



RICHELIEU HARDWARE LTD.

**Notice of Annual and Special Meeting
of Shareholders
for the fiscal year ended November 30, 2012
and Management
Proxy Circular**

Our Annual and Special Meeting of Shareholders will be held
at 11 a.m. on Thursday, March 28, 2013
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.

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RICHELIEU HARDWARE LTD.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual and Special Meeting of shareholders (the "Meeting") of **RICHELIEU HARDWARE LTD.** (the "Corporation") will be held at the Omni Mont-Royal Hotel's Salon Pierre de Coubertin, located at 1050 Sherbrooke West, Montréal, Province of Quebec, Canada, on Thursday, March 28, 2013 at 11:00 a.m. for the following purposes:

1. receiving the annual report, the consolidated financial statement and the auditors' report thereon for the fiscal year ended November 30, 2012;
2. electing directors;
3. appointing auditors and authorizing the directors to fix their remuneration;
4. reviewing and, if deemed appropriate, ratifying the By-Laws, the full text of which is reproduced as Appendix D to Management Proxy Circular, these new By-Laws replacing the General By-Laws of the Corporation, in order to be in compliance with the new *Business Corporation Act* (Quebec); and
5. reviewing and, if deemed appropriate, passing a special resolution, the full text of which is reproduced as Appendix E to Management Proxy Circular and incorporated by reference in this notice of meeting, in order to amend the Articles and provide that the Board may appoint additional directors not exceeding one third of the number of directors elected at the previous annual shareholders meeting as per section 153 of the *Business Corporation Act of Quebec*."
6. to properly transact such other business before the Meeting.

You have the right to receive notice of and to vote at the Meeting if you were a shareholder of the Corporation at **5:00 p.m., Montréal time, on February 21, 2013.**

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. 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 26, 2013. Your shares will be voted in accordance with your instructions as indicated on the proxy.

Montréal, province of Quebec, this 18th day of February 2013.

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 "Corporation" or "Richelieu") for use at the Annual and Special Meeting of shareholders of the Corporation (the "Meeting") to be held at the place and date indicated in the Notice. Unless otherwise indicated, the information contained herein is given as at January 31, 2013 and all dollar amounts set forth herein are expressed in Canadian dollars.

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

Nomination of Proxyholders

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

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

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

Revocation of Proxies

A shareholder who signs a form of proxy may revoke the proxy at any time before 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 Corporation. 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 Corporation which carry voting rights.

As of January 31, 2013, the Corporation had 20,818,634 outstanding Common Shares (the "Common Shares"). Each Common Share of the Corporation entitles its holder to one vote.

The registered holders of Common Shares at 5:00 p.m., Montréal time, on February 21, 2013 (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 Corporation's directors and officers, as of January 31, 2013, no person owned, directly or indirectly, more than 10% of the outstanding Common Shares, except Mawer Investment Management Ltd. for a holding of 15.25%.

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

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

If the Corporation's 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

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

Should any of the nominees proposed for election as director be unable, for any reason whatsoever, to fulfil his duties as a director, the persons named in the enclosed form of proxy reserve the right to vote for another nominee of their choice unless the shareholder specifies on the form of proxy to abstain from voting for the election of directors. The Board has approved the Policy on the Majority Voting for the Election of Directors (the "Policy"), providing that in the event of an uncontested election of directors, any nominee for director who receives more withheld votes than for votes must offer to resign, such resignation taking effect upon its acceptance by the Board of Directors. The Board shall refer the resignation for consideration to the Human Resources and Corporate Governance Committee (the "Committee"). The Board shall promptly accept the resignation, unless the Committee recommends that the Board should refuse such resignation where circumstances justify that such director should continue to sit on the Board. The Board shall make its decision no later than 90 days after the Annual Meeting. If such resignation is accepted, the Board shall appoint a new director in accordance with the By-Laws.

The following table indicates, for each nominee proposed for election as director, his name, his province of residence, his position within the Corporation, his current principal occupation, the year in which he first became a director, and the committees of the Board of the Corporation on which he serves. The table also indicates whether the nominee is independent, the percentage of attendance at meetings for the period of December 1, 2011 to November 30, 2012, the number of voting shares in the share capital of the Corporation beneficially owned, directly or indirectly, or over which control is exercised, and the number of stock options and share units held under the Deferred Share Unit ("DSU") Plan.

The nominees have themselves provided the Corporation with the information, as of February 18, 2013, except for the deferred share units which are as of November 30, 2012.

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

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| <p>PIERRE BOURGIE Quebec, Canada Director since 2010 Independent</p> <p>Common Shares: 2,000 Stock options: 2,000 Deferred share units: —</p> <p><i>Attendance</i></p> <p>Board: 100 % Audit Committee: 100 %</p> | <p>President and Chief Executive Officer of Société Financière Bourgie (1996) inc.</p> <p>Mr. Bourgie is President and Chief Executive Officer of Société Financière Bourgie (1996) 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 Saputo Group Inc. and member of the Audit and Corporate Governance committees.</p> <p>Mr. Bourgie is a member of the Audit Committee of the Corporation.</p> |
| <p>DENYSE CHICOYNE Quebec, Canada Director since 2005 Independent</p> <p>Common Shares: 1,000 Stock options: 5,000 Deferred share units: 13,372</p> <p><i>Attendance</i></p> <p>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 Finance and Audit Committee, the Governance Committee, and the Regulatory Oversight Committee of of the TMX Group and a director and member of the Audit Committee of Deans Knight Income Corporation.</p> <p>Ms. Chicoyne is a member of the Audit Committee of the Corporation.</p> |

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| <p>ROBERT COURTEAU Quebec, Canada</p> <p>Director since 2004 Independent</p> <p>Common Shares: 1,000 Stock options: 5,000 Deferred share units: 13,415</p> <p><i>Attendance</i></p> <p>Board: 100% Human Resources and Corporate Governance Committee: 100%</p> | <p>President and Chief Executive Officer of SPI Health and Safety inc.</p> <p>Mr. Robert Courteau currently acts as President and CEO of SPI Health and Safety Inc. since July 2012. Previously, from April 2009 to April 2011, he was Senior Vice-President of Business Solutions for Fujitsu Canada Inc. From June 2007 to April 2009 and from May 2011 to June 2012, he was President and Chief Executive Officer of Courteau Mainville Management Inc. From February 2005 to June 2007, he was President and Chief Executive Officer of Bell Business Solutions Inc, the same Corporation having bought Technologies Nexxlink Inc. the same Corporation for which he was President and Chief Operating Officer from June 2002 to February 2005.</p> <p>Mr. Courteau is a member of the Human Resources and Corporate Governance Committee.</p> |
| <p>JEAN DOUVILLE Quebec, Canada</p> <p>Director since 2005 Independent</p> <p>Common Shares: 1,000 Stock options: 5,000 Deferred share units: 13,558</p> <p><i>Attendance</i></p> <p>Board: 100% Human Resources and Corporate 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 Corporation.</p> <p>Mr. Douville is Chair of the Human Resources and Corporate Governance Committee of the Corporation.</p> |
| <p>MATHIEU GAUVIN Quebec, Canada</p> <p>Director since 1993 Independent</p> <p>Common Shares: 79,364 Stock options: — Deferred share units: 15,224</p> <p><i>Attendance</i></p> <p>Board: 100% Audit Committee: 100%</p> | <p>Partner, RSM Richter Inc.</p> <p>Mr. Mathieu Gauvin has been employed by RSM Richter Inc. since September 2006 and he is now a Partner of the firm. He is a director and Chair of the Audit Committee of HNZ Group Inc. (formerly Canadian Helicopters Group inc.) and Supremex inc. Previously, from January 2006 to May 2006, he was Chief Financial Officer of Europe's Best Inc. From November 1987 to January 2006, he worked for Schroders & Associates Canada Inc. and for its predecessor corporations in senior managerial positions.</p> <p>Mr. Gauvin is Chair of the Audit Committee of the Corporation.</p> |

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| <p>RICHARD LORD Quebec, Canada</p> <p>Director since 1988 Non-independent</p> <p>Common Shares: 1,411,204 Stock options: 350,000 Deferred share units: N/A</p> <p><i>Attendance</i></p> <p>Board: 100%</p> | <p>President and Chief Executive Officer of the Corporation</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 held several positions including Vice-President and General Manager.</p> <p>Mr. Lord is director, member of the Audit Committee and Chair of the Corporate Governance and Human Resources Committee of Colabor Group inc.; director and Chair of the Audit Committee of BTB Real Estate Investment Trust.</p> <p>Mr. Lord is a member of the Board of the Corporation.</p> |
| <p>MARC POULIN Quebec, Canada</p> <p>New nominee</p> <p>Common Shares: 1,000 Stock options: N/A Deferred share units: N/A</p> <p><i>Attendance</i> N/A</p> | <p>President and Chief Executive Officer of Sobeys Inc.</p> <p>Mr. Marc Poulin has been employed by Sobeys inc. since 1997 and he is acting as President and Chief Operating Officer since June 2012. He was also appointed director of Empire Company Limited since September 2012. Previously, from 2001 to June 2012, he was President of Sobeys Quebec and Vice-President merchandising for the Oshawa Group and after the acquisition by Sobeys, for the same Corporation. He is also director of the Montreal Heart Institute Foundation.</p> |
| <p>JOCELYN PROTEAU Quebec, Canada</p> <p>Director since 2005 Independent</p> <p>Common Shares: 1,100 Stock options: 5,000 Deferred share units: 6,273</p> <p><i>Attendance</i></p> <p>Board: 100%</p> <p>Human Resources and Corporate Governance Committee: 100%</p> | <p>Corporate Director</p> <p>Mr. Jocelyn Proteau is a corporate director. From March 1989 to June 2001, he was Chair of the Board and Chief Executive Officer of Fédération des caisses populaires Desjardins de Montréal et de l'Ouest-du-Québec. He was also Chair of the Board of Standard Life of Canada from 2004 to 2009. He was lead director, member of the Corporate Governance and Nominating Committee, and member of the Compensation Committee of Technologies 20-20 Inc., from 2000 to September 2012.</p> <p>Mr. Proteau is; Chair of the Board and member of the Corporate Governance and Compensation Committee of BTB Real Estate Investment Trust; director and chair of the Audit Committee of CO2 Solutions inc.; director and chair of the Governance Committee of the Canadian Public Accountability Board (CPAB).</p> <p>Mr. Proteau was a member of the Human Resources and Corporate Governance Committee of the Corporation. Since January 24th, 2013, he is Chair of the Board of the Corporation.</p> |

As at February 18, 2013, to the knowledge of the Corporation, no director of the Corporation is or has been, in the ten (10) years prior to this Circular, a director or executive officer of any Corporation, 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 Corporation 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 Corporation who serve together on the Board of Directors of other public companies:

| Corporation | Directors of the Corporation |
|----------------------------------|--|
| BTB Real Estate Investment Trust | Mr. Richard Lord and Mr. Jocelyn Proteau |

DIRECTORS' COMPENSATION

Directors' Compensation Policy

Non-employee directors received an annual retainer of \$36,000 for serving as members of the Board of Directors, while the Chair of the Board received an annual retainer of \$90,000 during the financial year ended November 30, 2012. The chairs of the Audit Committee and of the Human Resources and Corporate Governance Committee receive an additional retainer of \$7,500 per year. In addition, meeting fees of \$1,500 are paid to non-employee directors including the Chair of the Board for each meeting of the Corporation Board of Directors they attend and meeting fees of \$2,000 are paid to non-employee directors for each Audit Committee meeting and Human Resources and Corporate Governance meeting they attend. No retirement plan is available to the directors of the Corporation. During the last fiscal year, a compensation consulting firm conducted a market survey on key executives' and directors' compensation. In light of the findings of such survey, no amendment was made to the directors' base salary. As to meeting fees, the Committee recommended to the Board the alignment of meeting fees. Therefore, at its meeting of January 24, 2013, the Board approved an increase of meeting fees payable to directors, from \$1,500 to \$2,000 per meeting, effective immediately.

