



RICHELIEU HARDWARE LTD.

**Notice of Annual General Meeting  
of Shareholders  
for the fiscal year ended November 30, 2009  
and Management  
Proxy Circular**

Our Annual General Meeting of Shareholders will be held  
**at 11 a.m. on Thursday, March 25, 2010**  
at the Omni Mont-Royal Hotel's Salon Pierre de Coubertin,  
located at 1050 Sherbrooke Street West, Montréal, 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.

Please read it carefully.

---

---

---

---

## Table of contents

<b>NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS .....</b>	<b>4</b>
<b>MANAGEMENT PROXY CIRCULAR .....</b>	<b>5</b>
Solicitation of Proxies .....	5
Nomination of Proxyholders .....	5
Revocation of Proxies .....	5
Exercise of Voting Rights Attached to Shares Represented by Proxy in Favour of Management .....	5
Voting Shares and Principal Holders Thereof .....	6
Notice to Shareholders Holding their Shares through a Broker or another Intermediary .....	6
Information about Nominees Proposed for Election as Directors .....	6
Board of Directors Relationships .....	10
<b>DIRECTORS' COMPENSATION .....</b>	<b>10</b>
Directors' Compensation Policy .....	10
Deferred Share Unit Plan .....	10
Stock Option Plan .....	10
Compensation Paid to Directors for the Fiscal Year Ended November 30, 2009 .....	10
Outstanding Option-based Awards and Share-based Awards .....	11
Incentive Plan Awards – Value Vested or Earned during the Fiscal Year .....	13
<b>CORPORATE GOVERNANCE.....</b>	<b>13</b>
<b>AUDIT COMMITTEE .....</b>	<b>14</b>
<b>EXECUTIVES' COMPENSATION .....</b>	<b>14</b>
Compensation Analysis .....	14
Role and Responsibilities of the Human Resources and Corporate Governance Committee .....	14
Information Sources .....	15
Executive Compensation Principles .....	15
Comparative Group .....	16
Components of Compensation .....	17
Determination and Description of Compensation Components .....	18
Base Salary .....	18
Annual Short-term Incentive Plan .....	19
Long-term Incentive Plans .....	20
Performance Graph .....	21
NEOs' Compensation – Summary Compensation Table .....	22
Incentive Plan Awards .....	23
Outstanding Option-based Awards .....	23
Incentive Plan Awards – Value Vested or Earned during the Fiscal Year .....	25
Benefits in the Case of Cessation of Service or Change of Control .....	26
<b>STOCK OPTION PLAN .....</b>	<b>26</b>
Appointment and Compensation of Auditors .....	27
<b>INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS .....</b>	<b>27</b>
<b>INSURANCE OF DIRECTORS AND OFFICERS .....</b>	<b>28</b>
<b>INTEREST OF INFORMED PERSONS AND OTHER PERSONS IN MATERIAL TRANSACTIONS .....</b>	<b>28</b>



<b>ADDITIONAL INFORMATION .....</b>	<b>28</b>
<b>APPROVAL OF DIRECTORS .....</b>	<b>28</b>
<b>Appendix A: Corporate Governance Disclosure .....</b>	<b>29</b>
<b>Appendix B: Mandate of the Board of Directors .....</b>	<b>31</b>
<b>Appendix C: Mandate of the Chair of the Board and of the Chairs of Committees .....</b>	<b>36</b>





**NOTICE OF ANNUAL GENERAL MEETING  
OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of shareholders (the "Meeting") of **RICHELIEU HARDWARE LTD.** (the "Company") will be held at the Omni Mont-Royal Hotel's Salon Pierre de Coubertin, located at 1050 Sherbrooke West, Montréal, Province of Quebec, Canada, on Thursday, March 25, 2010 at 11:00 a.m. for the following purposes:

1. to receive the annual report, the consolidated financial statement and the auditors' report thereon for the fiscal year ended November 30, 2009;
2. to elect directors;
3. to appoint auditors and authorize the directors to fix their remuneration; and
4. 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 Company at **5:00 p.m., Montréal time, on February 19, 2010.**

The following pages provide additional information relating to the matters to be dealt with at the Meeting. A copy of the annual report to shareholders is enclosed with this notice.

**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](mailto: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 23, 2010. Your shares will be voted in accordance with your instructions as indicated on the proxy.**

Montréal, province of Quebec, this 19th day of February 2010.

BY ORDER OF THE BOARD OF DIRECTORS,



Hélène Lévesque,  
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. (hereinafter called the “Company” or “Richilieu”) for use at the Annual General Meeting of shareholders of the Company (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, 2010 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 Company may nonetheless solicit proxies directly by telephone or through other personal solicitations but without additional compensation. The Company 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 Company.

### Nomination of Proxyholders

The persons named in the enclosed form of proxy are directors of the Company. **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 Company.

For your vote to be recorded, your proxy must be received by the Secretary of the Company prior to the Meeting.

### Revocation of Proxies

A shareholder who signs a form of proxy may revoke the proxy at any time before it is used, 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 Company. The powers of the proxy holders may also be revoked if the holder of Common Shares 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 the 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 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 Company which carry voting rights.

As of January 31, 2010, the Company had 21 783 559 outstanding Common Shares (the "Common Shares"). Each Common Share of the Company entitles its holder to one vote.

The registered holders of Common Shares at 5:00 p.m., Montréal time, on February 19, 2010 (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 Common 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 Company's directors and officers, as of January 31, 2010, no person owned, directly or indirectly, more than 10% of the outstanding Common Shares, except Mawer Investment Management Ltd. for a holding of 11.4%.

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

**Any shareholder of the Company 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 Company, maintained by Computershare Trust Company of Canada (Registrar and Transfer Agent), may be recognized and used at the Meeting.**

If the Company's Common Shares (the "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

Management of the Company 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 resigns 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 following table indicates, for each nominee proposed for election as director, his name, his province of residence, his position within the Company, his current principal occupation, the year in which he first became a director, and the committees of the Board of the Company on which he serves. The table also indicates whether the nominee is independent, the percentage of attendance at meetings, the number of voting shares in the share capital of the Company beneficially owned, directly or indirectly, or over which control is exercised, and the number of stock options and share units held under the Deferred Share Unit ("DSU") Plan (see section "Directors' Compensation" on page 10 of the Circular).

The nominees have themselves provided the Company with the information, as of February 19, 2010.

