Gauvin, Marc Poulin and Jocelyn Proteau are independent directors in that each of them has no material relationship with the Corporation and, in the reasonable opinion of the Board, are 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	✓		
Jean Douville	✓		
Mathieu Gauvin	✓		
Richard Lord		✓	Mr. Lord is President and CEO of the Corporation
Marc Poulin	✓		
Jocelyn Proteau	✓		

DIRECTORS' COMPENSATION

Directors' Compensation Policy

Prior to January 23, 2014, independent directors received an annual retainer of \$36,000 for serving as members of the Board, while the Chairman of the Board received an annual retainer of \$90,000 and the chairs of the Audit Committee and of the Human Resources and Corporate Governance Committee respectively received an additional, annual retainer of \$7,500 each. In addition, attendance fees of \$2,000 were paid to each independent directors, including the Chairman of the Board, for each meetings of the Board, of the Audit Committee or of the Human Resources and Corporate Governance Committee they attended. On January 23, 2014, the Board, following a recommendation issued by the Human Resources and Corporate Governance Committee, amended the Corporation's director's compensation policy. Beginning on January 24, 2014 and for the remainder of the fiscal year ended November 30, 2014, each independent director received an annual retainer of \$54,000. The Chairman of the Board further received an additional remuneration of \$62,000 while the chairs of the Audit Committee and the Human Resources and Corporate Governance Committee each received an additional remuneration of \$7,500. 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.

Following a recommendation of the Human Resources and Corporate Governance Committee, the Board adopted, on January 24, 2013, the following guidelines regarding the share and DSU holding requirements: effective January 24, 2013, each independent directors shall, over a period of five (5) years, 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 shall be paid in DSUs until the required holding amount has been attained.

Share Option Plan

The Corporation grants each new independent director 1,000 options per year up to a maximum of 5,000 options, provided that the total number of options granted at no time exceeds the total number of Shares and DSUs held by the director.

Compensation Paid to Directors for the Fiscal Year Ended November 30, 2014

The following table presents the compensation paid to each director for services rendered during the fiscal year ended November 30, 2013, 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, 2014, five (5) meetings the Board; four (4) meetings the Audit Committee; and three (3) 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⁾			
PIERRE BOURGIE	\$54,000	N/A	\$4,000	\$58,000	\$0	\$11,210	\$0	\$69,210
DENYSE CHICOYNE	\$54,000	N/A	\$4,000	\$0	\$58,000	—	\$8,620	\$66,620
ROBERT COURTEAU	\$54,000	N/A	\$4,000	\$0	\$58,000	—	\$8,615	\$66,615

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⁾			
JEAN DOUVILLE	\$54,000	\$7,500	\$4,000	\$0	\$65,500	—	\$8,832	\$74,332
MATHIEU GAUVIN	\$54,000	\$7,500	\$4,000	\$0	\$65,500	—	\$9,839	\$74,339
RICHARD LORD	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
MARC POULIN	\$54,000	N/A	\$4,000	\$0	\$58,000	\$11,210	\$864	\$70,074
JOCELYN PROTEAU	\$54,000	\$62,000	\$6,000	\$61,000	\$61,000	—	\$2,257	\$124,257

- 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 as of January 23, 2014 multiplied by \$11.21, representing the fair market value of said 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 consolidated financial statements for the year ended on November 30, 2014:
- Attribution date: January 23, 2014
- i. Exercise price: \$43.51
 - ii. Risk-free interest rate: 2.29%
 - iii. Expected life of options: 7 years
 - iv. Volatility: 25%
 - v. Dividend yield: 1.29%
- 3) This amount represents the dividend equivalents reinvested in additional DSUs during the 2014 financial year.

Outstanding Option-based Awards and Share-based Awards

The following table presents, for each director, all options outstanding as of November 30, 2014. The Corporation 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, 2014, all DSUs granted were already vested. As of November 30, 2014 and 2013, Liabilities attributable to the DSU Plan were \$4,463,000 and \$3,156,000, respectively.

Name	Unexercised Options Held (#) ⁽¹⁾	Market Value of Options ⁽¹⁾	Number of Unvested DSUs (#)	Market Value of Unvested DSUs ⁽²⁾
PIERRE BOURGIE	5,000	\$111,960	—	—
DENYSE CHICOYNE	5,000	\$179,125	—	—
ROBERT COURTEAU	5,000	\$179,715	—	—
JEAN DOUVILLE	5,000	\$179,125	—	—
MATHIEU GAUVIN	—	—	—	—
RICHARD LORD ⁽³⁾	N/A	N/A	N/A	N/A
MARC POULIN	2,000	\$31,570	—	—
JOCELYN PROTEAU	3,000	\$101,060	—	—

- 1) The following table presents a breakdown of all outstanding options granted and their value as of November 30, 2014, based on the difference between the closing price of the Share on the Toronto Stock Exchange (\$56.61) 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
PIERRE BOURGIE	July 8, 2010	1,000	\$23.37	July 8, 2020	\$33,240
	July 7, 2011	1,000	\$27.93	July 7, 2021	\$28,680
	January 29, 2013	2,000	\$38.14	January 29, 2023	\$36,940
	January 23, 2014	1,000	\$43.51	January 23, 2024	\$13,100