Deferred Share Unit Plan

On July 5, 2005, the Corporation established a Deferred Share Unit ("DSU") Plan to attract and retain experienced and qualified directors. The Human Resources and Corporate Governance Committee, which is responsible for managing the Plan, decided that only 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 Corporation'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 Corporation'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 Corporation's Common Shares on the TSX for the five (5) business days immediately preceding the date on which the director elects to exercise his/her rights. The date of exercise of the rights, can be fixed, at the latest, at the end of the first complete calendar year following the year in which the person ceases to be a member of the Board. This date of exercise shall be approved by the Human Resources and Corporate Governance Committee of the Corporation. The amount is paid in cash and is subject to applicable tax deductions. Henceforth, before the adoption of the guidelines regarding the share and DSU holding requirement, all directors have elected to receive their total compensation in DSUs; except for Mr. Robert Chevrier and Mr. Pierre Bourgie, who elected to receive 100% of their compensation in cash; and Mr. Jocelyn Proteau, who elected to receive 50% of his compensation in cash. On the Committee's recommendation, the Board adopted the following guidelines regarding the share and DSU holding requirements: directors shall, over a period of five (5) years, accumulate a number of shares and/or DSUs equivalent to three (3) times their base salary effective January 24, 2013. At least 50 % of the directors' base salary shall be paid in DSUs until the required holding amount has been attained.

Stock Option Plan

The Corporation 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.

Compensation Paid to Directors for the Fiscal Year Ended November 30, 2012

The following table presents the compensation paid to each director for services rendered during the fiscal year ended November 30, 2012, 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, 2012, 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 | All other compensation ⁽²⁾ | Total Compensation |
|-----------------|----------------|---|--------------------|------------------|---|---------------------|---------------------------------------|--------------------|
| | Board Retainer | Retainer Paid to the Chair of the Board or Chair of a Committee | and Committee Fees | Received in Cash | Fees Received in Share-based Awards DSUs ⁽¹⁾ | | | |
| Pierre Bourgie | \$36,000 | N/A | \$15,500 | \$51,500 | \$0 | \$0 | \$ 0 | \$51,500 |
| Robert Chevrier | N/A | \$90,000 | \$19,500 | \$109,500 | \$0 | \$0 | \$ 0 | \$109,500 |
| Denyse Chicoyne | \$36,000 | N/A | \$15,500 | \$0 | \$51,500 | \$0 | \$5,938 | \$57,438 |
| Robert Courteau | \$36,000 | N/A | \$15,500 | \$0 | \$51,500 | \$0 | \$5,958 | \$57,458 |
| Jean Douville | \$36,000 | \$7,500 | \$15,500 | \$0 | \$59,000 | \$0 | \$5,958 | \$64,958 |
| Mathieu Gauvin | \$36,000 | \$7,500 | \$15,500 | \$0 | \$59,000 | \$0 | \$6,751 | \$65,751 |
| Richard Lord | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Jocelyn Proteau | \$36,000 | N/A | \$15,500 | \$25,750 | \$25,750 | \$0 | \$1,392 | \$52,892 |

- 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 Corporation's Common Shares on the TSX for the five (5) trading days immediately preceding the date of grant.
- 2) This amount represents the dividend equivalents reinvested in additional DSUs during the 2012 financial year.

Outstanding Option-based Awards and Share-based Awards

The following table presents, for each director, all options outstanding as of November 30, 2012. The Corporation grants share-based awards in the form of DSUs on a quarterly basis and DSUs granted vest immediately on the grant date. Accordingly, on November 30, 2012, all DSUs granted were already vested.

| Director's Name | Unexercised Options Held (#) ⁽¹⁾ | Market Value of Options ⁽¹⁾ | Number of Unvested DSUs (#) | Market Value of Unvested DSUs ⁽²⁾ |
|-----------------------------|---|--|-----------------------------|--|
| Pierre Bourgie | 2,000 | \$15,780 | 0 | \$0 |
| Robert Chevrier | 0 | \$0 | 0 | \$0 |
| Denyse Chicoyne | 5,000 | \$63,775 | 0 | \$0 |
| Robert Courteau | 5,000 | \$64,365 | 0 | \$0 |
| Jean Douville | 5,000 | \$63,775 | 0 | \$0 |
| Mathieu Gauvin | 0 | \$0 | 0 | \$0 |
| Richard Lord ⁽³⁾ | N/A | N/A | N/A | N/A |
| Jocelyn Proteau | 5,000 | \$62,945 | 0 | \$0 |

- 1) The following table presents a breakdown of all outstanding options granted and their value as of November 30, 2012, based on the closing price of the common share on the TSX (\$33.54) 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 Corporation.

| Option-based Awards | | | | | |
|------------------------|-------------------|---|-----------------------|------------------------|---|
| Name | Grant Date | Number of Securities Underlying Unexercised Options | Option Exercise Price | Option Expiration Date | Value of Unexercised In-The-Money Options |
| Pierre Bourgie | July 8, 2010 | 1,000 | \$23.37 | July 8, 2020 | \$10,170 |
| | July 7, 2011 | 1,000 | \$27.93 | July 7, 2021 | \$5,610 |
| Denyse Chicoyne | November 30, 2005 | 1,000 | \$21.69 | November 30, 2015 | \$11,850 |
| | April 2, 2007 | 1,000 | \$22.88 | April 2, 2017 | \$10,660 |
| | July 9, 2008 | 1,000 | \$19.27 | July 9, 2018 | \$14,275 |
| | March 26, 2009 | 1,000 | \$16.72 | March 26, 2019 | \$16,820 |
| | July 8, 2010 | 1,000 | \$23.37 | July 8, 2020 | \$10,170 |
| Robert Courteau | July 5, 2006 | 1,000 | \$21.10 | July 5, 2016 | \$12,440 |
| | April 2, 2007 | 1,000 | \$22.88 | April 2, 2017 | \$10,660 |
| | July 9, 2008 | 1,000 | \$19.27 | July 9, 2018 | \$14,275 |
| | March 26, 2009 | 1,000 | \$16.72 | March 26, 2019 | \$16,820 |
| | July 8, 2010 | 1,000 | \$23.37 | July 8, 2020 | \$10,170 |
| Jean Douville | November 30, 2005 | 1,000 | \$21.69 | November 30, 2015 | \$11,850 |
| | April 2, 2007 | 1,000 | \$22.88 | April 2, 2017 | \$10,660 |
| | July 9, 2008 | 1,000 | \$19.27 | July 9, 2018 | \$14,275 |
| | March 26, 2009 | 1,000 | \$16.72 | March 26, 2019 | \$16,820 |
| | July 8, 2010 | 1,000 | \$23.37 | July 8, 2020 | \$10,170 |
| Jocelyn Proteau | July 5, 2006 | 1,000 | \$21.10 | July 5, 2016 | \$12,440 |
| | October 3, 2007 | 1,000 | \$24.30 | October 3, 2017 | \$9,240 |
| | July 9, 2008 | 1,000 | \$19.27 | July 9, 2018 | \$14,275 |
| | March 26, 2009 | 1,000 | \$16.72 | March 26, 2019 | \$16,820 |
| | July 8, 2010 | 1,000 | \$23.37 | July 8, 2020 | \$10,170 |

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, 2012.

| Director's Name | Option-based Awards - Value Vested during the Year ⁽¹⁾ | Share-based Awards (DSUs) - Value Vested during the Year ⁽²⁾ |
|-----------------------------------|---|---|
| Pierre Bourgie | \$3,775 | \$0 |
| Robert Chevrier | \$0 | \$0 |
| Denyse Chicoyne | \$9,229 | \$57,438 |
| Robert Courteau | \$9,229 | \$57,458 |
| Jean Douville | \$9,229 | \$64,958 |
| Mathieu Gauvin | \$0 | \$65,751 |
| Richard Lord⁽¹⁾ | N/A | N/A |
| Jocelyn Proteau | \$9,229 | \$27,142 |

- 1) The options automatically vest at a rate of 25% per year on each of the first four anniversaries of their date of grant.
- 2) DSUs vest at the end of each quarter when the DSUs are credited to the director's notional account. This amount includes the dividend equivalents reinvested in additional DSUs during the 2012 financial year. The value on the vesting date is therefore equal to the value on the date of grant presented in the Directors Summary Compensation Table.

CORPORATE GOVERNANCE

The Corporation supports and conducts its business in accordance with guidelines for effective corporate governance pursuant to *Policy Statement 58-201* to Corporate Governance Guidelines ("58-201"). Under 58-201, the Corporation must disclose its Corporate Governance Practices. This information is presented in Appendix 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 Corporation favours the efficient administration of the Corporation by its Management. The Board of Directors considers that the corporate governance practices adopted by the Corporation suit its situation and are efficient, and that structures and processes necessary to ensure its independence from Management are in place.

AUDIT COMMITTEE

The Audit Committee of the Corporation (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. Pierre Bourgie and Ms. Denyse Chicoyne. The Chair of the Board acts as ex-officio member of the Audit Committee.

The Committee is governed by a Charter adopted by the Board of Directors of the Corporation; a complete copy thereof is available on the SEDAR Website (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 Corporation's financial reporting processes and internal controls. Management of the Corporation assumes the responsibility for preparing and reporting on the Corporation's financial statements, their integrity, as well as the effectiveness of the internal controls and supervision to provide reasonable assurance regarding the reliability of financial reporting.

The Committee is also responsible for overseeing the work of the external auditors and to ensure their independence and their qualifications.

AMENDMENT AND REPEAL OF THE FORMER GENERAL BY-LAWS AND APPROVAL OF NEW GENERAL BY-LAW

Further to the coming into force of the *Quebec Business Corporations Act* (the "QBCA"), the Corporation repealed part of its former General By-Laws in order to replace them with the General By-Law attached hereto as Appendix "D" (the "New General By-Law"). Such comprehensive revision of the former General By-Laws was adopted by the Board of Directors of the Corporation at its meeting held on October 4, 2012, on the recommendation of the Human Resources and Governance Committee for the following reasons: (i) the new QBCA contains terminology and provisions inconsistent with the Corporation's former General By-Laws; (ii) the former General By-Laws were last updated on July 13, 1993 and contain provisions on the Corporation's management positions no longer applicable due to the expansion of the Corporation since that date; (iii) amending the former General By-Laws would not have allowed the approval of a consistent, specific and clear general by-law.

It is worth mentioning that all the provisions contained in the New General By-Law came into force as of October 4, 2012, except for the provisions on procedural issues related to meetings of shareholders that take effect only once approved by the shareholders. Therefore, all articles of the former General By-Laws related to meetings of shareholders shall be repealed and replaced only with the shareholders' approval as of the date of this meeting. The provisions that remained in force until March 28, 2013 relate to the Article entitled "Shareholders" containing the following sections: 1. Annual meeting, 2. Special general meetings, 3. Notice of meetings, 4. Quorum, voting and adjournments, 5. Right to vote and proxies, 6. Joint shareholders, 7. Procedure at meetings, 8. Scrutineers and 9. Resolutions. Copies of the General By-Laws can be found at www.sedar.com and may also be obtained upon written request sent to the Corporate Secretary, at the head office located at 7900 Henri-Bourassa Blvd. West, Montreal, Quebec, H4S 1V4..

It is also worth mentioning that the majority of the provisions contained in the New General By-Law are rules provided for in the new QBCA and are included in the New General By-Law in order to facilitate its application and its monitoring by the management. In some cases, the QBCA makes it possible to choose which rules will apply to a corporation. The list of the key amendments made to the former General By-Laws is provided below:

- Section 3.2: The Board reserves the right to add criteria to the qualifications required by the QBCA to become a director;
- Section 3.23: The Board, in compliance with section 117 of the QBCA, defines the applicable rules for establishing the directors' remuneration. Such new section is essentially the same as section 18 of the former General By-Laws, except that it allows a director to serve the Corporation in any other capacity and to receive remuneration therefore.
- Article 4 of the New General By-Law was added in order to clarify the duties and responsibilities of the members of the committees, the procedures to follow for the committees' meetings and the appointment and replacement of their members as well as their remuneration. Such rules are already applied throughout the Corporation since the introduction of the rules on governance of listed corporations, but were not included in the former General By-Laws.