**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 the nominees listed hereafter.**

<p><b>PIERRE BOURGIE</b> Quebec, Canada</p> <p>New candidate for a director's position as an independent director.</p>	<p>Mr. Bourgie is President and Chief Executive Officer of Société Financière Bourgie (1996) Inc., President of Partenaires de Montréal Inc., and President of Ipso Facto, a real estate financing limited partnership. Mr. Bourgie boasts extensive experience as the director of public, private, and non-profit companies.</p> <p>Mr. Bourgie is a Director of the National Bank of Canada and a member of the Audit and Corporative Governance committees; director of Saputo Group Inc. and member of the Audit and Corporate Governance committees.</p> <p><b>If the candidacy of Mr. Bourgie is retained, he will be called to sit on one of the committees of the Company's Board.</b></p>
<p><b>ROBERT CHEVRIER</b> Quebec, Canada</p> <p>Director since 1991 Independent</p> <p>Common Shares: 34,670 Stock options: — Deferred share units: —</p> <p>Attendance Board: 100%</p>	<p>President, Société de gestion Roche Inc.</p> <p>Mr. Robert Chevrier is President of Société de Gestion Roche Inc., a holding and investment company. He was, from November 1993 to January 2001, Chair of the Board and Chief Executive Officer of Rexel Canada Inc. (formerly Westburne Inc.).</p> <p>Mr. Chevrier is a director, Chair of the Pension Fund Society and member of the Audit Committee of BMO; lead director and Chair of the Audit Committee of Cascades Inc.; lead director and member of the Audit and Risk Management Committee and chair of the Human Resources Committee of Groupe CGI Inc.; and director of Compagnie de Saint-Gobain.</p> <p><b>Mr. Chevrier is Chair of the Board of Directors of the Company.</b></p>
<p><b>DENYSE CHICOYNE</b> Quebec, Canada</p> <p>Director since 2005 Independent</p> <p>Common Shares: 1,000 Stock options: 4,000 Deferred share units: 8,115</p> <p>Attendance Board: 100% Audit Committee: 100%</p>	<p>Corporate Director</p> <p>Ms. Denyse Chicoyne is a corporate director. From 1991 to 2003, she was Vice-president and Analyst for the retail industry at BMO Nesbitt Burns/Nesbitt Thompson.</p> <p>Ms. Chicoyne is a director, member of the Rules and Policies Committee, and member of the Audit Committee of the TMX Group; director, member of the Audit Committee and of the Investment Advisory Committee, and Chair of the Pension Committee of Canada Post Corporation; a director and member of the Audit Committee and the Pension Committee of Purolator Holdings Ltd.; a director and member of the Audit Committee of Deans Knight Income Corporation.</p> <p><b>Ms. Chicoyne is a member of the Audit Committee of the Company.</b></p>

<p><b>ROBERT COURTEAU</b> Quebec, Canada</p> <p>Director since 2004 Independent</p> <p>Common Shares: 1,000 Stock options: 4,000 Deferred share units: 8,115</p> <p>Attendance Board: 100% Audit Committee: 100%</p>	<p>Executive Vice-president, Business Solutions at Fujitsu Canada Inc.</p> <p>Mr. Robert Courteau currently acts as Senior Vice-president of Business Solutions for Fujitsu Canada Inc. Mr. Courteau is also President of the Finance and Technology Committee for the Montréal Heart Institute. Previously, from June 2007 to April 2009, he was President and Chief Executive Officer of Courteau Mainville Management Inc. and, from February 2005 to June 2007, he was President and Chief Executive Officer of Bell Business Solutions Inc. From June 2002 to February 2005, he was President and Chief Executive Officer of Technologies Nexxlink Inc., the same company for which he was President and Chief Operating Officer from January 2002 to June 2002. He was Vice-president and Chief Information Officer and Group Vice-president, Industrial Products Division of Westburne Inc. from 1997 to 2001.</p> <p><b>Mr. Courteau is a member of the Audit Committee of the Company.</b></p>
<p><b>JEAN DOUVILLE</b> Quebec, Canada</p> <p>Director since 2005 Independent</p> <p>Common Shares: 1,000 Stock options: 4,000 Deferred share units: 7,600</p> <p>Attendance Board: 100% Human Resources and Corp. Governance Committee: 100%</p>	<p>Chair of the Board, UAP Inc. and Chair of the Board, National Bank of Canada</p> <p>Mr. Jean Douville has been Chair of the Board of National Bank of Canada since 2004. He is also Chair of the Board of UAP Inc. He was Chair of the Board and Chief Executive Officer of UAP Inc. from 1982 to 2000.</p> <p>Mr. Douville also sits on the Board of Genuine Parts Company.</p> <p><b>Mr. Douville is a member of the Human Resources and Corporate Governance Committee of the Company.</b></p>
<p><b>MATHIEU GAUVIN</b> Quebec, Canada</p> <p>Director since 1993 Independent</p> <p>Common Shares: 79,364 Stock options: — Deferred share units: 9,092</p> <p>Attendance Board: 100% Audit Committee: 100%</p>	<p>Vice-president, RSM Richter Inc.</p> <p>Mr. Mathieu Gauvin has been Vice-president at RSM Richter Inc. since September 2006. He is a director and President of the Audit Committee of Canadian Helicopters Income Fund. Previously, from January 2006 to May 2006, he was Chief Financial Officer of Europe's Best Inc. From February 1991 to January 2006, he was Vice-president and Partner of Schroders &amp; Associates Canada Inc. and, from November 1987 to February 1991, he was Director, Acquisition Analysis, for this company or for its predecessor corporations.</p> <p><b>Mr. Gauvin is Chair of the Audit Committee of the Company.</b></p>

<p><b>RICHARD LORD</b> Quebec, Canada</p> <p>Director since 1988 Non-independent</p> <p>Common Shares: 1,407,962 Stock options: 350,000 Deferred share units: N/A</p> <p>Attendance Board: 100%</p>	<p>President and Chief Executive Officer of the Company</p> <p>Mr. Richard Lord has been President and Chief Executive Officer of Richelieu Hardware Ltd. since 1988. From 1986 to 1988, Mr. Lord was Executive Vice-president and General Manager of The Ro-Na Dismat Group Inc. From 1976 to 1986, he worked for Mark Hot Inc., a heating and ventilation equipment manufacturer, where he was Vice-president and General Manager until he left in 1986.</p> <p>Mr. Lord is director, member of the Audit Committee and Chair of the Corporate Governance and Human Resources Committee of Colabor Income Fund; director and member of the Audit Committee of Technologies 20-20 Inc.; director and Chair of the Audit Committee of BTB Real Estate Investment Trust.</p> <p><b>Mr. Lord is a member of the Board of the Company.</b></p>
<p><b>JOCELYN PROTEAU</b> Quebec, Canada</p> <p>Director since 2005 Independent</p> <p>Common Shares: 1,100 Stock options: 4,000 Deferred share units: 3,759</p> <p>Attendance Board: 100%</p> <p>Human Resources and Corp. 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.</p> <p>Mr. Proteau is lead director, member of the Corporate Governance and Nominating Committee, and member of the Compensation Committee of Technologies 20-20 Inc.; 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><b>Mr. Proteau is a member of the Human Resources and Corporate Governance Committee of the Company.</b></p>

As at February 19, 2010, to the knowledge of the Company, no director of the Company is or has been, in the ten (10) years prior to this Circular, a director or executive officer of any company, that while this person was acting in such capacity or within a year of that person ceasing to act in such capacity, became bankrupt, 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 his or her assets, except for:

- ✓ Ms. Denyse Chicoyne, who acted as a director of Albums DF Ltd. until June 16, 2003, when she resigned, approximately six months prior to the bankruptcy of said company on December 6, 2003.