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	November 30, 2005	1,000	\$21.69	November 30, 2015	\$34,920
	April 2, 2007	1,000	\$22.88	April 2, 2017	\$33,730
	July 9, 2008	1,000	\$19.27	July 9, 2018	\$37,345
	March 26, 2009	1,000	\$16.72	March 26, 2019	\$39,890
	July 8, 2010	1,000	\$23.37	July 8, 2020	\$33,240
ROBERT COURTEAU	July 5, 2006	1,000	\$21.10	July 5, 2016	\$35,510
	April 2, 2007	1,000	\$22.88	April 2, 2017	\$33,730
	July 9, 2008	1,000	\$19.27	July 9, 2018	\$37,345
	March 26, 2009	1,000	\$16.72	March 26, 2019	\$39,890
	July 8, 2010	1,000	\$23.37	July 8, 2020	\$33,240
JEAN DOUVILLE	November 30, 2005	1,000	\$21.69	November 30, 2015	\$34,920
	April 2, 2007	1,000	\$22.88	April 2, 2017	\$33,730
	July 9, 2008	1,000	\$19.27	July 9, 2018	\$37,345
	March 26, 2009	1,000	\$16.72	March 26, 2019	\$39,890
	July 8, 2010	1,000	\$23.37	July 8, 2020	\$33,240
MARC POULIN	January 29, 2013	1,000	\$38.14	January 29, 2023	\$18,470
	January 23, 2014	1,000	\$43.51	January 23, 2024	\$13,100
JOCELYN PROTEAU	July 5, 2006	1,000	\$21.10	July 5, 2016	\$23,580
	October 3, 2007	1,000	\$24.30	October 3, 2017	\$20,380
	July 8, 2010	1,000	\$23.37	July 8, 2020	\$21,310

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, 2014. 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⁾
PIERRE BOURGIE	\$14,420	—
DENYSE CHICOYNE	\$6,563	\$62,620
ROBERT COURTEAU	\$6,563	\$62,615
JEAN DOUVILLE	\$6,563	\$70,332
MATHIEU GAUVIN	—	\$71,339
RICHARD LORD ⁽¹⁾	N/A	N/A
MARC POULIN	\$1,218	\$66,074
JOCELYN PROTEAU	\$6,563	\$60,257

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 2014 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.

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 favours 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 Bourgie 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 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, 2014. 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, i.e., 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, 2014.

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 market positioning of the 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 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, 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. Jean Douville (Chair), Mr. Robert Courteau and Mrs. Denyse Chicoyne. 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, 2014. 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 retains, as needed, the services of an external compensation consulting firm, for the purpose of obtaining external information and advice on NEO compensation plans.

Executive Compensation Principles

The compensation of the Corporation's senior officers 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 its economic value for 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 financial and operational objectives, as well as each individual's 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 directors' 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 fourteen (14) 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 fourteen (14) corporations:

RONA INC.
WAJAX CORPORATION
GROUPE COLABOR INC.
BMTIC GROUP INC.

UNI-SELECT INC.
BRICK
ROCKY MOUNTAIN DEALERSHIPS
CANWELL BUILDING MATERIALS GROUPS LTD.

LEON'S FURNITURE LTD.
GOODFELLOW INC.
VICWEST INC.

STRONGCO CORPORATION
CERVUS EQUIPMENT CORP.
HARDWOODS DISTRIBUTION INC.

For consistency and comparison purposes, the comparative group is reviewed annually to ensure that the inclusion criteria and corporations included remain relevant. The Corporation is of the opinion that the comparative group remains relevant and adequate and no changes were made to said comparative group since January 23, 2014.

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						

COMPENSATION COMPONENT		DESCRIPTION	CRITERIA	OBJECTIVE	ELIGIBILITY	SHORT TERM	LONG TERM
	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

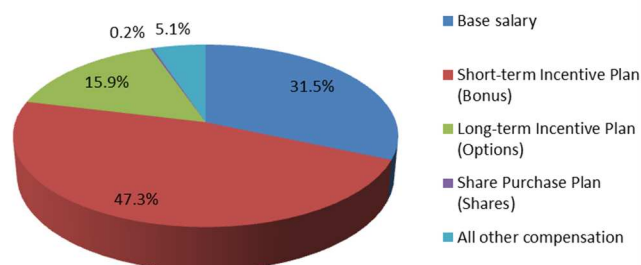
Determination and Description of Compensation Components

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

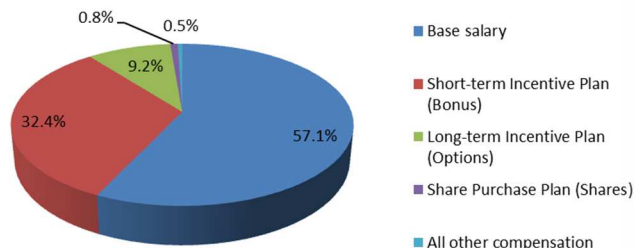
- Base Salary – the targeted base salary is the median of the comparative group. However, it may be adjusted upward or downward to reflect specific circumstances, such as experience and individual contributions.
- Benefit Plan – benefits are set at market competitive levels.
- Annual Short-term Incentive 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 can go as low as zero when the Corporation's EPS are below the threshold established at the start 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 – an allowance of \$2.1 million for a retirement starting on December 1, 2014. The retirement allowance will thereafter be increased by \$100,000 each year, for an allowance of \$2.3 million on December 1, 2016.

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

President and Chief Executive Officer



Named Executive Officers (NEOs)



Base Salary

The Human Resources and Corporate Governance Committee, where appropriate, recommends to the Board increases 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, where applicable. Individual performance includes, but is not limited to, each executive officer's contribution to the Corporation's success, functional or regional results, leadership, quality of management, and espousing of our corporate values.

For the fiscal year ended November 30, 2014, the NEOs' base salaries were increased, on average, by a percentage of 3.3%.

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 and for meeting objectives related to their activity sector, region, duties, business unit, as well as their personal achievements.

The following table presents the maximum annual bonus, the bonus formula, and the performance indicators that apply to each NEO for the fiscal year ended November 30, 2014.