- Article 5 of the New General By-Law dealing with officers that replaces the Article entitled "Officers" is much less detailed as to officers' positions and provides the Corporation with more flexibility to adapt its organizational structure according to its growth and needs.
- Article 7 of the New General By-Law, "Meetings of Shareholders" will be effective once it has been approved by the shareholders pursuant to Section 113 of the QBCA. Section 7.2 will allow the Corporation to hold its annual meeting no later than 15 months after the last preceding annual meeting whereas Article 1 of the former General By-Laws provides that the Corporation must hold its meeting no later than four months after the end of its fiscal year. This new provision harmonizes the deadlines set out in the New General By-Law, in compliance with Section 163 of the QBCA.

AMENDMENT TO ARTICLES OF THE CORPORATION

Section 153 of the Business Corporations Act allows the Board to appoint additional directors during the year, up to a maximum of one third of the number of directors elected at the previous meeting, if the Corporation's Articles so provide. To be valid, an amendment to the Articles of the Corporation must be authorized by resolution of the Board of Directors and by special resolution of the shareholders. Such special resolution requires two thirds of the votes cast by the shareholders entitled to vote on the resolution. The full text of such resolution is attached as Appendix E to the Management Proxy Circular and is submitted for discussion to the shareholders in item 5 of the Agenda of the Annual and Special Meeting. As indicated in item 4 of the proxy, the shareholders may also notify their decision by voting by proxy.

At its February 14, 2013 meeting, the Board of Directors of Richelieu approved a resolution allowing such amendment to be presented for approval to the shareholders of the Corporation. The Board believes that such provision will allow the Board to ensure better succession planning in cases where a director would communicate in advance his or her intention not to stand for re-election due to personal reasons or reaching the retirement age, or where the Board deems appropriate to add independent directors who would sit a Special Board Committee or bring specific expertise to the Board. It is important to note that this amendment will allow the Board to appoint a maximum of two additional directors whose term will end at the end of the year during which they were appointed. To be re-elected, these directors shall be listed among the candidates standing for election at the Annual Meeting immediately following the end of their term.

EXECUTIVES' COMPENSATION

This section is intended to provide the Corporation's shareholders with a description of the policies, plans, and decisions with respect to the compensation of the named executive officers (collectively the "Named Executive Officers" or "NEOs") for the Corporation's fiscal year ended November 30, 2012. The NEOs include the Corporation's President and Chief Executive Officer, the Vice-President and Chief Financial Officer, and the other three most highly compensated executives, i.e., the Vice-President, Sales and Marketing - Industrial, the Vice-President, Sales and Marketing - Retailers and the General Manager Western Canada and Western U.S.

Although the main purpose of this section is to describe the compensation policies and plans applicable to NEOs, these plans also apply to other Corporation executives. Unless indicated otherwise, the information in this section is effective as of November 30, 2012.

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 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 Corporation'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 Corporation's executive compensation. The President and CEO may recommend changes to the executives' total compensation packages in order to reach the Corporation's objectives. The 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 conduct the annual assessment of the other NEOs. According to the achievement of objectives set at the beginning of the year, he determines each executive officer's annual bonus and salary increase, where applicable. The 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 Corporation'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 beginning 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.

Until January 24th, 2013, the Committee was comprised of three (3) independent directors: Messrs. Jean Douville (Chair), Robert Courteau and Jocelyn Proteau. Mr. Robert Chevrier acts as ex-officio member. Following Mr. Robert Chevrier's resignation, Mr. Jocelyn Proteau became Chair of the Board. A new member of the Committee shall be designated at meetings scheduled for March 2013.

No officers of the Corporation are involved in the process of determining executive compensation, except the President and CEO with respect to the compensation of executives who report directly to him. That being said, the Vice-President and CFO, together with the other executives, are involved in the preparation of the financial budgets, which are recommended to the Board 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. During fiscal year 2012, at the Committee's request, the management retained the services of Mercer to conduct a market survey on key executives' compensation. In light of the findings of such survey, no amendment was made to such executives' compensation. Fees of \$32,940 were paid for such external consulting fees.

Executive Compensation Principles

The compensation of Richelieu Hardware's senior officers is designed to achieve the following primary objectives:

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

The compensation granted to the Corporation's executives also aims to provide total compensation that is competitive in relation to its comparative group, taking into consideration additional Corporation and executive-specific issues such as the scope of responsibilities, experience and skills for the position, the achievement of financial and operational objectives, as well as each individual's contribution to the success of the Corporation. Consequently, the comparative group was revised by Mercer and modifications were done making the group more representative. Total compensation plans are structured to provide compensation that is above the competitive

market median when results exceed the Corporation's business objectives and below market median when results are below target. As a result, a large portion of the directors' compensation is based on performance given that it is directly related to the Corporation's results and the growth of the share price.

Comparative Group

To establish guidelines for compensation levels and to benchmark the total compensation, the Corporation's executive compensation opportunity is compared to the compensation of positions of comparable responsibility in fourteen (14) Canadian corporations operating in the distribution and retail sector, the revenues, total assets and market capitalization of which represent 1/3 to three times those of the Corporation.

For executive compensation purposes, Richelieu Hardware's comparative group includes the following fourteen (14) corporations:

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

For consistency and comparison purposes, the comparative group does not change often. On January 24, 2013, on Mercer's recommendation, the comparative group has been modified and half of the corporations previously used were changed and the number of corporations included in the comparative group decreased from 15 to 14. The names of the corporations added to the group are in bold characters above. The corporations included in the comparative group will be reviewed annually to ensure that the inclusion criteria and corporations included remain relevant. Changes could 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, these plans having not been changes following Mercer's recent survey:

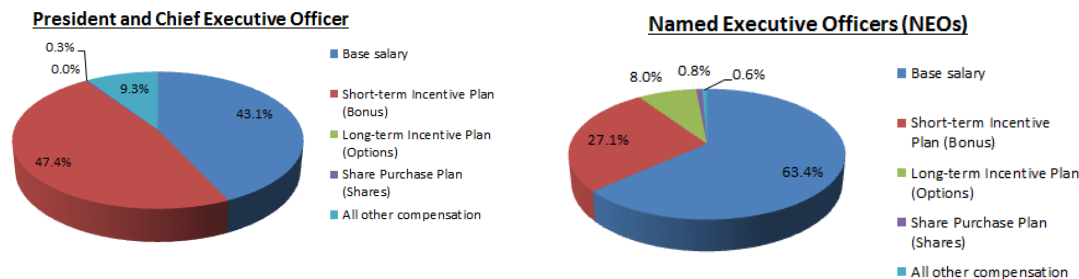
| COMPENSATION COMPONENT | | DESCRIPTION | CRITERIA | OBJECTIVES | ELIGIBILITY | SHORT TERM | LONG TERM |
|------------------------|--|--|---|---|--|------------|-----------|
| FIXED | Base salary | Fixed level of compensation | Employee level, experience, personal skills, and contribution | Attract and retain Recognize the level of responsibility, skills, and contribution to Corporation results | All employees | x | |
| | Benefits (group insurance) | Suitable insurance against health-related complications | Based on the competitive market data for each employee level Some directly related to the salary | Suitable insurance (health, disability and life) | All employees | x | |
| | Retirement allowance | Retirement allowance granted starting July 8, 2010 | Position, years of service and contribution to Corporation's earnings | Recognition of years of service and retention | President and Chief Executive Officer | x | x |
| VARIABLE | Opportunity based on the competitive market data for each employee level | | | | | | |
| | Annual bonus | Annual bonus based on the achievement of objectives that were established at the beginning of the fiscal year | Payments vary from 0 to 100% of the potential bonus, according to the Corporation's earnings per share ("EPS"), the department or region's results, and personal achievements | Motivate to achieve and surpass the Corporation's financial and operational objectives | Executives or Executives and Key employees | x | |
| | Long-term incentive opportunity | | | | | | |
| | Share purchase plan | Opportunity to buy Corporation shares up to a yearly maximum, with a proportional contribution from the Corporation 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 Corporation 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 Corporation achieves or exceeds business objectives. When results are below target, the bonus is reduced and can go as low as zero when the Corporation's 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 Corporation results and individual performance.
- Retirement allowance for the benefit of the President and Chief Executive officer- an allowance of \$1.9M for a retirement starting on December 1, 2012. The retirement allowance will thereafter be increased by \$100,000 each year, for an allowance of \$2.3M on December 1, 2016.

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 Corporation's market positioning and the range of Corporation salary increases. The President and CEO reviews, on an annual basis, the salaries of each executive officer who reports to him and makes adjustments when required, to ensure the compensation remains market competitive and is commensurate with individual performance, the responsibilities of the position, and competency development. The President and CEO then submits his recommendations to the Committee, where applicable. Individual performance includes, but is not limited to, each executive officer's contribution to the Corporation's success, functional or regional results, leadership, quality of management, and espousing of our corporate values.

For the fiscal year ended November 30, 2012, the salaries of the NEOs were increased, on average, by a percentage of 3.6%.

Annual Short-term Incentive Plan

Richelieu Hardware believes short-term incentive rewards should be paid to executives for their contribution to the Corporation's overall performance and for meeting objectives related to their activity sector, region, duties, business unit, as well as their personal achievements.

The following table presents the maximum annual bonus, the bonus formula, and the performance indicators that apply to each NEO for the fiscal year ended November 30, 2012.

| 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%–60% | + | 0%–20% | + | 0%–20% | + | 0%–20% |) |
| ANTOINE AUCLAIR Vice-President and Chief Financial Officer | 50% | = | (| 0%–20% | + | 0%–5% | + | 0%–15% | + | 0%–10% |) |
| GUY GRENIER Vice-President, Sales and Marketing - Industrial | 60% | = | (| 0%–20% | + | 0%–4% | + | 0%–16% | + | 0%–20% |) |
| CHRISTIAN LADOUCEUR Vice-President, Sales and Marketing - Retailers | 50% | = | (| 0%–12% | + | 0%–10% | + | 0%–15% | + | 0%–13% |) |
| JOHN STATTON General Manager, Western Canada and Western U.S. | 70% | = | (| 0%–5% | + | 0%–35% | + | 0%–20% | + | 0%–10% |) |

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

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

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

Objectives for all performance indicators are set at challenging levels to ensure strong growth and increased corporate value. According to the formula, no bonus is payable when the Corporation's earnings per share ("EPS") is below the threshold established at the start of the fiscal year. During the last four (4) fiscal years, the Corporation paid, on average, 77% of the maximum bonus to its NEO and the percentage ranged from 62% to 90%.

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 Corporation'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 Corporation's economic and commercial situation.

The Board of Directors approved the payment of a bonus of \$643,500 to the President and CEO, which represents 110% of his base salary and an additional bonus of \$25,000, to highlight the achievement of outstanding financial results given the economic conditions prevailing in the Corporation's business sector. Similarly, the Board of Directors also approved a bonus pool of \$3.072M to be paid to participants in the short-term incentive plan. The President and CEO allocated the bonus pool based on regional or sectorial results as well as individual position and performance.

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

- 8% increase in consolidated sales;
- Integration of the recent business acquisitions;
- 15.0% increase in net earnings per share; and
- Implementation of the main objectives established in the Corporation's strategic plan.

Long-term Incentive Plans

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

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

Share Purchase Plan

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

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, 2012, the Board approved the grant of a total of 41,000 options to the Plan participants 18,000 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.