No penalties or sanctions were imposed on the aforementioned directors as a result of these events.

---

---

## Board of Directors Relationships

The following table indicates the names of the directors of the Company who serve together on the Board of Directors of other public companies:

Company	Directors of the Company
Technologies 20-20 Inc.	Mr. Richard Lord and Mr. Jocelyn Proteau
BTB Real Estate Investment Trust	Mr. Richard Lord and Mr. Jocelyn Proteau

## DIRECTORS' COMPENSATION

### Directors' Compensation Policy

Non-employee directors receive an annual retainer of \$24,000 for serving as members of the Board of Directors, while the Chair of the Board receives an annual retainer of \$75,000. The chairs of the Audit Committee and of the Human Resources and Corporate Governance Committee receive an additional retainer of \$5,000 per year. In addition, meeting fees of \$1,500 are paid to the non-employee directors for each attended meeting of the Company Board of Directors, and the Human Resources and Corporate Governance Committee, and meeting fees of \$2,000 are paid to non-employee directors for each attended Audit Committee meeting. No retirement plan is available to the directors of the Company.

### Deferred Share Unit Plan

On July 5, 2005, the Company 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 non-employee directors would be eligible for the Plan. 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 Company's Common Shares on the TSX 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 Company's Common Shares. The value of DSUs is redeemable for cash upon the 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 Company's Common Shares on the TSX for the five (5) business days immediately preceding the date on which the director ceases to be a member of the Board. The amount is paid in cash and is subject to applicable tax deductions. Henceforth all directors have elected to receive their total compensation in DSUs; except for Mr. Robert Chevrier, who elected to receive 100% of his compensation in cash; and Mr. Jocelyn Proteau, who elected to receive 50% of his compensation in cash.

### Stock Option Plan

The Company grants each new non-employee director 1,000 stock 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 Common Shares and DSUs held by the director. For the fiscal year ended November 30, 2009, Ms. Denyse Chicoyne, and Messrs. Robert Courteau, Jean Douville, and Jocelyn Proteau each received 1,000 options at an exercise price of \$16.72 per share.

### Compensation Paid to Directors for the Fiscal Year Ended November 30, 2009

The following table presents the compensation paid to each director for services rendered during the fiscal year ended November 30, 2009, 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, 2009, the Board of Directors held five (5) meetings; the Audit Committee, four (4) meetings; and the Human Resources and Corporate Governance Committee, four (4) meetings.

Name	Fees Earned					Option-based Awards <sup>(2)</sup>	All other compensation <sup>(3)</sup>	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 <sup>(1)</sup>			
Robert Chevrier	N/A	\$75,000	N/A	\$75,000	\$0	\$0	0 \$	\$75 000
Denyse Chicoyne	\$24,000	N/A	\$17,000	\$0	\$41,000	\$3,380	\$2,142	\$46,522
Robert Courteau	\$24,000	N/A	\$17,000	\$0	\$41,000	\$3,380	\$2,142	\$46,522
Jean Douville	\$24,000	N/A	\$13,500	\$0	\$37,500	\$3,380	\$2,012	\$42,892
Mathieu Gauvin	\$24,000	\$5,000	\$17,000	\$0	\$46,000	\$0	\$2,399	\$48,399
Richard Lord	N/A	N/A	N/A	N/A	N/A	N/A	s.o.	s. o.
Jocelyn Proteau	\$24,000	N/A	\$13,500	\$18,750	\$18,750	3,380	\$999	\$41,879
Robert L. Trudeau	\$24,000	\$5,000	\$13,500	\$0	\$42,500	\$0	\$2,306	\$44,806

- 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 Company's Common Shares on the TSX for the five (5) trading days immediately preceding the date of grant.
- 2) This amount is equal to the number of options granted on March 26, 2009, multiplied by \$3.38, which corresponds to the fair market value of the options as determined under the Black-Scholes-Merton model, an established methodology, and using the following assumptions (that is, the same assumptions as those used to determine the accounting expense related to the option grants for the purposes of the Company's financial statements for the year ended November 30, 2009):
  - (i) exercise price: \$16.72
  - (ii) risk-free interest rate: 1.90%
  - (iii) expected life of options: 7.0 years
  - (iv) volatility: 25%
  - (v) dividend yield: 1.83%
- 3) This amount represents the dividend equivalents reinvested in additional DSUs during the 2009 financial year.

### ***Outstanding Option-based Awards and Share-based Awards***

The following table presents, for each director, all options outstanding as of November 30, 2009. The Company 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, 2009, all DSUs granted were already vested.

Director's Name	Unexercised Options Held (#) <sup>(1)</sup>	Market Value of Options <sup>(1)</sup>	Number of Unvested DSUs (#)	Market Value of Unvested DSUs <sup>(2)</sup>
Robert Chevrier	0	\$0	0	\$0
Denyse Chicoyne	4,000	\$5,995	0	\$0
Robert Courteau	4,000	\$5,995	0	\$0
Jean Douville	4,000	\$5,995	0	\$0
Mathieu Gauvin	0	\$0	0	\$0
Richard Lord <sup>(3)</sup>	N/A	N/A	N/A	N/A
Jocelyn Proteau	4,000	\$5,995	0	\$0
Robert L. Trudeau	0	\$0	0	\$0

- 1) The following table presents a breakdown of all outstanding options granted and their value as of November 30, 2009, based on the closing price of the common share on the TSX (\$20.99) on that date. This value has not been, and may never be, realized. The actual gain, if any, will depend on the value of Common Shares on the dates the options are exercised (see "Long-term Incentive Plan (Options)").
- 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 Company.