Name and Position Title	Maximum Bonus Opportunity	=	(	EPS	+	Sector or Region Quantitative Objectives	+	Function Quantitative Objectives	+	Individual Quantitative 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 % - 4 %	+	0 % - 16 %	+	0 % - 20 %)
CHARLES WHITE - Vice-President - General Manager, U.S.	50 %	=	(	0 % - 9 %	+	0 % - 16 %	+	0 % - 15 %	+	0 % - 10 %)
JOHN STATTON - General Manager Western Canada and Western U.S	70 %	=	(	0 % - 7 %	+	0 % - 35 %	+	0 % - 18 %	+	0 % - 10 %)

The Sector or Region Quantitative Objectives refer to financial objectives (such as reaching a specified price per Share, increase of sales, margin, earnings before taxes, interest and amortization) which are determined in the annual business plan approved at the beginning of the Corporation's fiscal year.

The quantitative function objectives refer to the sales or other quantitative objectives under the position's supervision (for example, increase of sales and profits of all or certain products, reduction of expenses, meeting project deadlines, etc.).

Personal quantitative objectives are also approved at the beginning of the year. They usually 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. According to the formula, no bonus is payable 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, 87% of the maximum bonus to its NEO and the percentage ranged from 80% to 98%.

Each year, the Human Resources and Corporate Governance Committee recommends to the Board the payment of the President and CEO's bonus according to the level of attainment of the performance objectives set at the beginning of the previous fiscal year. The Human Resources and Corporate Governance Committee also recommends the President and CEO's performance objectives for the upcoming fiscal year. 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 according to the economic and commercial forecasts available at the time. The Board may adjust, at its discretion, the formula and the bonus amounts according to results and changes to the Corporation's economic and commercial situation.

The Board approved the payment of a bonus of \$930,000 to the President and CEO, which represents 150% of his base salary for the fiscal year ended on November 30, 2014. Similarly, the Board also approved a bonus pool of \$3.9 million to be paid to participants in the short-term incentive plan. The President and CEO allocated the bonus pool based on regional or sectorial 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:

- 10.2% increase in consolidated sales;
- 5 completed acquisitions in the course of the financial year;
- 18.5% increase in EPS; and
- Implementation of the main objectives established in the Corporation's strategic plan.

Long-term Incentive Plans

The Corporation offers the following two long-term incentive plans:

- a Share purchase plan;
- a Share option plan; and for the President and CEO, a retirement allowance set up during the financial year 2010, such allowance would reach \$2.3 million if he were to retire on December 1st, 2016.

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 favour the accumulation of capital.

Share Option Plan

Options to purchase Shares may be granted from time to time to executive officers and other key employees pursuant to the Share option plan (the "Option Plan"). The terms and conditions of the 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 the participants under the Option Plan is 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.

In regards to the fiscal year ended November 30, 2014, the Board approved the grant of a total of 82,300 options to the Option Plan participants, 37,000 options of which were granted to NEOs. See "Share Option Plan" of this circular for the terms and conditions relating to the options, including the exercise price and vesting conditions.

The value of options granted to the NEOs is competitive with the median of the value of long-term incentive grants made by corporations in the comparative group, and the total direct compensation (the sum of the salary, the paid annual bonus, and the estimated value of the option grant) is competitive with the range between the median and the third quartile of the comparative group for the President and CEO and the Vice-President and CFO, and with the median for the other NEOs.

Retirement allowance for the President and Chief Executive Officer

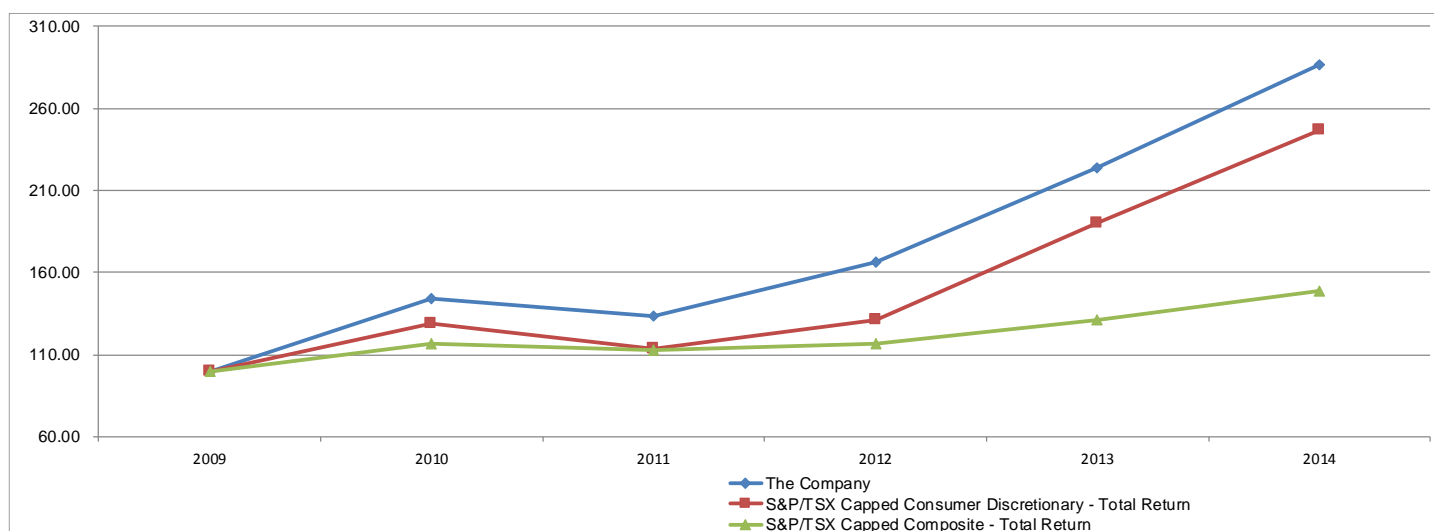
Based on the report prepared by PCI, with respect to compensation plans of the President and Chief Executive Officer, the Human Resources and Corporate Governance Committee recommended to the Board the establishment of a retirement allowance for the President and Chief Executive Officer. On July 8, 2010, the Board authorized the establishment of a retirement allowance for Mr. Richard Lord in order to align his total compensation with reference market practices, to recognize his many years of service and to encourage him to remain active within the Corporation. Mr. Lord did not receive any options pursuant to the Option Plan in January 2010, 2011 and 2012 in light of the establishment of this retirement allowance. The retirement allowance granted includes the following:

- An allowance of \$2.1 million for a retirement which could start on December 1st, 2014.
- The retirement allowance will thereafter be increased by \$100,000 each year, for a total allowance of \$2.3 million on December 1, 2016.

A bank letter of credit was issued to guarantee the 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 fiscal years ending November 30, 2014, i.e., from December 1, 2009 to the end of the fiscal year ended November 30, 2014.



As at November 30 th	2009	2010	2011	2012	2013	2014
The Company	100.00 \$	143.94 \$	133.17 \$	166.28 \$	223.87 \$	286.10 \$
S&P/TSX Capped Consumer Discretionary - Total Return	100.00 \$	128.68 \$	113.79 \$	131.28 \$	190.38 \$	246.55 \$
S&P/TSX Capped Composite - Total Return	100.00 \$	116.29 \$	112.41 \$	116.18 \$	131.22 \$	148.61 \$

During the past five 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 modest salary increases were consistent with average salary increases in the market, and, in some cases, reflected additional responsibilities. In 2012, 2013 and 2014, bonuses totalling \$1.068 million, \$0.982 million and \$1.453 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, 2014, 2013, and 2012.

Name	Year	Salary (\$)	Share-based awards ⁽¹⁾	Option-based awards (\$) ⁽²⁾	Non-equity incentive plan compensation (annual performance bonus) ⁽⁴⁾	All other compensation (\$) ⁽⁵⁾	Total compensation (\$)
RICHARD LORD - President and Chief Executive Officer	2014	\$620,000	\$4,240	\$312,000 ⁽²⁾	\$930,000	\$101,171	\$1,967,411
	2013	\$600,000	\$4,160	\$248,750	\$600,000	\$101,149	\$1,554,059
	2012	\$585,000	\$4,160	—	\$643,500	\$126,149	\$1,358,809
ANTOINE AUCLAIR - Vice-President and Chief Financial Officer	2014	\$250,000	\$3,650	\$112,100 ⁽³⁾	\$148,000	\$3,960	\$519,710
	2013	\$246,000	\$3,120	\$99,500	\$110,000	\$3,440	\$462,060
	2012	\$240,000	\$3,120	\$98,100	\$100,000	\$3,113	\$444,333
GUY GRENIER - Vice-President, Sales and Marketing- Industrial	2014	\$300,000	\$5,300	\$22,420 ⁽³⁾	\$170,000	\$3,960	\$501,680
	2013	\$293,000	\$4,360	\$29,850	\$155,000	\$3,440	\$485,650
	2012	\$286,000	\$3,120	\$6,540	\$150,000	\$3,113	\$448,773
CHARLES WHITE - Vice-President - General Manager, U.S. ⁽⁶⁾	2014	\$180,000	\$520	—	\$75,000	—	\$266,730
	2013	\$168,100	\$520	—	\$71,800	—	\$240,420
	2012	\$164,300	\$520	—	\$50,000	—	\$214,000
JOHN STATTON - General Manager Western Canada and Western U.S.	2014	\$187,000	\$4,160	\$5,605 ⁽³⁾	\$130,900	—	\$327,665
	2013	\$183,000	\$4,160	\$29,850	\$45,000	—	\$262,010
	2012	\$178,500	\$4,160	\$6,540	\$50,000	—	\$239,220

- 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 March 14, 2014 multiplied by \$12.48, 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 for the year ended November 30, 2014:
Attribution date : March 14, 2014
vi. Exercise price : \$47.98
vii. Risk-free interest rate : 2.29%
viii. Expected life of options : 7 years
ix. Volatility : 25%
x. Dividend yield : 1.29%
- 3) This amount is equal to the number of options granted on January 23, 2014 multiplied by \$11.21, 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 for the year ended November 30, 2014:
Attribution date : January 23, 2014
xi. Exercise price : \$43.51
xii. Risk-free interest rate : 2.29%
xiii. Expected life of options : 7 years
xiv. Volatility : 25%
xv. Dividend yield : 1.29%
- 4) See "Annual Short-term Incentive Plan"
- 5) The amounts represent the value of premiums paid by the Corporation for the group insurance plan for Mr. Richard Lord in 2014. 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".
- 6) The amounts represented are in United States Dollars, except for option-based awards.

Incentive Plan Awards

Outstanding Option-based Awards

The following table presents, for each NEO, all of the option-based awards outstanding on November 30, 2014. Shares purchased with the Corporation's contributions under the Share Purchase Plan are vested immediately in such a way that on November 30, 2014, all Shares granted are already vested.