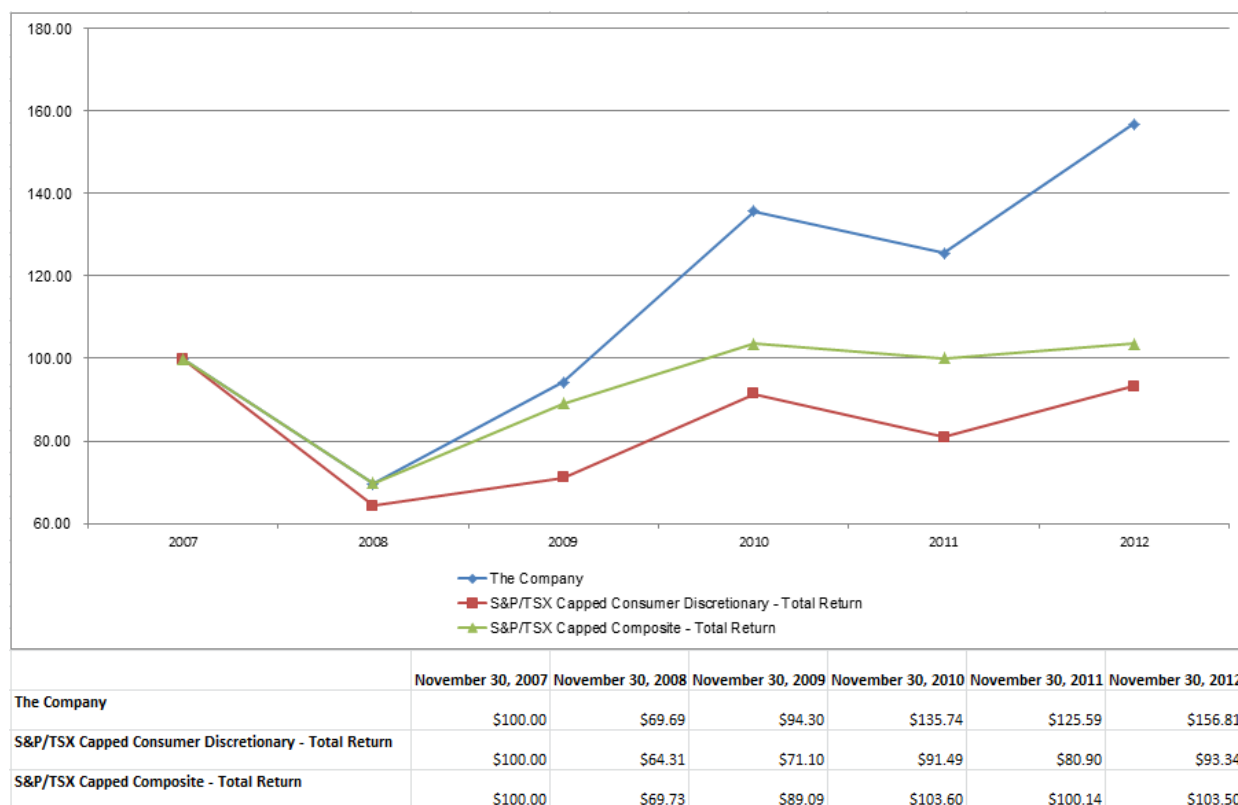
Retirement allowance for the President and Chief Executive Officer

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

- An allowance of \$1.9M for a retirement which could start on December 1st, 2012. The retirement allowance will thereafter be increased by \$100,000 each year, for a total allowance of \$2.3M on December 1, 2016. In addition, a bank letter of credit was issued to guarantee the payment of this allowance.

Performance Graph

The following graph compares the total cumulative shareholder return of \$100 invested in the Corporation's Common Shares with the cumulative return on the Toronto Stock Exchange Composite Index during the five fiscal years ending November 30, 2012, i.e., from December 1, 2007 to the end of the fiscal year ended November 30, 2012.



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 2007 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 2012, the Vice-President and General Manager - Operations position was abolished, following the resignation of M. Normand Guindon. 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 2008 and 2009 fiscal years, which corresponds to a one-year delay on the return on an investment in Richelieu. In 2010, 2011 and 2012 bonuses

totalling \$1,118M, \$1,064M and \$1,068M were granted to the NEO for achieving the objectives and the expected financial results set out at the beginning of the year. Please note that following the departure of the Vice-President and General Manager – Operations during the fiscal year 2012, such position was abolished.

NEOs' Compensation – Summary Compensation Table

The following table indicates the compensation of the President and CEO, Vice-President and CFO and of the three most highly compensated executives of the Corporation for the fiscal years ended November 30, 2012, 2011, and 2010.

| | Year | Salary (\$) | Share-based awards ⁽¹⁾ | Option-based awards (\$) ⁽²⁾ | Non-equity incentive plan compensation (annual performance bonus) ⁽³⁾ | All other compensation (\$) ⁽⁴⁾ | Total compensation (\$) N/A |
|---|---------------------|-------------|-----------------------------------|---|--|--|-----------------------------|
| RICHARD LORD President and Chief Executive Officer | 2012 | \$585,000 | \$ 4,160 | – | \$643,500 | \$126,149 | \$1,358,809 |
| | 2011 | \$570,000 | \$4,160 | – | \$650,000 | \$101,149 | \$1,325,309 |
| | 2010 | \$540,000 | \$4,160 | – | \$648,000 | \$1,704,649 | \$2,896,809 |
| ANTOINE AUCLAIR Vice-President and Chief Financial Officer | 2012 | \$240,000 | \$3,120 | \$98,100 | \$100,000 | \$3,113 | \$444,598 |
| | 2011 ⁽⁵⁾ | \$9,230 | – | – | – | – | – |
| GUY GRENIER Vice-President, Sales and Marketing-Industrial | 2012 | \$286,000 | \$3,120 | \$6,540 | \$150,000 | \$3,113 | \$448,773 |
| | 2011 | \$260,000 | \$3,120 | \$17,280 | \$118,000 | \$2,918 | \$401,318 |
| | 2010 | \$235,000 | \$3,120 | – | \$120,000 | \$2,879 | \$360,999 |
| CHRISTIAN LADOUCEUR Vice-President, Sales and Marketing - Retailers | 2012 | \$232,000 | \$2,080 | \$6,540 | \$100,000 | \$3,113 | \$343,753 |
| | 2011 | \$225,000 | – | \$17,280 | \$86,260 | \$2,918 | \$331,458 |
| | 2010 | \$205,000 | – | – | \$82,000 | \$2,879 | \$289,879 |
| JOHN STATTON General Manager, Western Canada and Western U.S. | 2012 | \$178,500 | \$4,160 | \$6,540 | \$50,000 | – | \$239,220 |
| | 2011 | \$173,555 | \$4,160 | – | \$60,000 | – | \$237,715 |
| | 2010 | \$168,500 | \$4,160 | – | \$70,000 | – | \$242,600 |

- 1) The amounts represent the value of Corporation contributions toward the purchase of shares over and above shares purchased by the NEO under the Corporation's Share Purchase Plan (see "Long-term Incentive Plan (Share Purchase Plan)").
- 2) This amount is equal to the number of options granted on January 26, 2012 multiplied by \$6.56, which corresponds to the fair market value of the options as determined under the Black-Scholes model, an established methodology, using the following assumptions, which are the same assumptions as those used to determine the accounting expense related to the option grants for the purposes of the Corporation's financial statements for the year ended November 30, 2012:

| | |
|---------------------------------|------------------|
| Attribution date : | January 26, 2012 |
| i. Exercise price : | \$27.43 |
| ii. Risk-free interest rate : | 2.31% |
| iii. Expected life of options : | 7 years |
| iv. Volatility : | 25% |
| v. Dividend yield : | 1.75% |

- 3) See "Annual Short-term Incentive Plan"
- 4) The amounts represent the value of premiums paid by the Corporation for the group insurance plan, to which is added, for Mr. Richard Lord, the portion of his retirement allowance payable on November 30, 2012 representing an amount of \$1,900M. In addition, this amount includes the special bonus of \$25,000 granted for the

Corporation's financial performance in 2012. Indirect benefits and other personal benefits which, in the aggregate, do not exceed the lesser of the following amounts: (i) \$50,000 and (ii) ten percent of the NEO's total annual salary for the fiscal year, are not included in the column entitled "All Other Compensation".

5) Mr. Antoine Auclair began his employment with the Corporation on November 21, 2011.

Incentive Plan Awards

Outstanding Option-based Awards

The following table presents, for each NEO, all of the option-based awards outstanding on November 30, 2012. Shares purchased with the Corporation's contributions under the Share Purchase Plan are vested immediately in such a way that on November 30, 2012, all shares granted are already vested.

| Option-based Awards | | | | | |
|---|----------------|---|-----------------------|------------------------|--|
| Name | Grant Date | Number of Securities Underlying Unexercised Options | Option Exercise Price | Option Expiration Date | Value of Unexercised In-the-Money Options ⁽¹⁾ |
| RICHARD LORD President and Chief Executive Officer | March 25, 2003 | 50,000 | \$14.50 | March 25, 2013 | \$952,000 |
| | March 31, 2004 | 50,000 | \$19.20 | March 31, 2014 | \$717,000 |
| | Jan. 26, 2005 | 50,000 | \$22.13 | Jan. 26, 2015 | \$570,500 |
| | Jan. 25, 2006 | 50,000 | \$22.43 | Jan. 25, 2016 | \$555,500 |
| | Jan. 26, 2007 | 50,000 | \$24.76 | Jan. 26, 2017 | \$439,000 |
| | Jan. 31, 2008 | 50,000 | \$20.62 | Jan. 31, 2018 | \$646,000 |
| | Jan. 22, 2009 | 50,000 | \$17.44 | Jan. 22, 2019 | \$805,000 |
| ANTOINE AUCLAIR Vice-President and Chief Financial Officer | Jan. 26, 2012 | 15,000 | \$27.43 | Jan. 26, 2022 | \$ 91,650 |
| GUY GRENIER Vice-President, Sales and Marketing - Industrial | Jan. 26, 2005 | 20,000 | \$22.13 | Jan. 26, 2015 | \$228,200 |
| | Jan. 25, 2006 | 3,000 | \$22.43 | Jan. 25, 2016 | \$33,330 |
| | Jan. 26, 2007 | 10,000 | \$24.76 | Jan. 26, 2017 | \$87,800 |
| | Jan. 31, 2008 | 20,000 | \$20.62 | Jan. 31, 2018 | \$258,400 |
| | Jan. 22, 2009 | 5,000 | \$17.44 | Jan. 22, 2019 | \$80,500 |
| | March 31, 2011 | 2,000 | \$30.45 | March 31, 2021 | \$6 180 |
| | Jan. 26, 2012 | 1,000 | \$27.43 | Jan. 26, 2022 | \$6,110 |
| CHRISTIAN LADOUCEUR Vice-President, Sales and Marketing - Retailers | Jan. 22, 2009 | 1,250 | \$17.44 | Jan. 22, 2019 | \$20,125 |
| | March 31, 2011 | 2,000 | \$30.45 | March 31, 2021 | \$6,180 |
| | Jan. 26, 2012 | 1,000 | \$27.43 | Jan. 26, 2022 | \$ 6,110 |
| JOHN STATTON, General Manager Western Canada and Western U.S. | Jan. 26, 2005 | 5,000 | \$22.13 | Jan. 26, 2015 | \$57,050 |
| | Jan. 25, 2006 | 2,000 | \$22.43 | Jan. 25, 2016 | \$22, 220 |
| | Jan. 26, 2007 | 2,000 | \$24.76 | Jan. 26, 2017 | \$17,560 |
| | Jan. 31, 2008 | 2,000 | \$20.62 | Jan. 31, 2018 | \$25,840 |
| | Jan. 22, 2009 | 1,000 | \$17.44 | Jan. 22, 2019 | \$16,100 |
| | March 31, 2011 | 1,000 | \$30.45 | March 31, 2021 | \$3,090 |
| | Jan. 26, 2012 | 1,000 | \$27.43 | Jan. 26, 2022 | \$6,110 |

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, 2012 (\$33.54) 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 2012 and the amount of bonus earned with respect to the performance achieved during fiscal year 2012.

| Name | Option-based Awards – Value Vested During the Year ⁽¹⁾ | Share-based Awards – Value Vested During the Year | Non-equity Incentive Plan Compensation – Value Earned During the Year ⁽²⁾ |
|---|--|--|---|
| RICHARD LORD President and Chief Executive Officer | \$234,250 | \$4,160 | \$643,500 |
| ANTOINE AUCLAIR Vice-President and Chief Financial Officer | — | \$3,120 | \$100,000 |
| GUY GRENIER Vice-President, Sales and Marketing – Industrial | \$57,850 | \$3,120 | \$150,000 |
| CHRISTIAN LADOUCEUR Vice-President, Sales and Marketing – Retailers | \$11,950 | \$2,080 | \$100,000 |
| JOHN STATTON General Manager, Western Canada and Western U.S. | \$6,980 | \$4,160 | \$50,000 |

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 22 (\$27.00) and January 31 (\$29.80), 2012, and March 31 (\$30.00), 2012, 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 Corporation and any of the Corporation's executive officers.