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	30/11/2005	1,000	\$21.69	30/11/2015	\$0
	02/04/2007	1,000	\$22.88	02/04/2017	\$0
	09/07/2008	1,000	\$19.27	09/07/2018	\$1,725
	26/03/2009	1,000	\$16.72	26/03/2019	\$4,270
Robert Courteau	05/07/2006	1,000	\$21.10	05/07/2016	\$0
	02/04/2007	1,000	\$22.88	02/04/2017	\$0
	09/07/2008	1,000	\$19.27	09/07/2018	\$1,725
	26/03/2009	1,000	\$16.72	26/03/2019	\$4,270
Jean Douville	30/11/2005	1,000	\$21.69	30/11/2015	\$0
	02/04/2007	1,000	\$22.88	02/04/2017	\$0
	09/07/2008	1,000	\$19.27	09/07/2018	\$1,725
	26/03/2009	1,000	\$16.72	26/03/2019	\$4,270
Jocelyn Proteau	05/07/2006	1,000	\$21.10	05/07/2016	\$0
	03/10/2007	1,000	\$24.30	03/10/2017	\$0
	09/07/2008	1,000	\$19.27	09/07/2018	\$1,725
	26/03/2009	1,000	\$16.72	26/03/2019	\$4,270

---

---

### 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, 2009.

Director's Name	Option-based Awards - Value Vested during the Year <sup>(1)</sup>	Share-based Awards (DSUs) - Value Vested during the Year
Robert Chevrier	\$0	\$0 \$
Denyse Chicoyne	\$0	\$43,142
Robert Courteau	\$0	\$43,142
Jean Douville	\$0	\$39,512
Mathieu Gauvin	\$0	\$48,399
Richard Lord <sup>(1)</sup>	N/A	N/A
Jocelyn Proteau	\$0	\$19,749
Robert L. Trudeau	\$0	\$44,806

- 1) The options automatically vest at a rate of 25% per year on each of the first four anniversaries of their date of grant. The value of options vested during the fiscal year ended November 30, 2009 is nil since their exercise prices are higher than the closing prices of the Common Shares on the TSX on their vesting date, i.e., April 2 (\$14.60), April 5 (\$17.51), and July 9 (\$17.40), October 3 (\$19.32), and November 30 (\$20.99), 2009. The real value that will be realized, if any, on the date the options are exercised depends on the value of Common Shares on that date (see "Long-Term Incentive Plan (Options)").
- 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 2009 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 Company 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 Company must disclose its Corporate Governance Practices. This information is presented in Appendix C of the Circular.

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

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

---

---

## AUDIT COMMITTEE

The Audit Committee of the Company (the "Committee") is composed exclusively of "independent" directors as defined in *Regulation 52-110* respecting Audit Committees. Said directors are Mr. Mathieu Gauvin (Chair), Mr. Robert Courteau and Ms. Denyse Chicoyne. Mr. Robert Chevrier acts as ex-officio member of the Audit Committee.

The Committee is governed by a Charter adopted by the Board of Directors of the Company; a complete copy thereof is available on the SEDAR Website ([www.sedar.com](http://www.sedar.com)).

The members of the 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 of Directors in fulfilling its duties of overseeing accounting and financial reporting as well as the adequacy and integrity of internal controls and risk management. The Committee is responsible for overseeing the Company's financial reporting processes and internal controls. Management of the Company assumes the responsibility for preparing and reporting on the Company'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 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 Company'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 Company's fiscal year ended November 30, 2009. The NEOs include the Company'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 & General Manager, Operations; the Vice-president, Sales and Marketing, Industrial Division; and the Vice-president, Sales and Marketing, Hardware Retailers. Although the main purpose of this section is to describe the compensation policies and plans applicable to NEOs, these plans also apply to other Company executives. Unless indicated otherwise, the information in this section is effective as of November 30, 2009.

### Compensation Analysis

#### *Role and Responsibilities of the Human Resources and Corporate Governance Committee*

The Human Resources and Corporate Governance Committee (the "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 such, during the 2009 fiscal year, PCI-Perrault Consulting Inc. ("PCI"), a firm of compensation experts, was mandated by the Committee to define a reference market (the "Comparative Group") comprising companies that are comparable to the Company in terms of size, activities, and geographic scope, to assess the compensation of its NEOs. The goal of this exercise was to retain the Company's key employees and maintain a compensation policy in line with the practices of the Comparative Group.

As part of its mandate, the 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 Committee also assesses the President and CEO's performance. The Committee's recommendations with regard to the President and CEO's compensation, objectives, and performance assessment are discussed with members of the Board of Directors and submitted for approval.

The President and CEO establishes the compensation of the Company's executives (components of compensation, guidelines as regards 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 Committee. The Committee, where applicable and on the recommendation of the President and CEO, reviews the market positioning of the Company's executive compensation. The President and CEO may recommend changes to the executives' total compensation packages in order to reach the Company's objectives. The Committee submits its recommendations with regard to the employees' total compensation packages to the Board of Directors for approval.

---

---

At the end of each fiscal year, the annual assessment of the President and CEO is conducted by the Committee, submitted to the Board of Directors, and discussed in closed session. The 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 of Directors 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 conducts 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 Committee examines the total annual bonus package suggested by the President and CEO, and the cost of all salary increases. When the Committee is satisfied that the compensation proposed is fair, given the Company's performance, it requests the approval of the Board of Directors.

Based on the recommendation of the Human Resources and Corporate Governance Committee, at the start of each fiscal year, the Board of Directors establishes the number of stock options that it grants to the President and CEO, and approves, on the recommendation of the President and CEO, the total number of stock options that are granted to the participants other than the President and CEO during the fiscal year.

The Committee is comprised of three (3) independent directors: Messrs. Robert L. Trudeau (President), Jean Douville, and Jocelyn Proteau. Mr. Robert Chevrier acts as ex-officio member. Mr. Trudeau's tenure as a director of the Company ends on March 25, 2010.

No officers of the Company 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 of Directors 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 stock option plan, including maintaining a record of the options granted, exercised and/or cancelled. Any proposed modifications to the annual incentive plan and the stock option plan are discussed with the President and CEO, and then with the Committee, who chooses, at its discretion, to recommend its approval by the Board of Directors and, when required, by the shareholders.

### ***Information Sources***

The 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. Accordingly, the services of PCI were directly retained by the Committee for the 2009 fiscal year. During this year, fees totalling \$52,131 were paid to PCI to conduct a study comparing the compensation of the executives to market practices and to advise the Committee with regard to changes to be made, if any. At the Committee's request PCI also provided consulting services regarding compensation of the President and CEO.

### ***Executive Compensation Principles***

The compensation of Quincaillerie Richelieu'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 Company's business strategy
- Encourage the executives to employ strategies that will improve the Company's performance and its economic value for shareholders.

The compensation granted to the Company's executives also aims to provide total compensation that is competitive in relation to its comparative group, taking into consideration additional Company 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 Company. Total compensation plans are structured to provide compensation that is above the competitive market median when results exceed the Company'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 Company's results and the growth of the share price.

---

---

### **Comparative Group**

To establish guidelines for compensation levels and to benchmark the total compensation, the Company's executive compensation opportunity is compared to the compensation of positions of comparable responsibility in fifteen (15) Canadian companies operating in the distribution and retail sector and with revenues and financial performance commensurate with those of the Company.