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 25, 2006	50,000	\$22.43	January 25, 2016	\$1,709,000
	January 26, 2007	50,000	\$24.76	January 26, 2017	\$1,592,500
	January 31, 2008	50,000	\$20.62	January 31, 2018	\$1,799,500
	January 22, 2009	50,000	\$17.44	January 22, 2019	\$1,958,500
	January 29, 2013	25,000	\$38.14	January 29, 2023	\$461,750
	March 14, 2014	25,000	\$47.98	March 14, 2024	\$215,750
ANTOINE AUCLAIR - Vice-President and Chief Financial Officer	January 26, 2012	15,000	\$27.43	January 26, 2022	\$437,700
	January 29, 2013	10,000	\$38.14	January 29, 2023	\$184,700
	January 23, 2014	10,000	\$43.51	January 23, 2024	\$131,000
GUY GRENIER - Vice-President, Sales and Marketing -Industrial	January 25, 2006	3,000	\$22.43	January 25, 2016	\$102,540
	January 26, 2007	10,000	\$24.76	January 26, 2017	\$318,500
	January 31, 2008	20,000	\$20.62	January 31, 2018	\$719,800
	January 22, 2009	5,000	\$17.44	January 22, 2019	\$195,850
	March 31, 2011	2,000	\$30.45	March 31, 2021	\$52,320
	January 26, 2012	1,000	\$27.43	January 26, 2022	\$29,180
	January 29, 2013	3,000	\$38.14	January 29, 2023	\$55,410
	January 23, 2014	2,000	\$43.51	January 22, 2024	\$26,200

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⁾
CHARLES WHITE - Vice-President - General Manager, U.S.	January 23, 2014	1,000	\$43.51	January 23, 2024	\$13,100
JOHN STATTON - General Manager Western Canada and Western U.S.	January 25, 2006	2,000	\$22.43	January 25, 2016	\$68,360
	January 26, 2007	2,000	\$24.76	January 26, 2017	\$63,700
	January 31, 2008	2,000	\$20.62	January 31, 2018	\$71,980
	January 22, 2009	1,000	\$17.44	January 22, 2019	\$39,170
	March 31, 2011	1,000	\$30.45	March 31, 2021	\$26,160
	January 26, 2012	1,000	\$27.43	January 26, 2022	\$29,180
	January 29, 2013	3,000	\$38.14	January 29, 2023	\$55,410
	January 23, 2014	500	\$43.51	January 23, 2024	\$6,550

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 November 30, 2014 (\$56.61) 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 2014 and the amount of bonus earned with respect to the performance achieved during fiscal year 2014.

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	\$30,438	\$4,160	–
ANTOINE AUCLAIR - Vice-President and Chief Financial Officer	\$71,688	\$3,120	–
GUY GRENIER - Vice-President, Sales and Marketing – Industrial	\$16,695	\$4,360	–
CHARLES WHITE - Vice-President - General Manager, U.S.	–	\$520	–
JOHN STATTON - General Manager, Western Canada and Western U.S.	\$12,158	\$4,160	–

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 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

On July 13, 1993, the Corporation established the Option Plan in order to attract and retain highly qualified directors and employees who will be motivated toward the success of the Corporation and to encourage them to share ownership in the Corporation.

The individuals who are eligible to receive options to purchase Shares under the Option Plan are directors, senior executive officers and key employees of the Corporation and its subsidiaries, as determined from time to time by the Human Resources and Corporate Governance Committee. An optionee may be granted more than one option, provided such optionee does not hold options on more than five percent (5%) of the outstanding Shares. Options granted pursuant to the Option Plan cannot, under any circumstances, be transferred to third parties. Any optionee, whether an insider or not, is subject to such restriction.

The participants to the Option Plan receive options that may be exercised within ten (10) years of the date of grant or on any prior date as hereinafter defined. Under the terms of the Option Plan, the vesting periods for the options are as follows:

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

Moreover, the Option Plan provides that if the Corporation is to be merged with another entity or acquired by such entity by way of a merger, a sale of all or substantially all of its assets or otherwise (the "Acquisition"), the Human Resources and Corporate Governance Committee or the Board of any entity that assumes the obligations of the Corporation pursuant to the Option Plan (the "Successor Board") shall, as to the outstanding options, i) provide for the appropriate reserves for the conversion of such options by fairly replacing the then underlying Shares by the consideration payable for the outstanding Shares pursuant to the acquisition or ii) upon written notice to optionees, provide that all options shall be exercised, if and when they may then be acquired and exercised, during a given period following the date of such notice, at the end of which the options shall be terminated; or iii) terminate all options in exchange of a cash payment equal to the amount by which the fair market value of the Shares underlying such options (if and when they may then be acquired and exercised) exceeds their option exercise price.

Any Option Plan participant may exercise his option by paying its value at the time of exercise, then hold the Share or sell it on the market and benefit from the differential between the exercise price of the option and the price of the Shares.

The price at which Shares may be purchased will be determined by the Human Resources and Corporate Governance Committee but may not be less than the weighted average price of the Shares traded on the Toronto Stock Exchange (the "TSX") during the five (5) business days immediately preceding the date of the grant.

The Option Plan provides that, unless the Board rules otherwise, options granted pursuant to the Option Plan expire no later than the tenth (10th) anniversary of the date of grant and all unexercised options expire and terminate and have no further effect after the tenth (10th) anniversary of their grant or, if one of the following dates is earlier, at such earlier date: i) in case of termination of employment of an optionee, within thirty (30) days following the date of termination if such termination is without cause; ii) in case of dismissal for cause, the option must be exercised the next business day following the date of the written notice of termination; iii) if the optionee is a non-employee director of the Corporation and stops acting as a director, he may exercise his option at any time within thirty (30) days following the release of the quarterly results following the date on which he stops acting in such capacity; and iv) if an optionee deceases, any portion of the options he held, that has not vested on the date of death, vests immediately so that the options of the deceased optionee may be exercised by the legal representative(s) of the optionee at any time during the one hundred and eighty (180) days following the date of death.

As per the TSX standards, any amendments to the Option Plan must be approved by the Board, the TSX and the shareholders by way of resolutions adopted at a special meeting.