STOCK OPTION PLAN

On July 13, 1993, the Corporation 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 Corporation and to encourage them to share ownership in the Corporation.

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 Corporation 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 Corporation that results in the replacement of a non-employee director of the Corporation, 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 Corporation is to be merged with another entity or acquired by such entity by way of a merger, a sale of all or substantially all of its assets or otherwise (the "Acquisition"), the Committee or the Board of Directors of any entity that assumes the obligations of the Corporation 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 Corporation and stops acting as a director, he may exercise his option at any time within thirty (30) days following the release of the quarterly results following the date on which he stops acting in such capacity; and iv) if an Optionee deceases, any portion of the options he held, that has not vested on the date of death, vests immediately so that the options of the deceased Optionee may be exercised by the legal representative(s) of the Optionee at any time during the one hundred and eighty (180) days following the date of death.

As per the TSX standards, any amendments to the 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, 2012:

| 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 | 981,900 | 762,000 | \$21.36 | 219,900 |

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 18, 2013, 761,850 options are outstanding, representing 3.6% of the issued and outstanding securities and, as at the

same date, the total number of reserved shares is 981,900 shares, representing 4.7% of the issued and outstanding shares of the Corporation. It is important to mention that the Corporation has bought back 173,600 shares from December 6, 2011 to December 7, 2012, thus increasing the number of options compared to the total number of issued and outstanding shares of the Corporation.

Appointment and Compensation of Auditors

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

Unless indicated otherwise by the shareholder, the voting rights attached to the shares represented by any proxy duly signed will be exercised IN FAVOUR OF the appointment of Ernst & Young LLP as auditors and the authorization for the Board 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, 2012, and November 30, 2011.

| Category of Fees | 2012 | 2011 |
|-------------------------|------------------|------------------|
| Audit Fees | \$220,050 | \$282,500 |
| Audit-related Fees | \$29,250 | \$82,600 |
| Tax Fees | \$5,000 | \$5,000 |
| Total | \$254,300 | \$370,100 |

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

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As of November 30, 2012, neither the Corporation nor any of its subsidiaries had any outstanding loans to any of its current or former directors, officers, or employees in their personal capacity or to one of their related companies.

INSURANCE OF DIRECTORS AND OFFICERS

The Corporation provides liability insurance for the benefit of its directors and officers and those of its subsidiaries as a group. The total amount of the coverage for the period beginning December 1, 2012 and ending November 30, 2013 is \$20 M. For the coverage year as defined in the policy, the Corporation has paid an annual premium of approximately \$49,050.

INTEREST OF INFORMED PERSONS AND OTHER PERSONS IN MATERIAL TRANSACTIONS

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

ADDITIONAL INFORMATION

The Corporation's financial information is included in its audited consolidated financial statements and management's discussion and analysis for the fiscal year ended November 30, 2012. Copies of these documents and additional information concerning the Corporation (including the Corporation's annual information form) can be found on the SEDAR Website at the following address: www.sedar.com and may also be obtained upon request to the Vice-President and Chief Financial Officer of the Corporation at 7900 Henri-Bourassa Blvd. West, Montréal, Quebec, H4S

1V4. The Corporation may charge a reasonable amount for any request from someone who is not a shareholder of the Corporation.

APPROVAL OF DIRECTORS

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

Montreal, province of Quebec, this 18th day of February 2013.

A handwritten signature in black ink, appearing to read 'Richard Lord', written in a cursive style.

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. Pierre Bourgie, Ms. Denyse Chicoyne, Mr. Robert Courteau, Mr. Jean Douville, Mr. Mathieu Gauvin, Mr. Marc Poulin and Mr. Jocelyn Proteau are considered independent as they are not, and were not in the past, party to any material relationship with the Corporation, its subsidiaries or controlling shareholder that may, in the opinion of the Board of Directors, interfere with the independent judgement of the director. Mr. Richard Lord does not qualify as an independent director due to his acting as President and Chief Executive Officer of the Corporation.

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

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.

Five (5) independent directors meetings were held during the fiscal year ending on November 30, 2012.

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

The attendance by the directors to Board and committees meetings held over the course of the fiscal year ending November 30, 2012, is listed in the section "Information about Nominees Proposed for Election as Directors" beginning on pages 5 and following of this Circular.

Mandate of the Board of Directors

The mandate of the Board 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 is 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 that it was not necessary at this point to adopt a written job description for the President and Chief Executive Officer.

Orientation and Continuing Education

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

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

Business Ethics

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

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

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

Selection of Nominees for Election to the Board of Directors

The Human Resources and Corporate Governance Committee (the "Committee") recommends to the Board candidates for the position of director. This Committee is comprised of three (3) independent directors: Mr. Jean Douville (Chair), Mr. Robert Courteau and until his recent nomination as Chair of the Board, Mr. Jocelyn Proteau who acts now as ex-officio member of this Committee. The members of the Committee will be appointed by the Board at its next meeting scheduled on March 28, 2013.

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

Compensation

The responsibilities normally assigned to a compensation committee are assumed by the Human Resources and Corporate Governance Committee (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 Corporation 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 Corporation, and the compensation, risks, and duties of comparable positions.

Other Board Committees

The Board's standing committees include the Human Resources and Corporate Governance Committee and the Audit Committee. The committee charters are available on the SEDAR Website (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 Corporation, as approved by the Board of Directors on January 25, 2006 and modified on January 26, 2012. The mandate is reviewed and approved each year.

RICHELIEU HARDWARE LTD.

CHARTER OF THE BOARD OF DIRECTORS

1. PURPOSE OF THE BOARD

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

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

2. POWERS

As part of its functions, the Board may:

- a) Ask management of Richelieu or external third parties for the information it needs to fulfil its duties;
- b) Obtain, when necessary, legal or other advice from external professionals;
- c) Determine and authorize the payment of the fees of such professionals; and
- d) Communicate directly with the in-house auditor, if applicable, and the external auditors of Richelieu.

3. COMPOSITION OF THE BOARD

3.1 Selection of members

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

3.2 Size of Board

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

3.3 Independent directors

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

3.4 Conditions for Board membership

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

3.5 What is expected of Board members

Board members shall:

- a) Act ethically, with integrity and in the best interests of Richelieu;
- b) Devote the necessary time to the affairs of Richelieu and act with care, diligence and skill in performing their duties as a director;
- c) Understand the role and responsibilities of the Board and its committees;
- d) Use their best efforts to be present (in person or by telephone) at all meetings of the Board and of the committees on which they sit;
- e) Read the documents provided by management in preparation for Board and committee meetings;
- f) Understand and question the affairs and strategic plans of Richelieu;
- g) Keep confidential the deliberations and decisions of the Board and committees as well as information sent to them in anticipation of Board and committee meetings, except when the information has been publicly disclosed;
- h) Immediately inform the Board if they cease to be “independent”.

3.6 Chair of the Board

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

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

- a) Establishing the schedule for the Board’s meetings.
- b) Preparing (in consultation with management) the agenda of the Board’s meetings and ensure the timely availability of the required documentation.
- c) Chairing meetings of the Board.
- d) Ensuring that the Board discharges its duties and responsibilities as set forth in the Charter and comply with its terms.
- e) Ensuring the efficient operation of the committees. To this end, the Chair of the Board may, at its discretion, attend and participate at all times in any committee meeting, whether or not he is a member.
- f) Acting as the Board’s representative to the President and Chief Executive Office to ensure efficient communication between management and the Board.
- g) Chairing shareholders’ meetings.

3.7 Mandate of directors

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

4. BOARD MEETINGS

4.1 Agenda of Board meetings

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

4.2 Frequency of Board meetings

The Board meets at least five (5) times a year, and other meetings may be held as needed.

4.3 Participation of management and other guests at meetings

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

4.4 Quorum

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

4.5 Closed sessions

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

5. DUTIES AND RESPONSIBILITIES OF THE BOARD

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

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

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

- a) The Board is responsible for choosing the Chair of the Board.
- b) The Board is responsible for reviewing and ratifying the recommendations issued by the Human Resources and Corporate Governance Committee with respect to its composition and size, candidates nominated for election to the Board, committee and committee chair appointments, committee charters and director compensation.
- c) The Board is responsible, through the Human Resources and Corporate Governance Committee, for evaluating, on an annual basis, the performance of the Board and its Chair, as well as the performance of Board committees and their chairs.
- d) The Board is responsible, through the Human Resources and Corporate Governance Committee, for supervising the training and development of the directors.

- e) The Board is responsible for ensuring that the appropriate structures and procedures are in place in order to allow the Board and its committees to operate independently of management of Richelieu.
- f) The Board is responsible for approving the appointment of senior officers, including the President and Chief Executive Officer, and approving their remuneration based on recommendations made by the Human Resources and Corporate Governance Committee.
- g) The Board is responsible, through the Human Resources and Corporate Governance Committee, for overseeing the succession planning programs, including training and development programs for senior officers.
- h) The Board is responsible for approving and, as needed, reviewing the description of the duties of the President and Chief Executive Officer developed by the Human Resources and Corporate Governance Committee.
- i) The Board is responsible for approving, upon the recommendation of the Human Resources and Corporate Governance Committee, the goals of the President and Chief Executive Officer.
- j) The Board is responsible for reviewing the evaluation of the performance of the President and Chief Executive Officer and of the other senior officers made by the Human Resources and Corporate Governance Committee and reviewing and ratifying the recommendations of the committee with respect to their compensation.
- k) The Board is responsible for ensuring that its expectations of management are well understood by management.
- l) The Board is responsible for adopting a strategic planning process as well as for reviewing and, on an annual basis, approving the strategic plan of Richelieu developed by management.
- m) The Board is responsible for considering alternate strategies in response to possible change of control transactions or take-over bids with a view to maximizing value for shareholders.
- n) The Board is responsible for enhancing alignment between shareholders expectations, Richelieu plans and management performance.
- o) The Board is responsible for approving, on an annual basis, the operating budget and the capital expenditure budget of Richelieu developed by management.
- p) The Board is responsible for supervising, through the Audit Committee, the quality and integrity of the accounting systems, controls and procedures for disclosing information as well as the internal control and information management systems of Richelieu.
- q) The Board is responsible for overseeing, through the Audit Committee, the integrity and quality of the financial statements and other financial information of Richelieu.
- r) The Board is responsible for approving, upon the recommendation of the Audit Committee, the audited financial statements, interim financial statements and the notes and Management's Discussion and Analysis accompanying such financial statements, the annual report, annual information form, information circular, press releases and any other financial document which Richelieu is required to publish or file.
- s) The Board is responsible for ensuring, through the Audit Committee, that the external auditors are independent and competent.
- t) The Board is responsible for reviewing and approving Richelieu's material transactions outside the ordinary course of business and those matters which the Board is required to approve under the constituting documents of Richelieu, including the payment of dividends, acquisitions and dispositions of material capital assets and major capital expenditures.
- u) The Board is responsible for identifying the principal risks of Richelieu's business and ensuring the implementation of appropriate systems to effectively monitor and manage such risks with a view to the

long-term viability of Richelieu and achieving a proper balance between the risks incurred and the potential return to shareholders of Richelieu.