For executive compensation purposes, Quincaillerie Richelieu's comparative group includes the following fifteen (15) companies:

CanWel Building Materials Income Fund
Cogeco Cable Inc.
Danier Leather Inc.
Colabor Income Fund
Wajax Income Fund
Goodfellow Inc.
Le Château Inc.
Forzani Group Ltd.
MEGA Brands Inc.
Reitmans (Canada) Limited
Rona Inc.
Strongco Income Fund
SunOpta Inc.
Uni-Select Inc.
Velan Inc.

For consistency and comparison purposes, the comparative group seldom changes. The comparative group will be reviewed on an annual basis to ensure that the inclusion criteria and companies on the list are still pertinent. Changes may be made, if necessary.

## Components of Compensation

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

COMPENSATION COMPONENT		DESCRIPTION	CRITERIA	OBJECTIVES	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 Company 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	
VARIABLE	Short-term incentive opportunity (annual bonus)	Annual bonus based on the achievement of objectives that were established at the beginning of the fiscal year	Opportunity based on the competitive market data for each employee level  Payments vary from 0 to 100% of the potential bonus, according to the Company's earnings per share ("EPS"), the department or region's results, and personal achievements	Motivate to achieve and surpass the Company's financial and operational objectives	Executives or Executives and Key employees	x	
	Long-term incentive opportunity						
	Share purchase plan	Opportunity to buy Company shares up to a yearly maximum, with a proportional contribution from the Company for additional purchases	Personal investment and share price	Promote shareholding and: ✓ Stimulate employee interest in increasing the share price ✓ Allow capital to accumulate	All employees		x
	Stock purchase options	Annual granting of options to buy Company 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 certain employees		x

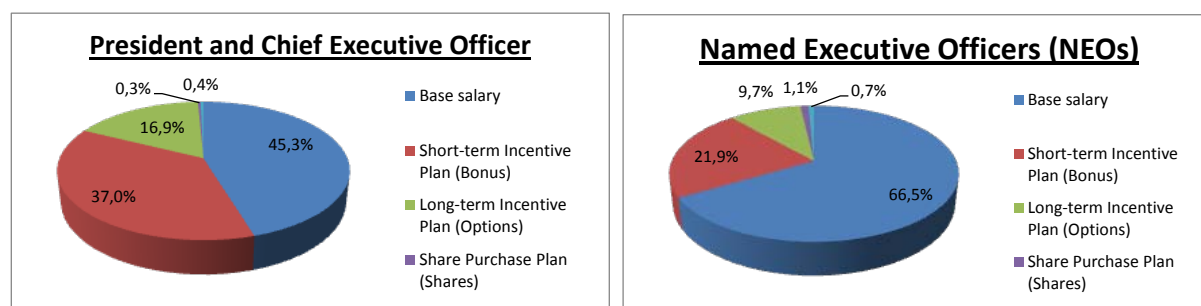
---

## 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 Company achieves or exceeds business objectives. When results are below target, the bonus is reduced and can go as low as zero when the Company's earnings per share ("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 stock 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 options granted annually is subject to the discretion of the Board of Directors and may vary according to Company results and individual performance.

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



### Base Salary

The Committee, where appropriate, recommends to the Board of Directors increases to the President and CEO's base salary, further to examining the Company's market positioning and the range of Company 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 Committee, where applicable. Individual performance includes, but is not limited to, each executive officer's contribution to the Company's success, functional or regional results, leadership, quality of management, and espousing of our corporate values.

For the fiscal year ended November 30, 2009, the salaries of the NEOs were not increased. The base salary received by NEOs in 2009 is less than or equal to the median of salaries paid by the corporations in the comparative group and is set forth in the "Summary Compensation Table" section below.

### **Annual Short-term Incentive Plan**

Quincaillerie Richelieu believes short-term incentive rewards should be paid to executives for their contribution to the Company'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, 2009.

Name and Position Title	Maximum Bonus Opportunity	=	(	Earnings per Share ("EPS")	+	Sector or Region Quantitative Objectives	+	Function Quantitative Objectives	+	Individual Quantitative Objectives	)
	(% of base salary)										
RICHARD LORD President and Chief Executive Officer	120%	=	(	0%–90%	+	0%	+	0%–20%	+	0%–10%	)
ALAIN GIASSON Vice-president and Chief Financial Officer	60%	=	(	0%–24%	+	0%–6%	+	0%–25%	+	0%–5%	)
NORMAND GUINDON Vice-president and General Manager - Operations	60%	=	(	0%–12%	+	0%–13%	+	0%–30%	+	0%–5%	)
GUY GRENIER Vice-president, Sales and Marketing - Industrial	60%	=	(	0%–12%	+	0%–13%	+	0%–30%	+	0%–5%	)
CHRISTIAN LADOUCEUR Vice-president- Sales and Marketing, Retailers	40%	=	(	0%–10%	+	0%–10%	+	0%–15%	+	0%–5%	)

The performance of the sector or region, depending on the position, refers to the financial objectives (in terms of the share price, sales, margin, earnings before taxes, interest and amortization), annual business plan (approved at the beginning of the fiscal year and aligned with the Company's business plan), or internal/external customer service levels of the sector or region under the position's responsibility.

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

Personal 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 Company's earnings per share ("EPS") is below the threshold established at the start of the fiscal year..

Each year, the Committee recommends to the Board of Directors 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 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 Company's business plan and objectives for the coming year, as well as the level of difficulty in achieving them. The 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 of Directors may adjust, at its discretion, the formula and the bonus amounts according to results and changes to the Company's economic and commercial situation.

For the fiscal year ended November 30, 2009, the Company's earnings per share (EPS) were below the threshold set at the start of the year. As a result, the above-presented formula yielded no bonuses. That being said, the Board of Directors was in favour of awarding bonuses in recognition of the Company's satisfactory performance in a difficult business climate, mainly in the US markets and those of the Central and Western Canadian provinces.

The Board of Directors approved the payment of a bonus of \$441,450 to the President and CEO, which represents 75% of the amount of the bonus that had been paid to him the previous year. Similarly, the Board of Directors also approved a bonus pool of an amount equal to 75% of the total bonuses of the year before, to be paid to all the participants in the short-term incentive plan. The President and CEO allocated the bonus pool according to the results of the sectors or region, and each individual's position and performance.

On the Board of Directors' advice, the bonuses awarded are fair in the context of the economic crisis and given the following achievements:

- the diligent implementation of methods to cut back expenditures;
- the emphasis placed on operational discipline and efficient integrated supply chain management for better inventory management and optimal customer service; and
- the major liquid assets generated by Richelieu's operations in 2009 allowing the Company to further bolster its balance sheet, all the while continuing the expansion of its network, which now includes fifty (50) centres in North America, and the steady growth of its market shares and client base.