The following table indicates the outstanding options and options available under the Option Plan as of November 30, 2014:

Total Number of Options Pursuant to the Option Plan	Total Number of Reserved Shares	Outstanding Options	Average Exercise Price of Outstanding Options	Available Options
2,396,000	669,498	587,198	\$26.80	82,300

When the Option Plan was initially adopted in 1993, a maximum of 599,000 Shares were reserved for issuance pursuant to such Option Plan. On April 9, 1999, and July 20, 2001, the Corporation's Shares were subdivided, which increased the number of Shares reserved for issuance pursuant to the Option Plan to 2,396,000. As of November 30, 2014, 587,198 options are outstanding, representing 3% of the issued and outstanding securities and, as at the same date, the total number of reserved Shares was 669,498, representing 3.4% of the issued and outstanding Shares of the Corporation. It is important to mention that the Corporation has bought back 667,600 Shares from December 10, 2013 to December 9, 2014, thus increasing the number of options compared to the total number of issued and outstanding Shares.

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, 2014, and 2013.

Category of Fees	2014	2013
Audit Fees	\$207,050	\$210,050
Audit-related Fees	\$81,450	\$46,200
Tax Fees	\$6,900	\$690 0
Total	\$295,400	\$263,150

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 last amendment to the Option Plan was adopted at the Annual General Meeting held on October 31, 2002. We refer you to the section entitled "Share Option Plan" of this Circular for further details regarding the Option Plan.

Since the 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 Option Plan is one component of compensation, added to others such as base salary, the target annual bonus, the mid-term incentive plan and other benefits plans. The Corporation further considers that the proportion between the Option Plan and the entire compensation package is reasonable.

The general conditions of the Option Plan, including the 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 favour the long-term performance of those participating in the 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 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 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 Option Plan's adoption, 2,396,000 Shares have been reserved for grants under said Option Plan, 1,756,510 Shares have been issued as the result of options being exercised and, as of January 30, 2015, 2,396,000 options were granted. As a result, and following the cancellation, as of January 26, 2015, of 1,100 previously issued options, only 1,100 options remain available for future grants under the Option Plan. As approximately 100,000 options are granted each year, if the Option Plan is not amended 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.

Consequently, on January 22, 2015, the Board authorized an additional number of 1,290,000 Shares reserved for issuance, increasing the total number of Shares reserved for issuance to 1,934,990 at that date. As at January 22, 2015, there were 19,590,794 Shares issued and outstanding, and the total number of Shares reserved for issuance on said date represented approximately 9.9% of the total number of Shares issued and outstanding.

Moreover, on January 22, 2015, the Board approved amendments to the Option Plan that were not subject to shareholder approval, as they were administrative in nature as well as amendments clarifying provisions of the Option Plan.

The TSX has conditionally approved the proposed amendment to the Option Plan. However, to come into effect, the amendment to the 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 to be presented for consideration at the Meeting is as follows:

IT IS RESOLVED:

THAT the Option Plan be and is hereby amended providing for 1,290,000 additional Shares to be reserved for issuance under said Option Plan;

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 Option Plan described herein.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As of November 30, 2014, 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 1, 2014 and ending November 30, 2015 is \$20,000,000. For the coverage year as defined in the policy, the Corporation has paid an annual premium of approximately \$48,000.

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, 2014. 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, Montréal, 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 27th day of February 2015.

(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: Mr. Pierre Bourgie, Ms. Denyse Chicoyne, Mr. Robert Courteau, Mr. Jean Douville, Mr. Mathieu Gauvin, Mr. Marc Poulin and Mr. Jocelyn Proteau 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 judgement 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 judgement, 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.

Five (5) independent directors meetings were held during the fiscal year ending on November 30, 2014.

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, 2014, 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 of 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, Montréal, 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. Jean Douville (Chair), Mr. Robert Courteau and Mrs. Denyse Chicoyne. Mr. Jocelyn Proteau acts now as ex-officio member of this Committee. The members of the Human Resources and Corporate Governance Committee are appointed by the Board in March of each year.

To fulfil 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 more fully 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 Corporate 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 a questionnaire that is forwarded to every director. The results are collected by the Chair of the Board and communicated to the 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 Office 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 five (5) 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 fulfils its responsibilities pursuant to its written mandate; and
- iv)* reporting to the Board on the work performed by the committee.