- v) The Board is responsible for reviewing and approving the key policies developed by management respecting various matters such as ethics, disclosure, insider trading, cash flow management, the environment and human resources.
- w) The Board is responsible for approving and reviewing, as needed, a communications plan to address communications with shareholders, employees, financial analysts, governments and regulatory authorities, the community and the media.
- x) The Board is responsible for taking steps to enhance the timely disclosure of any development that has a material impact on Richelieu.
- y) The Board is responsible for overseeing the implementation of systems which accommodate feedback from shareholders.
- z) The Board is responsible, through the Human Resources and Corporate Governance Committee, for developing and, as needed, reviewing the appropriate corporate governance structures and procedures.
- aa) The Board is responsible for (i) ensuring the integrity of the President and Chief Executive Officer and the other senior officers and ensuring that such persons maintain a culture of integrity within the Corporation, (ii) upon the recommendation of the Human Resources and Corporate Governance Committee, adopting a code of ethics (including a disclosure regime for financial and accounting issues) and reviewing it as needed, (iii) through the Human Resources and Corporate Governance Committee, controlling compliance with the code of ethics, and (iv) upon the recommendation of the Committee, granting exemptions from the code of ethics.

6. CHARTER

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

Appendix C: Mandate of the Chair of the Board and of the Chairs of Committees

MANDATE OF THE CHAIR OF THE BOARD

The mandate of the Chair of the Board of Directors of the Corporation 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 Corporation, 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 Corporation.

MANDATE OF THE COMMITTEE CHAIRS

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

Therefore, a committee chair has the following responsibilities:

- i)* planning committee meetings;
- ii)* presiding over committee meetings;
- iii)* ensuring that the committee fulfils its responsibilities pursuant to its written mandate; and
- iv)* reporting to the Board of Directors on the work performed by the committee.

Appendix D: By-Law

GENERAL BY-LAW OF

RICHELIEU HARDWARE LTD (the “**Corporation**”)

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1 - DEFINITIONS

1.1 Definitions

In this By-law, and all other By-laws of the Corporation, unless the context indicates otherwise:

- a) "Act" means the *Business Corporations Act* (Québec), or any statute which may be substituted therefor, including the regulations made thereunder as amended from time to time;
- b) "Articles" shall mean the articles of the Corporation and includes any amendments thereto;
- c) "Associate" means, in relation to a person:
 - i) the person's spouse, children and relatives, and the children and relatives of the person's spouse;
 - ii) a partner of the person;
 - iii) a succession or trust in which the person has a substantial interest similar to that of a beneficiary or in respect of which the person serves as liquidator, trustee or other administrator of the property of others, mandatory or depositary; or
 - iv) a legal person of whom the person owns securities making up more than 10% of a class of shares carrying voting rights at any shareholders meeting or the right to receive any declared dividend or a share of the remaining property of the legal person in the event of liquidation.
- d) "Board" means the board of directors of the Corporation;
- e) "By-laws" means the administrative By-laws of the Corporation, as well as all other administrative by-laws of the Corporation in force from time to time, including those referred to in section 726 of the Act, and any amendments which may be made to such By-laws from time to time;
- f) "Director" means a member of the Board;
- g) "Officer" means an officer of the Corporation as defined in the Act;
- h) "Person" includes an individual, a sole proprietorship, a partnership, an association, a labour organization, an organization, a trust, a body corporate and all individuals acting as a trustee, executor, curator or as any other legal representative;
- i) "Reporting Issuer" means a reporting issuer as defined in the Act;
- j) "resolution" or "ordinary resolution" means a resolution that requires a majority of the votes cast at a shareholders meeting by the shareholders entitled to vote on the resolution, or a resolution that requires the signature of all such shareholders ;
- k) "special resolution" means a resolution that requires at least two third of the votes cast at a shareholders meeting by the shareholders entitled to vote on the resolution, or a resolution that requires the signature of all such shareholders;
- l) "security" means a share, debenture, bond or note that is dealt in or traded on a securities exchange or financial market; and
- m) "Shareholders Meeting" means an annual shareholders meeting or a special meeting of shareholders.

1.2 Interpretation

- a) words importing the singular number also include the plural and vice-versa; words importing the masculine gender include the feminine and vice-versa;
- b) all words used in this By-law and defined in the Act shall have the meanings given to such words in the Act or in the related parts thereof;
- c) this By-law is adopted pursuant to the Act, and is subject to, and must be read in conjunction with the Act. In the event of an inconsistency between a provision of this By-law and a provision of the Act, the latter shall prevail.

1.3 Execution in Counterpart, by Facsimile and by Electronic Signature

Subject to the Act, any notice, resolution, requisition, statement or other document required or permitted to be executed for the purposes of the Act, may be signed by way of electronic signature, by way of a facsimile signature or by way of signing several similar documents by one or more Persons, and those documents, when duly signed by all Persons required or permitted to sign, as appropriate, shall constitute a single document for the purposes of the Act.

2 - GENERAL BUSINESS

2.1 Head Office

The head office of the Corporation must be permanently located in Québec. The Corporation may relocate its head office in accordance with the Act.

2.2 Establishment

In addition to its head office, the Corporation may have other operations and places of business both within and outside Québec.

2.3 Seal

The Corporation may have a seal, which shall be adopted and may be changed by the Board. The absence of a seal on a document of the Corporation does not render the document invalid.

2.4 Corporate Records

2.4.1 The Corporation maintains, at its head office or at any other location authorized by the Board, records containing :

- a) the articles and the by-laws;
- b) minutes of meetings of shareholders and written resolutions of the shareholders;
- c) the names and domiciles of the directors, and the dates of the beginning and end of their term of office;
- d) the securities register as described in section 8.4; and
- e) the transfer book as described in section 8.5.

The secretary keeps such records up-to-date except for the transfer book which is kept up-to-date pursuant to section 8.5.

The shareholders may examine such records during its usual office hours, and obtain extracts from them without charge. They are also entitled, on request and without charge, to one copy of the articles and by-laws.

2.4.2 The Corporation also prepares and maintains accounting records and records containing the minutes of meetings and written resolutions of the Board and its committees. These records are kept at the Corporation's head office or at any other place designated by the Board.

The Corporation is required to retain all accounting records for a period of six years after the end of the fiscal year to which they relate.

Only the directors and the auditor may have access to the accounting records and records containing the minutes of the meetings as well as the written resolutions of the Board and its committees. However, the shareholders may examine, during the Corporation's usual office hours, the portions of any minutes of the meetings of the Board or any other document that contain the disclosure of interest referred to in section 3.24.

2.5 Fiscal Year

The fiscal year end of the Corporation shall be as determined by the Board or if not determined by it, the fiscal year will end on the 30th day of November of each year.

2.6 Execution of Instruments

Deeds, transfers, assignments, contracts, obligations, certificates and other instruments shall be signed on behalf of the Corporation by any Director or Officer of the Corporation, subject to the Delegation of Authority Policy as adopted from time to time by the Board. In addition, the Board may from time to time direct specifically the manner in which, and the Person or Persons by whom, any particular instrument or class of instruments may or shall be signed.

Notwithstanding the foregoing, the secretary or any other Officer or any Director may sign certificates and similar instruments on the Corporation's behalf with respect to any factual matters relating to the Corporation's business and affairs, including certificates verifying copies of the Articles, By-laws, resolutions and minutes of meetings of the Corporation.

2.7 Banking Arrangements

The banking business of the Corporation, or any part or division of the Corporation, shall be transacted with such bank, trust company or other firm or body corporate as the Board may designate, appoint or authorize from time to time and all such banking business, or any part thereof, shall be transacted on the Corporation's behalf by such one or more Officers or other Persons as the Board may designate, direct or authorize from time to time and to the extent thereby provided.

2.8 Voting Rights in Other Bodies Corporate

Except as otherwise provided by the Board, the President and Chief Executive Officer has the full power to represent the Corporation, and more particularly to vote all of the shares or other securities carrying voting rights of any other entity held from time to time by the Corporation, at any and all meetings of shareholders, bondholders, debentureholders or holders of other securities (as the case may be) of such other entity and exercise all other rights attached to the said shares or securities as if he were the owner thereof. The Board may, from time to time, appoint any other Officer for the same purpose.

3 - DIRECTORS

3.1 Duties of Directors

The Board exercises all the powers necessary to manage, or supervise the management of the business and affairs of the Corporation.

3.2 Qualifications of Directors

Any natural person may be a Director of the Corporation unless such a person is less than 18 years of age, is under guardianship or curatorship, is of unsound mind and has been so found by a court in Canada or elsewhere, is a person for whom the court prohibits the exercise of this function, or has the status of bankrupt. A Director is not required to hold shares of the Corporation. The Board may from time to time, by resolution, specify criteria or qualifications in addition to those specifically described here above.

3.3 Number of Directors

The Board of the Corporation shall be made up of a minimum and a maximum number of Directors as indicated in the Articles of the Corporation as amended from time to time. The exact number of Directors shall be established from time to time by resolution of the Board.

3.4 Quorum

A majority of the Directors in office constitutes a quorum at any meeting of the Board. In the absence of a quorum within the first fifteen (15) minutes following the start of the meeting, the Directors may only deliberate on the meeting's adjournment. A quorum of Directors may exercise all the powers of the Board despite any vacancy on the Board.

3.5 Election and Term

Directors shall be elected by the shareholders at the first Shareholders Meeting and at each subsequent annual meeting at which an election of Directors is required, by an ordinary resolution adopted by a majority of the votes cast by shareholders able to vote on such resolution, and shall hold office until the next annual Shareholders Meeting or, if elected for an expressly stated term, for a term expiring following the election. The election need not be by ballot unless a ballot is demanded by any shareholder or required by the chairperson in accordance with section 7.19. If an election of Directors is not held at an annual Shareholders Meeting at which such election is required, the incumbent Directors shall continue in office until their resignation, replacement or removal.

If shareholders holding a certain class or series of shares have an exclusive right to elect one or more Directors, such number of Directors shall be elected by the majority of votes cast by the holders of such class or series of shares

3.6 Removal of Directors

Subject to the Act, the shareholders may, by ordinary resolution passed by a majority of votes cast at a special Shareholders Meeting duly called for that purpose, remove any Director or Directors and may at that meeting elect a qualified person for the remainder of such term.

If shareholders holding a certain class or series of shares have an exclusive right to elect one or more Directors, a Director so elected may only be removed by ordinary resolution passed at a meeting of the shareholders holding such class or series of shares.

A Director whose removal is to be proposed at a Shareholders Meeting must be informed of the time and place of the meeting within the same delays as those prescribed for the calling of such meeting. Such Director may attend the meeting and be heard or, if not in attendance, may explain, in a written statement read by the person presiding over the meeting or made available to the shareholders before or at the meeting, why he or she opposes the resolution proposing his or her removal. In addition, any vacancy created by the removal of a Director may be filled by a resolution of the shareholders at the Shareholders Meeting at which the Director is removed or, if it is not, at a subsequent meeting of the Board.

3.7 Cessation of Office

A Director ceases to hold office when he dies, resigns, is removed or becomes disqualified from holding office.

3.8 Resignation

A Director may resign from office by delivering or sending a written notice to the Corporation and such resignation becomes effective at the time the Director's written resignation is received by the Corporation or at the time specified in the notice, whichever is later. A Director will immediately cease to hold office when such Director no longer meets the requirements to hold office as specified by the Act.

3.9 Vacancies

Subject to the Act or to the Articles, a quorum of Directors may fill a vacancy on the Board.