In addition to minimizing the impact of the economic downturn on financial results, the rationalization of the operations and investments made in 2009 enabled Richelieu to continue to increase its market shares and client base. Richelieu is therefore in a solid position to continue its growth once the economy recovers.

### ***Long-term Incentive Plans***

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

- a share purchase plan
- a stock option plan

#### ***Share Purchase Plan***

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

#### ***Stock Option Plan***

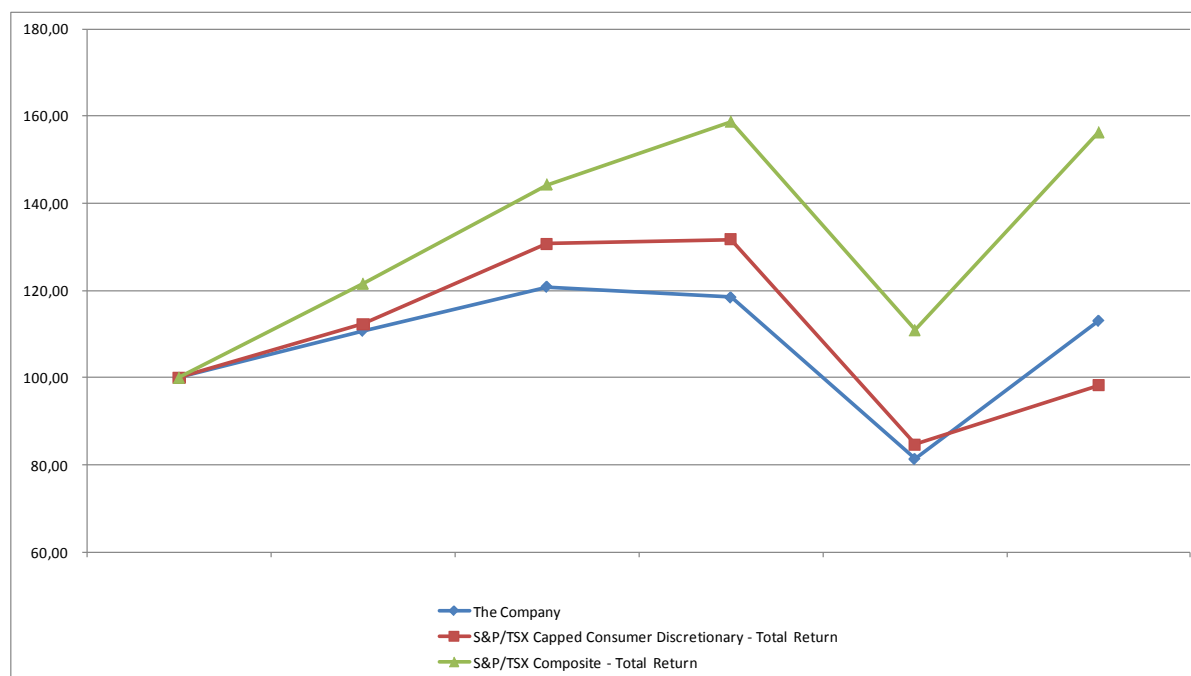
Options to purchase Common Shares may be granted from time to time to executive officers and other key employees pursuant to the Stock Option Plan (the "Option Plan"). The terms and conditions of the Option Plan meet the objectives to attract and retain quality executive officers while promoting long-term profitability and maximizing shareholder value. The number of shares 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 of Directors for the President and CEO, and as regards the other grants, according to the President and CEO's recommendations to the 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.

During the fiscal year ended November 30, 2009, the Board approved the grant of a total of 153,000 options to the Plan participants, 65,000 options of which were to the NEOs. See "Stock 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.

## Performance Graph

The following graph compares the total cumulative shareholder return of \$100 invested in the Company's Common Shares with the cumulative return on the Toronto Stock Exchange Composite Index during the five fiscal years ending November 30, 2009, i.e., from December 1, 2004 to the end of the fiscal year ended November 30, 2009.



	Fiscal years ended					
	November 30, 2004	November 30, 2005	November 30, 2006	November 30, 2007	November 30, 2008	November 30, 2009
The Company	\$100.00	\$110.78	\$120.84	\$118.39	\$81.44	\$113.05
S&P/TSX Capped Consumer Discretionary – Total Return	\$100.00	\$112.25	\$130.68	\$131.73	\$84.66	\$98.20
S&P/TSX Composite – Total Return	\$100.00	\$121.54	\$144.27	\$158.67	\$110.89	\$156.19

During the past five years, the total cumulative return on an investment in Richelieu shares is, generally speaking, parallel to the S&P/TSX Capped Consumer Discretionary and Composite Indexes. That being said, returns on Richelieu started to decrease in 2007, similar to the Consumer Discretionary Index but earlier than the S&P/TSX Composite Index.

On the whole, the compensation granted to Richelieu's NEOs evolved in parallel with the return on investment in Richelieu's shares at the start of the 2005 fiscal year. On average, the modest salary increases were consistent with average salary increases in the market, and, in some cases, reflected additional responsibilities. Also, in 2008, considering the acquisition strategy and the increasing geographic scope of Richelieu's operations, the Vice-president and General Manager- Operations position was created. The salary for this position is higher than that the position of the NEO replaced. Furthermore, no salary increases were granted during the 2009 fiscal year. Given the addition of the Vice-president and General Manager- Operations position, the total incentive compensation, that is, the sum of the value of the stock option grants and the bonuses paid, was reduced for the 2008 and 2009 fiscal years, which corresponds to a one-year delay on the return on an investment in Richelieu.

### 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 Company for the fiscal years ended November 30, 2009, 2008, and 2007.

	Year	Salary	Share-based awards <sup>(1)</sup>	Option-based awards <sup>(2)</sup>	Non-equity incentive plan compensation (annual performance bonus) <sup>(3)</sup>	All other compensation <sup>(4)</sup>	Total compensation N/A
RICHARD LORD President and Chief Executive Officer	2009	\$540,000	\$4,160	\$202,000	\$441,450	\$4,649	\$1,192,259
	2008	\$540,000	\$4,240	\$256,500	\$588,600	\$4,520	\$1,393,860
	2007	\$525,000	\$4,160	\$370,000	\$509,806	\$4,575	\$1,413,541
ALAIN GIASSON Vice-president and Chief Financial Officer	2009	\$250,000	\$6,760	\$20,200	\$ 90,000	\$2,704	\$369,664
	2008	\$250,000	\$6,890	\$102,600	\$120,000	\$2,717	\$482,207
	2007	\$220,000	\$6,600	\$148,000	\$115,000	\$1,820	\$491,420
NORMAND GUINDON Vice-president and General Manager- Operations	2009	\$300,000	\$6,001	\$80,800	\$ 60,000	\$2,543	\$ 449,344
	2008	\$25,000	\$923	\$0	\$0	\$250	\$26,173
	2007	N/A	N/A	N/A	N/A	N/A	N/A
GUY GRENIER Vice-president, Sales and Marketing- Industrial	2009	\$225,000	\$3,120	\$20,200	\$105,000	\$2,704	\$356,024
	2008	\$225,000	\$3,180	\$102,600	\$140,000	\$2,717	\$473,497
	2007	\$210,000	\$3,120	\$74,000	\$115,000	\$2,444	\$404,564
CHRISTIAN LADOUCEUR Vice-president, Sales and Marketing - Retailers	2009	\$195,000	\$0	\$20,200	\$ 65,000	\$2,704	\$282,904
	2008	\$195,000	\$0	\$0	\$72,000	\$2,667	\$269,667
	2007	\$155,000	\$0	\$74,000	\$62,000	Nil	\$291,000