APPENDIX D: SHARE OPTION PLAN

RICHELIEU HARDWARE LTD. KEY EMPLOYEE SHARE OPTION PLAN

1. Purpose. The Richelieu Hardware Ltd. Key Employee Share Option Plan (the "Plan") is intended to attract and retain highly qualified directors and employees who will be motivated toward the success of Richelieu Hardware Ltd. (the "Company") and to encourage share ownership in the Company by directors and certain key employees of the Company and its subsidiaries.
2. Number of Common Shares Subject to the Plan. Each option (an "Option") will entitle the optionee (an "Optionee") to purchase one common share of the Company (a "Common Share") upon the terms and conditions set forth herein and as completed and fixed at the time of the grant of the Option by the Human Resources Committee of the Board of Directors of the Company (the "Committee"). The maximum number of Common Shares that may be issued upon the exercise of Options granted under the Plan shall not exceed **3,686,000** ~~2,396,000~~ Common Shares, subject to adjustment pursuant to Section 4. Upon the expiry, surrender, or termination, in whole or in part, of an unexercised Option, the Common Shares subject to such Option shall be available for other Options to be granted from time to time under the Plan.
3. Terms and Conditions of Options.
 - 3.1 Persons Eligible to Receive Options. The individuals who shall be eligible to receive Options under the Plan shall be the directors, senior executive officers and key employees of the Company and its subsidiaries, as the Committee from time to time shall determine. More than one Option may be granted to the same Optionee, provided that such Optionee does not hold Options covering more than 5% of the outstanding Common Shares.
 - 3.2 Exercise Price. The price at which Common Shares may be purchased under the Plan shall be determined by the Committee on the date an Option is granted (the "Grant Date"), provided however, that such price may not be less than the average of the Market Price of the Common Shares for the five trading days immediately preceding the Grant Date (the "Exercise Price"). For the purposes of the Plan, "Market Price" shall mean:
 - a) the average of the high and low prices of the Common Shares on the Toronto Stock Exchange on a trading day, and
 - b) if there was no trade for the Common Shares on such exchange on a relevant trading day, then the Market Price will be the average of the bid and ask quotations for the Common Shares on such relevant trading day on such stock exchange.
 - 3.3 Vesting. ~~Subject to Section 5, the~~ Options granted under the Plan will vest with the Optionee as follows:
 - a) 25% of the Options granted to an Optionee vest on the first anniversary of the Grant Date,
 - b) an additional 25% of the Options granted to an Optionee vest on the second anniversary of the Grant Date,
 - c) an additional 25% of the Options granted to an Optionee vest on the third anniversary of the Grant Date, and
 - d) the remaining 25% of the Options granted to an Optionee vest on the fourth anniversary of the Grant Date.
 - 3.4 Option Period. Once an Option has vested, the Optionee may exercise that Option at any time not later than the tenth anniversary of the Grant Date (the "Option Period") and all unexercised Options shall expire and terminate and be of no further force or effect whatsoever following the tenth anniversary of the Grant Date (the "Expiry Date").
 - 3.5 Methods of Payment. The Optionee, from time to time during the Option Period, may elect to exercise any or all of the Options then vested and not previously exercised, by duly executing and delivering to the Company an Exercise of Option Form, substantially in the form provided in Schedule A hereto, accompanied by payment in full of the Exercise Price. Subject to Section 4 of the Plan, Options may only be exercised in increments of 100 **(or in totality if the number of Options remaining is less than 100)**. Payment of the Exercise Price may be made by cash, certified cheque, bank draft or money order payable to the Company.
 - 3.6 Withholding. No Common Shares shall be issued by the Company to an Optionee upon the exercise of an Option until appropriate arrangements have been made for the payment of any amounts which may be withheld or paid by the Company with respect thereto, including, without limitation, withholding the transfer of a portion of the Common Shares otherwise issuable in order to satisfy all or a portion of the required withholdings or payments.
 - 3.7 Termination of an Optionee's Employment. In the event that an Optionee's employment with the Company or any subsidiary is terminated for any reason other than death, any or all of the Options held by such Optionee which are then vested and have not been previously exercised may be exercised, at anytime during the 30 days following the date on which such Optionee's employment is terminated and prior to the Expiry Date; provided, however, that
 - a) in the event the employment of an Optionee is terminated without cause, the Board of Directors of the Company may, in its discretion, amend the terms of any Option held by such Optionee to permit such person to exercise any or all of such Options as if such Optionee's employment had not been terminated (for purposes of the Plan, the transfer of an employee's employment to the Company or to any subsidiary of the Company shall not be considered a termination of employment); and
 - b) notwithstanding any other term or condition of the Plan, in the event the employment of an Optionee is terminated for cause, the Options held by such Optionee which are then vested and have not been previously exercised will only be exercisable during the next business day following the date of personal delivery of a written notice **(and not after); such written notice shall confirm**ing (i) such termination for cause and (ii) the requirement to exercise such Options.
 - 3.8 Non Employee Director Ceasing to Act as Director. In the event that a non employee director ceases to act as a director of the Company, such non employee director may exercise, at any time during the 30 days following the announcement of the quarterly results next following the date such director ceases to act as such and prior to the Expiry Date, any or all of his Options vested on the date he ceased to act as a director and not previously exercised; those Options

which have not vested on or prior to the date such director ceases to act as such shall terminate on such date.