If there is no quorum of Directors, or if there has been a failure to elect the number or minimum number of Directors required by the Articles, the Directors then in office must without delay call a special Shareholders Meeting to fill the vacancies on the Board. If the Directors refuse or fail to call a meeting or if there are no Directors then in office, the meeting may be called by any shareholder.

A Director appointed or elected to fill a vacancy holds office for the unexpired term of his or her predecessor and remains in office until his successor is elected or nominated.

3.10 Borrowings

The Board may, on behalf of the Corporation:

- a) borrow money;
- b) issue, reissue, sell or hypothecate its debt obligations;
- c) enter into a suretyship to secure performance of an obligation of any Person; and
- d) hypothecate all or any of its property, owned or subsequently acquired, to secure any obligation.

3.11 Action by the Board

Subject to the Act, the Board shall exercise its powers by or pursuant to a resolution passed at a meeting of the Board at which a quorum is present or approved in writing by all Directors in office.

3.12 Delegation

Subject to the Act, the Articles and any By-laws, the Board may from time to time delegate to a Director, a committee of the Board or an Officer or such other person or persons so designated by the Board all or any of the powers conferred on the Board by the Act to such extent and in such manner as the Board shall determine at the time of each such delegation.

3.13 Resolution in writing

A resolution in writing, signed by all the Directors entitled to vote thereon is as valid as if it had been passed at a meeting of the Board or, as the case may be, of a committee of the Board. A copy of the resolution must be kept with the minutes of the meetings and the resolutions of the Board and its committees.

3.14 Meetings by Telephone, Electronic or other Communication Facility

A Director may, if all of the Directors present or participating at a meeting consent, participate in a meeting of the Board or of a committee of the Board by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting. A Director who participates in such meeting by such means is deemed to be present at that meeting.

3.15 Attendance at the Board Meeting

Only directors may attend the Board meetings. Other persons may also attend as needed, with the authorization of the chair of the Board or on the majority of the directors present.

3.16 Place of Meetings

Meetings of the Board are held at the registered office of the Corporation or at any other place within or outside of Québec.

3.17 Calling of Meetings

Meetings of the Board shall be held from time to time at such place, on such day and at such time as the Board, the chairperson of the Board, the President, the secretary or any two Directors may determine. Meetings are called by

the chairperson of the Board, the President or two Directors or by the secretary upon being asked to call such a meeting by the chairperson of the Board, the President or two Directors.

3.18 Notice of Meetings

The notice stating the time and place of the meeting and specifying any matter to be dealt with relating to powers which the Board may not delegate, shall be given to each Director at least 48 hours before the meeting is to occur. This notice does not have to be given in writing.

Any Director may waive a notice of a meeting of the Board. Attendance of a Director at a meeting of the Board constitutes a waiver of notice of such meeting unless the Director attends such meeting for the sole purpose of objecting to the holding of the meeting on the grounds that it was not duly called.

3.19 First Meeting of New Board

Provided a quorum of Directors is present, each newly elected Board may without notice hold its first meeting following the Shareholders Meeting at which such Board is elected.

3.20 Adjourned Meeting

Notice of an adjourned meeting of the Board is not required if the time and place of the adjourned meeting is announced at the original meeting.

3.21 Votes to Govern

Subject to the Act, at all meetings of the Board, any question shall be decided by a majority of the votes cast on the question and, in the case of an equality of votes, the chairperson of the meeting shall not be entitled to a second or casting vote. Any question at a meeting of the Board shall be decided by a show of hands unless a ballot is required or demanded.

3.22 Chairperson and Secretary

The chairperson of the Board or, in the chairperson's absence, the President or, in the President's absence, a Vice-President shall be chairperson of any meeting of the Board. If none of these Officers are present, the Directors present shall choose one of their number to be chairperson. The secretary of the Corporation shall act as secretary at any meeting of the Board and, if the secretary of the Corporation is absent, the chairperson of the meeting shall appoint a Person, who need not be a Director, to act as secretary of the meeting.

3.23 Remuneration and Expenses

The Directors shall be paid such remuneration for their services as Directors as the Board may from time to time authorize. In addition, the Board may authorize, by resolution, a special remuneration to a Director who executes specific or additional duties on behalf of the Corporation. The Directors shall also be entitled to be paid in respect of travelling and other expenses properly incurred by them in attending meetings of the Board or any committee thereof or in otherwise serving the Corporation. Nothing herein contained shall preclude any Director from serving the Corporation in any other capacity and receiving remuneration therefor.

3.24 Duty of Loyalty and Conflict of Interest

Subject to the Act, the Directors are bound by the same obligations as are imposed by the *Civil Code of Québec* (Québec) on any Director of a legal person. Consequently, in the exercise of their functions, the Directors are duty-bound toward the Corporation to act with prudence and diligence, honesty and loyalty and in the interest of the Corporation.

In particular, but without limiting the generality of the foregoing, a Director may not mingle the property of the Corporation with his own property nor may he use for his own profit or that of a third Person any property of the Corporation or any information he obtains by reason of his duties, unless he is authorized to do so by the shareholders of the Corporation. Directors shall avoid placing themselves in any situation where their Personal interests would be in conflict with their obligations as a Director.

3.25 Contracts or Transactions - Disclosure of Interest

A Director must disclose the nature and value of any interest he or she has in a contract or transaction to which the Corporation is a party. "Interest" means any financial stake in a contract or transaction that may reasonably be considered likely to influence decision-making. Furthermore, a proposed contract or a proposed transaction, including related negotiations, is considered a contract or transaction.

A Director must also disclose any contract or transaction to which the Corporation and any of the following are a party:

- a) an associate of the Director or Officer;
- b) a group of which the Director or Officer is a Director or Officer; or
- c) a group in which the Director or Officer or an associate of the Director or Officer has an interest.

The Director satisfies the requirement if he or she discloses, in a case specified in subparagraph b) above, the Directorship or office held within the group or, in a case specified in subparagraph c) above, the nature and value of the interest he or she or his or her associate has in the group.

Unless it is recorded in the minutes of the first meeting of the Board at which the contract or transaction is discussed, the disclosure of an interest, contract or transaction must be made in writing to the Board as soon as the Director becomes aware of the interest, contract or transaction.

The disclosure must be made even in the case of a contract or transaction that does not require approval by the Board.

3.26 Contracts or Transactions – Votes

No Director may vote on a resolution to approve, amend or terminate a contract or transaction described in section 3.24 or be present during deliberations concerning the approval, amendment or termination of such a contract or transaction, unless the contract or transaction:

- a) relates primarily to the remuneration of the Director or an associate of the Director as a Director of the Corporation or an affiliate of the Corporation;
- b) relates primarily to the remuneration of the Director or an associate of the Director as an Officer, employee or mandatory of the Corporation or an affiliate of the Corporation, if the Corporation is not a Reporting Issuer;
- c) is for indemnity or liability insurance; or
- d) is with an affiliate of the Corporation, and the sole interest of the Director is as a Director or Officer of the affiliate.

If no quorum exists for the purpose of voting on a resolution to approve a contract or transaction only because a Director is not permitted to be present during deliberations, the other Directors present are deemed to constitute a quorum for the purpose of voting on the resolution.

If all the Directors are required to abstain from voting, the contract or transaction may be approved solely by the shareholders entitled to vote, by ordinary resolution. The disclosure required by section 3.25 must be made to the shareholders in a sufficiently clear manner before the contract or transaction is approved.

3.27 Dissent

A Director who is present at a meeting of the Board or a committee of the Board is deemed to have consented to any resolution passed at the meeting unless:

- a) the Director's dissent has been entered in the minutes;

- b) the Director sends a written dissent to the secretary of the meeting before the meeting is adjourned; or
- c) the Director delivers a written dissent to the chair of the Board, sends it to the chair by any means providing proof of the date of receipt or delivers it to the head office of the Corporation immediately after the meeting is adjourned.

A Director is not entitled to dissent after voting for or consenting to a resolution.

A Director who was not present at a meeting at which a resolution was passed is deemed to have consented to the resolution unless he delivers a written dissent to the chair of the Board, sends it to the chair of the Board by any means providing proof of the date of receipt or delivers it to the head office of the Corporation within seven days after becoming aware of the resolution.

4 - COMMITTEES

4.1 Committees of the Board

The Board may, by resolution, create one or more committees comprised of Directors and, subject to the limitations prescribed by the Act, may delegate to any such committee any of the powers of the Board. The resolution creating the Committee also determines the number of directors that comprise it.

4.2 Powers and responsibilities

Except for powers that it cannot delegate, the Board delegates to each committee thus created powers and responsibilities set out in a charter that may be amended from time to time by the Board. A committee shall report on its activities to the Board. Subject to rights of third parties, the Board may invalidate or amend decisions of a committee.

4.3 Cessation of office

A Director may resign at any time from a committee of the Board. The resignation of a director becomes effective at the time the director's written resignation is received by the Corporation, or at the time specified in the resignation, whichever is later. Reasons need not be given for a resignation. The Board may, by resolution, replace a member of a committee of the Board.

4.4 Vacancy

The Board may fill any vacancy on a committee.

4.5 Meetings

The meetings of committees of the Board are called in the same manner as meetings of the Board.

4.6 Quorum

Unless otherwise specified in a resolution of the Board, the majority of members attending a meeting constitutes a quorum.

4.7 Chair and Secretary

Meetings of a committee of the board are chaired by the chair of the committee; in his absence, the members present choose a meeting chair from among themselves. The secretary of the Corporation acts as secretary of any committee of the Board. The members present at a meeting may, if necessary, choose another person as meeting chair or secretary.

4.8 Procedure

Meetings of committees are held in the same manner as the meetings of the Board.

4.9 Written resolution

A written resolution, signed by all members of the committee entitled to vote on this resolution, has the same force as if it had been passed at a meeting of the committee. This resolution is kept with the minutes of the meetings. The validity of a resolution is subject to the application of section 1.3.

4.10 Remuneration

The members of a committee of the board may, as such, receive the remuneration set by resolution of the Board.

5 - OFFICERS

5.1 Appointment of Officers

The Board may from time to time appoint a President, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer or secretary of the Corporation, or a person holding a similar position, or any other person designated as an Officer by a resolution of the Board. The Board may specify the duties of and, in accordance with this By-law and subject to the Act, delegate to such Officers powers to manage, or supervise the management of, the business and affairs of the Corporation other than any of the powers that may not be delegated as prescribed by the Act. An Officer may but need not be a Director and any person may hold more than one office.

5.2 Agents and Attorneys

The Board shall have the power from time to time to appoint agents or attorneys for the Corporation in or out of the Province of Québec with such powers of management or otherwise, including the power to sub-delegate, as the Board may determine.

5.3 Disclosure of Interest

An Officer must disclose the nature and value of any interest he or she has in a contract or transaction to which the Corporation is a party, in the same way that a Director must disclose such an interest pursuant to section 3.25. In the case of an Officer who is not a Director, disclosure must be made as soon as:

- a) the Officer becomes an Officer;
- b) the Officer becomes aware that the contract or transaction is to be discussed or has been discussed at a meeting of the Board; or
- c) the Officer or the Officer's associate acquires an interest in the contract or transaction, if it was entered into earlier.

5.4 Duration of the mandate

The Board may, at its own discretion, remove any Officer of the Corporation. Each Officer appointed by the Board will remain in office until his resignation, replacement or removal.

5.5 Employment Conditions and Remuneration

The Board shall fix, from time to time, by resolution, the terms of employment and the remuneration of the Officers it appoints.