- 1) The amounts represent the value of Company contributions toward the purchase of shares over and above shares purchased by the NEO under the Company's Share Purchase Plan (see "Long-term Incentive Plan (Share Purchase Plan)").
- 2) This amount is equal to the number of options granted on January 22, 2009 multiplied by \$4.04, which corresponds to the fair market value of the options as determined under the Black-Scholes-Merton model, an established methodology, using the following assumptions (that is, the same assumptions as those used to determine the accounting expense related to the option grants for the purposes of the Company's financial statements for the year ended November 30, 2009):
  - (i) exercise price: \$17.44

---

- (ii) risk-free interest rate: 2.36%
  - (iii) expected life of options: 7 years
  - (iv) volatility: 23%
  - (v) dividend yield: 1.68%
- 3) See "Annual Short-term Incentive Plan"
- 4) The amounts represent the value of premiums paid by the Company for the group insurance plan, to which is added, for Mr. Richard Lord, a contribution of \$3,500 to his registered retirement savings plan. Excluded from "All Other Compensation" are 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.

## **Incentive Plan Awards**

### ***Outstanding Option-based Awards***

The following table presents, for each NEO, all of the option-based awards outstanding on November 30, 2009. Shares purchased with the Company's contributions under the Share Purchase Plan are vested immediately in such a way that on November 30, 2009, 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 <sup>(1)</sup>
RICHARD LORD President and Chief Executive Officer	25/03/2003	50,000	\$14.50	25/03/2013	\$324,500
	31/03/2004	50,000	\$19.20	31/03/2014	\$89,500
	26/01/2005	50,000	\$22.13	26/01/2015	\$0
	25/01/2006	50,000	\$22.43	25/01/2016	\$0
	26/01/2007	50,000	\$24.76	26/01/2017	\$0
	31/01/2008	50,000	\$20.62	31/01/2018	\$18,500
	22/01/2009	50,000	\$17.44	22/01/2019	\$177,500
ALAIN GIASSEN Vice-president and Chief Financial Officer	26/01/2005	25,000	\$22.13	26/01/2015	\$0
	25/01/2006	5,000	\$22.43	25/01/2016	\$0
	26/01/2007	20,000	\$24.76	26/01/2017	\$0
	31/01/2008	20,000	\$20.62	31/01/2018	\$7,400
	22/01/2009	5,000	\$17.44	22/01/2019	\$17,750
NORMAND GUINDON Vice-president and General Manager, - Operations	27/11/2008	20,000	\$15.89	27/11/2018	\$102,000
GUY GRENIER Vice-president, Sales and Marketing, - Industrial	26/01/2001	4,000	\$7.28	26/01/2011	\$54,840
	26/01/2005	20,000	\$22.13	26/01/2015	\$0
	25/01/2006	3,000	\$22.43	25/01/2016	\$0
	26/01/2007	10,000	\$24.76	26/01/2017	\$0
	31/01/2008	20,000	\$20.62	31/01/2018	\$7,400
	22/01/2009	5,000	\$17.44	22/01/2019	\$17,750
CHRISTIAN LADOUCEUR Vice-president, Sales and Marketing - Retailers	22/01/2009	5,000	\$17.44	22/01/2019	\$17,750

1) This value corresponds to the number of options held by the NEO multiplied by the difference between the closing price of the TSX on November 30, 2009 (\$20.99) 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 Common 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 2009 and the amount of bonus earned with respect to the performance achieved during fiscal year 2009. (AG and CD)

Name	Option-based Awards – Value Vested During the Year <sup>(1)</sup>	Share-based Awards – Value Vested During the Year	Non-equity Incentive Plan Compensation – Value Earned During the Year <sup>(2)</sup>
RICHARD LORD President and Chief Executive Officer	\$123,500	\$4,160	\$441,450
ALAIN GIASSON Vice-president and Chief Financial Officer	\$2,550	\$6,760	\$90,000
NORMAND GUINDON Vice-president and General Manager - Operations	\$47,200	\$6,001	\$60,000
GUY GRENIER Vice-president, Sales and Marketing - Industrial	\$2,550	\$3,120	\$105,000
CHRISTIAN LADOUCEUR Vice-president, Sales and Marketing - Retailers	\$2,550	\$0	\$65,000

- 1) The options automatically vest at a rate of 25% per year on each of the first four anniversaries of their date of grant. This value corresponds to the number of options vested multiplied by the difference between the closing price of the Common Shares on the TSX on January 25 (\$17.95), 26 (\$18.45) and 31 (\$18.25), 2009, which is 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 Common 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 Company and any of the Company's executive officers.

## STOCK OPTION PLAN

On July 13, 1993, the Company established a Key Employee Stock Option Plan (the "Plan") in order to attract and retain highly qualified directors and employees who will be motivated toward the success of the Company and to encourage them to share ownership in the Company.

The individuals who are eligible to receive options to purchase Common Shares under the Plan are directors, senior executive officers and key employees of the Company and its subsidiaries, as determined from time to time by the Human Resources and Corporate Governance Committee of the Board of Directors. 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 Common Shares. Options granted pursuant to the 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 this 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 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.

The Plan however provides that in the case of a change of control of the Company that results in the replacement of a non-employee director of the Company, all options then held by such person vest immediately in spite of the periods hereinabove provided for in paragraphs i) to iv).

Moreover, the Plan provides that if the Company 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 Committee or the Board of Directors of any entity that assumes the obligations of the Company pursuant to the 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 Common 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 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 Common 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 Common Shares traded on the Toronto Stock Exchange (the "TSX") during the five (5) business days immediately preceding the date of the grant.