- 3.9 Rights in the Event of an Optionee's Death. In the event of the death of an Optionee, the vesting of any portion of the Options held by such Optionee which has not already vested on the date of such Optionee's death, shall vest immediately so that such Options may be exercised by the Optionee's legal personal representative(s) at any time after the date of the Optionee's death up to and including (but not after) a date which is 180 days following the date of the Optionee's death (but in no event after the Expiry Date), as to any or all of such Optionee's Options which had not previously been exercised.
- 3.10 No Employment Right. Nothing in the Plan shall confer upon the Optionee the right to be employed or continue in the employ of the Company or its subsidiaries or interfere in any way with the right of the Company to terminate an Optionee's employment at any time and for any reason.
- 3.11 No Shareholder Rights. An Optionee shall have no rights as a shareholder with respect to any Common Shares which are the subject of an Option until the date of the valid issuance of such Common Shares to the Optionee upon the exercise of an Option and only after such Common Shares are fully paid for. No adjustment will be made for dividends or other distributions or rights for which the record date is prior to the date of such issuance.
- 3.12 Transfer and Assignment. The Optionee's rights with respect to an Option granted under the Plan are not assignable or transferable by the Optionee or capable of being the subject of any other alienation, sale, pledge or encumbrance by such Optionee (subject to Section 3.9 hereinabove). ~~other than by will or by the laws of descent and distribution or pursuant to the order of a court of competent jurisdiction.~~ Vested Options are exercisable during the Optionee's lifetime only by the Optionee. The obligations of each Optionee shall be binding on his heirs, executors and administrators.
- 3.13 Compliance with Applicable Securities and Other Laws. Options may be exercised only to the extent that the Company has obtained the necessary approvals under applicable securities and other laws governing the issuance and sale by the Company of its Common Shares to Optionees.
4. Adjustments. Subject to any regulatory approval or notification required by applicable law or stock exchange rules, upon the happening of any of the following events, an Optionee's rights with respect to an Option granted under the Plan shall be adjusted as hereinafter provided.
- 4.1 In the event of any subdivision, redivision or change of the Common Shares into a greater number of shares at any time, or in the case of the issue of shares of the Company to the holders of its outstanding Common Shares by way of a share dividend or share dividends (other than an issue of shares to shareholders pursuant to their exercise of options to receive dividends in the form of shares of the Company in lieu of cash dividends declared payable in the ordinary course by the Company on its Common Shares), the number of Common Shares deliverable by the Company upon the exercise of an Option shall be increased proportionately, and appropriate adjustments shall be made in the purchase price per share to reflect such subdivision, redivision or change.
- 4.2 In the event of any consolidation or change of the Common Shares into a lesser number of shares at any time, the number of Common Shares deliverable by the Company upon the exercise of an Option shall be decreased proportionately, and appropriate adjustments shall be made in the purchase price per share to reflect such consolidation or change.
- 4.3 In the event of any reclassification of the Common Shares, an Optionee shall accept, at the time of the exercise of an Option, in lieu of the number of Common Shares in respect of which the Option is being exercised, the number of shares of the Company of the appropriate class or classes as the Optionee would have been entitled as a result of such reclassification had the Option been exercised before such reclassification.
- 4.4 ~~Subject to Section 5, If~~ the Company is to be amalgamated with or acquired by another entity in a merger, sale of all or substantially all of its assets or otherwise (an "Acquisition"), the Committee or the Board of Directors of any entity assuming the obligations of the Company under the Plan (the "Successor Board"), shall, as to outstanding Options, either (i) make appropriate provision for the continuation of such Options by substituting on an equitable basis for the shares then subject to such Options the consideration payable with respect to the outstanding Common Shares in conjunction with the Acquisition; or (ii) upon written notice to the Optionees, provide that all Options must be exercised, to the extent they are then vested and exercisable, within a specified number of days of the date of such notice, at the end of which period the Options shall terminate; or (iii) terminate all Options in exchange for a cash payment equal to the excess of the fair market value of the shares subject to such Options (to the extent then vested and exercisable) over the exercise price thereof.

In the event of the proposed dissolution or liquidation of the Company, each Option will terminate immediately prior to the consummation of such proposed action or at such other time and subject to such other conditions as shall be determined by the Committee.

Except as expressly provided herein, no issuance by the Company of shares of any class, or securities convertible into shares of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares subject to Options under the Plan. No adjustments shall be made for dividends paid in cash or in property other than securities of the Company.

No fractional shares shall be issued under the Plan and the Optionee shall receive from the Company cash in lieu of such fractional shares.

Upon the happening of any of the foregoing events described in Subsections 4.1, 4.2, 4.3 or 4.4 above, the class and aggregate number of shares set forth in Section 2 that are the subject of Options which previously have been or subsequently may be granted under the Plan shall also be appropriately adjusted to reflect the events described in such Subsections. The Committee or the Successor Board shall determine the specific adjustments to be made under this Section 4 and its determination shall be conclusive.

5. ~~Omitted Change of Control. In the event of a change of control (whether in fact or in law) of the Company which results in any non-employee director of the Company being replaced, all Options then held by such person shall vest immediately notwithstanding the provisions of Subsection 3.3 in order to permit their full exercise in accordance with Subsection 3.8.~~
6. Administration. The Plan shall be administered by the Committee. Members of the Committee shall be appointed by the Board of Directors of the Company and shall serve as such at the pleasure of the Board of Directors. The Committee shall have full power and authority to designate those directors, senior executive officers and key employees of the Company and its subsidiaries who are to receive Options under the Plan, the number and Exercise Price of such Options and otherwise to interpret and construe the terms and conditions of each Option granted under the Plan. Any determination by the Committee shall be final and conclusive unless otherwise determined by the Board of Directors of the Company, and, in any such event, such determination of the Board of Directors shall be final and conclusive. The Board of Directors of the Company shall have the right to vary the terms upon which Options are granted to particular Optionees, provided such different terms do not increase the benefits accruing to such Optionees hereunder. The day to day administration of the Plan may be delegated to such

officers and employees of the Company or of any subsidiary of the Company as the Committee in its sole discretion shall determine.

7. Amendment and Discontinuance. The Board of Directors of the Company shall have the right to amend, modify or terminate the Plan at any time without notice; provided, however, that (i) any such amendment or modification of the Plan which increases the total number of Common Shares which are to be offered under the Plan, as so amended or modified, shall be subject to the approval of the shareholders of the Company, (ii) any such amendment or modification may not modify the rights of existing Optionees and (iii) any amendment or modification of the Plan shall be subject to the prior approval of The Toronto Stock Exchange and any other regulatory body requiring similar approval.
8. 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 provided in the Taxation Act (Quebec) as it exists as of the date hereof without further amendment (the "Act"). The purchase of Common Shares under the Plan and their inclusion in a QSSP allows an Optionee, who is a Quebec resident on the last day of his fiscal year to deduct in the calculation of his taxable income, 100% of the cost of purchase of the Common Shares issued upon the exercise of an Option, as long as certain conditions set forth in the Act are fulfilled. The deduction allowed for an individual regarding all shares included in a QSSP during a given taxation year, including those purchased under the present Plan, may not exceed 10% of his total income for the year. All Optionees who are resident in Quebec should consult with their own tax consultant with regard to QSSPs.
9. Governing Law. The Plan and the Options granted under the Plan shall be construed in accordance with and be governed by the laws of the Province of Quebec and the laws of Canada applicable therein.

Dated the 13th day of July 1993, and amended on February 14, 1995, February 10, 1999, and October 31, 2002; ~~and~~ January 22, 2015 **and January 22, 2015**.