The Plan presently provides that, unless the Board rules otherwise, options granted pursuant to the 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 Company 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 Plan must be approved by the Board of Directors, 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 Plan as of November 30, 2009:

Total Number of Options Pursuant to Plan	Total Number of Reserved Shares	Outstanding Options	Average Exercise Price of Outstanding Options	Available Options
2,396,000	1,238,025	944,500	\$19.76	294,525

When the Plan was initially adopted in 1993, a maximum of 599,000 Common Shares were reserved for issuance of shares pursuant to such Plan. On April 9, 1999, and July 20, 2001, Common Shares were subdivided, which increased the number of Common Shares reserved for issuance pursuant to the Plan to 2,396,000. As of February 20, 2010, 944,500 options are outstanding, representing 4.3% of the issued and outstanding securities and, as at the same date, the total number of reserved shares is 1,238,025 shares, representing 5.7% of the issued and outstanding shares of the Company. It is important to mention that the Company has bought back 198,200 shares from December 2, 2008 to December 3, 2009, thus increasing the number of options compared to the total number of issued and outstanding shares of the Company.

#### **Appointment and Compensation of Auditors**

The Board of Directors and the management of the Company propose that Ernst & Young LLP, Chartered Accountants be appointed auditors of the Company and that the directors of the Company be authorized to fix their remuneration. Ernst & Young LLP have been the auditors of the Company 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 of Directors 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, 2009, and November 30, 2008.

Category of Fees	2009	2008
Audit Fees	\$211,700	\$226,800
Audit-related Fees	\$63,300	\$35,600
Tax Fees	\$0	\$5,000
Total	\$275,000	\$267,400

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 Company. "**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, including in connection with the preparation of the Company's tax filings.

#### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

As of November 30, 2009, neither the Company 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 Company 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 April 30, 2009 and ending April 30, 2010 is \$20,000,000. For the coverage year as defined in the policy, the Company has paid an annual premium of approximately \$55,000.

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

No director, executive officer, or other informed person of the Company, 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 Company's last fiscal year.

## **ADDITIONAL INFORMATION**

The Company's financial information is included in its audited consolidated financial statements and management's discussion and analysis for the fiscal year ended November 30, 2009. Copies of these documents and additional information concerning the Company (including the Company's annual information form) can be found on the SEDAR Website at the following address: [www.sedar.com](http://www.sedar.com) and may also be obtained upon request to the Vice-president and Chief Financial Officer of the Company at 7900 Henri-Bourassa Blvd. West, Montréal, Quebec, H4S 1V4. The Company may charge a reasonable amount for any request from someone who is not a shareholder of the Company.

## **APPROVAL OF DIRECTORS**

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

Montreal, province of Quebec, this 19th day of February 2010.



Richard Lord,  
President and Chief Executive Officer

---

---

## **Appendix A: Corporate Governance Disclosure**

### ***Board of Directors***

The Board of Directors, through its Human Resources and Corporate Governance Committee, established that seven (7) of the eight (8) directors, namely: Mr. Robert Chevrier, Ms. Denyse Chicoyne, Mr. Robert Courteau, Mr. Jean Douville, Mr. Mathieu Gauvin, Mr. Jocelyn Proteau, and Mr. Robert L. Trudeau, are considered independent as they are not, and were not in the past, party to any material relationship with the Company, its subsidiaries or controlling shareholder that may, in the opinion of the Board of Directors, interfere with the independent judgement of the director.

The duties of the Chair of the Board, which are outlined in the Charter of the Board of Directors, can be found in Appendix B of this Circular and are summarized in Appendix C, are currently assumed by Mr. Robert Chevrier.

The majority of the directors are independent. However, to ensure that the Board of Directors 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 non-independent directors.

Six (6) independent directors meetings were held during the fiscal year ending on November 30, 2008.

The other directorships of the directors of the Company is presented under the section "Information about Nominees Proposed for Election as Directors" on pages 6 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, 2008, is listed in the section "Information about Nominees Proposed for Election as Directors" beginning on pages 6 and following of this Circular.

### ***Mandate of the Board of Directors***

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

### ***Position Description***

The Board of Directors 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 of Directors 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 of Directors. Furthermore, such committee reviews, on an annual basis, the objectives that the President and Chief Executive Officer are asked to meet, evaluates his performance following the established criteria, and provides recommendations to the Board of Directors. However, the Human Resources and Corporate Governance Committee decided it is 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 Company including in particular historical public information about the Company, by-laws, the previous minutes of the Board and of its relevant committees, the Code of Ethics of the Company 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 Company.

Finally, to ensure the continuing education of its directors, presentations on various aspects of the Company'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 of Directors adopted a Code of Ethics to which all employees, executives and directors of the Company must comply. This Code of Ethics is available on the SEDAR Website ([www.sedar.com](http://www.sedar.com)). It can also be obtained upon request from the Company's Vice-president and Chief Financial Officer at 7900 Henri-Bourassa Blvd. West, Montréal, Quebec, H4S 1V4.

The management of the Company will take all reasonable measures to ensure that employees, executives and directors comply with the Code of Ethics and to react adequately and promptly to reported violations. The Board, through the Human Resources and Corporate Governance Committee (the "Committee"), is responsible for monitoring compliance with the Code of Ethics.

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.

### ***Selection of Nominees for Election to the Board of Directors***

The Human Resources and Corporate Governance Committee (the "Committee") recommends to the Board candidates for the position of director. This Committee is comprised of three (3) independent directors: Mr. Robert L. Trudeau (Chair), Mr. Jean Douville and Mr. Jocelyn Proteau. Mr. Robert Chevrier acts as ex-officio member of this Committee.

To fulfil this responsibility, and pursuant to its written mandate, the Committee takes into account the size of the Board, the Company'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 Company's needs, the Committee determines what qualifications, aptitudes and personal qualities are sought in directors to add value to the Company.

### ***Compensation***

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

The mandate of the Committee is to evaluate the senior officers of the Company and to recommend to the Board their employment terms and their level of compensation. To establish the compensation of directors, the Committee considers the time devoted to the Company, 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 committee charters are available on the SEDAR Website ([www.sedar.com](http://www.sedar.com)).

### ***Evaluation***

The Human Resources and Corporate Governance Committee implemented a procedure to assess the Board of Directors 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 Company, as approved by the Board of Directors on January 25, 2006.

### **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:

- e) Establishing the schedule for the Board’s meetings.
- f) Preparing (in consultation with management) the agenda of the Board’s meetings and ensure the timely availability of the required documentation.
- g) Chairing meetings of the Board.
- h) Ensuring that the Board discharges its duties and responsibilities as set forth in the Charter and comply with its terms.
- i) 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.
- j) Acting as the Board’s representative to the President and Chief Executive Office to ensure efficient communication between management and the Board.
- k) 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 company, (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 of Directors of the Company outlines the responsibilities of the Chair of the Board and the expectations from the Board of Directors. The complete description of the mandate appears in the Charter of the Board of Directors of the Company, 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 of Directors and the President and Chief Executive Officer of the Company.

### **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](http://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 of Directors on the work performed by the committee.