6 - PROTECTION OF DIRECTORS AND OFFICERS

6.1 Indemnity of Directors and Officers

Subject to the following, the Corporation must indemnify a Director or Officer of the Corporation, a former Director or Officer of the Corporation, a mandatary, or any other person who acts or acted at the Corporation's request as a Director or Officer of another group, against all costs, charges and expenses reasonably incurred in the exercise of

their functions, including an amount paid to settle an action or satisfy a judgment, or arising from any investigative or other proceeding in which the person is involved if:

- a) the person acted with honesty and loyalty in the interest of the Corporation or, as the case may be, in the interest of the other group for which the person acted as Director or Officer or in a similar capacity at the Corporation's request; and
- b) in the case of a proceeding that is enforced by a monetary penalty, the person had reasonable grounds for believing that his or her conduct was lawful.

The Corporation must also advance moneys to such a person for the costs, charges and expenses of a proceeding referred to in the above paragraph.

However, in the event that a court or any other competent authority judges that the conditions set out in subparagraphs a) and b) above are not fulfilled, the Corporation may not indemnify the person and the person must repay to the Corporation any moneys advanced. In addition, the Corporation is not required to indemnify the person if a court has judged that the person committed an intentional or gross fault. The person will then be required to repay to the Corporation any moneys advanced.

The Corporation may, with the approval of the court, in respect of an action by or on behalf of the Corporation or other group referred to above, against a person referred to above, advance the necessary monies to the person or indemnify the person against all costs, charges and expenses reasonably incurred by the person in connection with the action, if the person fulfills the conditions set out above.

6.2 Insurance

The Corporation may purchase and maintain insurance for the benefit of its Directors, Officers and other mandataries against any liability they may incur as such or in their capacity as Directors, Officers or mandataries of another group, if they act or acted in that capacity at the Corporation's request.

7 - MEETINGS OF SHAREHOLDERS

7.1 General Business

The Corporation must hold an annual shareholders meeting; if necessary, the Corporation may also hold one or more special shareholder meetings.

7.2 Annual Meetings

An annual Shareholders Meeting entitled to vote at such a meeting must be held not later than 18 months after the Corporation is constituted and, subsequently, not later than 15 months after the last preceding annual shareholders meeting, for the purpose of:

- a) considering the financial statements of the Corporation for the fiscal year ending within six (6) months preceding the date of such meeting and the auditor's report thereon, if any;
- b) considering any other financial information presentation of which is required by the Articles or the By-laws;
- c) electing Directors;
- d) appointing the auditor; and
- e) deliberating with respect to all other matters which may be presented at the meeting.

The Board calls the annual shareholders meeting. Otherwise, the meeting may be called by the shareholders in accordance with the Act or with section 7.3 below.

7.3 Special Meetings

The Board may at any time call a special shareholders meeting.

The holders of not less than 10% of the issued shares that carry the right to vote at a Shareholders Meeting sought to be held may requisition the Board to call a Shareholders Meeting for the purposes stated in the requisition. The requisition, signed by at least one shareholder, must state the business to be transacted at the meeting and must be sent to each Director and to the head office of the Corporation. On receiving the requisition, the Board calls a Shareholders Meeting to transact the business stated in the requisition. If the Board does not within 21 days after receiving the requisition call a meeting, any shareholder who signed the requisition may call the meeting. Unless the shareholders otherwise resolve at a meeting called by shareholders, the Corporation must reimburse the shareholders for the expenses reasonably incurred by them in requisitioning, calling and holding the meeting.

7.4 Place of Meetings

Subject to the Articles, Shareholders Meetings must be held in Québec at the place determined by the Board. If the Articles so allow, or in the absence of such a provision, if all the shareholders entitled to vote at the meeting agree, the meeting may be held at a place outside of Québec.

7.5 Participation in Meetings by Electronic Means

A meeting may be held solely by means of equipment enabling all participants to communicate directly with one another.

In addition, any Person entitled to attend a Shareholders Meeting may participate in the meeting by means of any equipment enabling all participants to communicate directly with one another. A Person participating in a meeting by such means is deemed present at the meeting.

Any shareholder participating in a Shareholders Meeting by means of equipment enabling all participants to communicate directly with one another may vote by any means enabling votes to be cast in a way that allows them to be verified afterwards and protects the secrecy of the vote when a secret ballot has been requested.

7.6 Notice of Meetings

Any notice of a Shareholders Meeting specifying the time and place of the meeting must be sent, in writing and by any means providing proof of the date of receipt, to each Person entitled to vote at the meeting not less than 21 days and not more than 60 days before the meeting.

Notice of a Shareholders Meeting at which special business is to be transacted shall state the nature of that business in sufficient detail to permit the shareholder to form a reasoned judgment thereon, and contain the text of any special resolution to be submitted to the meeting. All business transacted at a special meeting of the shareholders and all business transacted at an annual shareholders meeting, except consideration of the financial statements and auditor's report, the appointment of the auditor and the election of Directors, is deemed to be special business.

If a Director or a shareholder entitled to vote at a Shareholders Meeting gives written notice not less than 10 days before the meeting to the auditor or a former auditor of the Corporation, the auditor or former auditor attends the meeting at the Corporation's expense and answers any question relating to their duties as auditor.

7.7 Waiver of Notice

A shareholder or Director may waive notice of a Shareholder Meeting; the waiver may be given either before or after the meeting. Their attendance at the meeting is a waiver of notice of the meeting unless they attend the meeting for the sole purpose of objecting to the holding of the meeting on the grounds that it was not lawfully called or held.

7.8 Record Date for Notice

The Board may fix, in conformity with applicable securities law requirements, in advance, not less than 21 days and not more than 60 days before the meeting, a record date for the purpose of determining the shareholders entitled to receive a notice of the meeting or entitled to vote at the meeting.

7.9 Chair and Secretary

The chairperson of the Board or, in the chairperson's absence, the President and Chief Executive Officer or, in the President and Chief Executive Officer's absence, a Director appointed Vice-President of the Board, shall be chairperson of any meeting of shareholders. If none of these Officers are present within 15 minutes after the time appointed for holding the meeting, the Persons present and entitled to vote shall choose a chairperson from amongst themselves. The secretary of the Corporation shall act as secretary at any Shareholders Meeting or, if the secretary of the Corporation is absent, the chairperson of the meeting shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by resolution or by the chairperson with the consent of the meeting in accordance with the procedure set out in section 7.17.

7.10 Persons Entitled to be Present

The only persons entitled to be present at a Shareholders Meeting shall be those entitled to vote thereat, the Directors and the auditor of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act or the Articles or By-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairperson of the meeting or with the consent of the meeting in accordance with the procedure set out in section 7.17.

7.11 Quorum

A quorum at an annual meeting or a special general meeting shall consist of three Persons or more, each of these Persons being entitled to vote, personally or as proxy, or as authorized representative of a corporation holding at least one share carrying voting rights to such meetings, and representing personally or by proxy or as authorized representative(s), at least 30% of the number of outstanding shares of the authorized share capital of the Corporation carrying voting rights at such meetings, provided, however, that if all shares carrying voting rights at a meeting are held by a single holder, this holder, present in person or by proxy, constitutes a quorum. It is sufficient that a quorum exist at the opening of the meeting to enable the shareholders to transact business at the meeting.

7.12 Right to Vote

Subject to a record date established in accordance with section 7.9, at a Shareholders Meeting, the shareholders registered on the securities register of the Corporation are entitled to exercise the voting rights attached to the shares in their name.

7.13 Proxies and Representatives

Every shareholder entitled to vote at a Shareholders Meeting may, by means of a proxy, appoint a proxyholder, or one or more alternate proxyholders, who need not be shareholders, to attend and act at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. A proxy shall be signed in writing or by electronic signature by the shareholder or the shareholder's representative authorized in writing or by electronic signature.

Unless otherwise indicated, a proxy lapses one year after the date it is given. It may be revoked at any time.

A proxyholder has the same rights as the shareholder represented to speak at a Shareholders Meeting in respect of any matter and to vote at the meeting. However, a proxyholder who has conflicting instructions from more than one shareholder may not vote by a show of hands.

7.14 Time for Deposit of Proxies

The Board may specify in a notice calling a Shareholders Meeting a time, preceding the time of such meeting by not more than 48 hours exclusive of non-business days, before which proxies to be used at such meeting must be deposited. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Corporation or an agent thereof specified in such notice or, if no such time is specified in such notice, it shall have been received prior to the time of voting by the secretary of the Corporation or by the chairperson of the meeting or any adjournment thereof.

7.15 Joint Shareholders

If two or more Persons hold shares jointly, one of those holders present at a Shareholders Meeting may in the absence of the others vote the share, but if two or more of those Persons who are present, in person or by proxy, vote, they shall vote as one on the shares jointly held by them.

7.16 Votes to Govern

Except as otherwise required by the Act and the Articles, all questions proposed for the consideration of shareholders at a Shareholders Meeting shall be determined by a majority of the votes cast by all who are entitled to vote.

7.17 Casting Vote

In case of an equality of votes at any meeting of shareholders, regardless of the manner of voting, the chairperson of the meeting shall not be entitled to a second or casting vote.

7.18 Show of Hands

Any question at a Shareholders Meeting shall be decided by a show of hands, unless a ballot thereon is demanded by a shareholder entitled to vote at the Shareholders Meeting as hereinafter provided. Every Person who is present and entitled to vote thereon shall have one vote. Whenever a vote by any means other than by ballot is taken, a declaration by the chairperson of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be *prima facie* evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the shareholders upon the said question.

7.19 Ballots

On any question proposed for consideration at a meeting of shareholders, and whether or not a show of hands has been taken thereon, the chairperson may require, or any shareholder or proxyholder entitled to vote at the meeting may demand, a ballot. A ballot so required or demanded shall be taken in such manner as the chairperson shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each Person present shall be entitled, in respect of the shares which the Person is entitled to vote at the meeting upon the question, to that number of votes provided by the Act or the Articles, and the result of the ballot so taken shall be the decision of the shareholders upon the said question.

7.20 Adjournment

If a Shareholders Meeting is adjourned for less than 30 days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the earliest meeting that is adjourned. If a Shareholders Meeting is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting shall be given as for an original meeting.

7.21 Storage of Ballots and Proxies

The Corporation must, for at least three months after a Shareholders Meeting, keep at its head office the ballots cast and the proxies presented at the meeting. Any shareholder or proxyholder who was entitled to vote at the meeting may, without charge, inspect the ballots and proxies kept by the Corporation.

8 - SHARES AND CERTIFICATES

8.1 Issuance of Shares

Subject to any pre-emptive right granted to shareholders, shares may be issued at the times, to the Persons, including Directors and Officers, and for the consideration that the Board determines. The Board may, by resolution, accept subscriptions, issue and allot unissued shares from the Corporation's share capital and grant exchange rights, options or acquisition rights with respect to those shares.

8.2 Payment of Shares

Shares may be issued whether or not they are fully paid. However, shares may only be considered paid if consideration equal to the issue price determined by the Board has been paid to the Corporation.

Consideration for the shares issued by the Corporation is payable in money, or in property or past services determined by the Board to be the fair equivalent of the money consideration, considering all the circumstances.

A promissory note or a promise to pay made by a Person to whom shares are issued, or a Person who does not deal at arm's length, within the meaning of that expression in the *Taxation Act* (Québec), with a Person to whom shares are issued does not constitute consideration for the shares.

8.3 Unpaid Shares

Unless the terms of payment for shares are determined by contract, the Board may call for payment of all or part of the unpaid amounts on shares subscribed or held by the shareholders, the whole as provided by the Act.

8.4 Securities Register

The securities register of the Corporation must contain the following information with respect to its shares:

- a) the names, in alphabetical order, and the addresses of present and past shareholders;
- b) the number of shares held by each such shareholder;
- c) the date and details of the issue and transfer of each share; and
- d) any amount due on any share.

The register must contain, if applicable, the same information with respect to the Corporation's debentures, bonds, notes and other securities, with the necessary modifications.

8.5 Register of Transfer

The Corporation shall cause to be kept a register of transfers in which all transfers of securities issued by the Corporation in registered form and the date and other particulars of each transfer shall be set out.

Subject to the Act, the transfer of shares is governed by the *Act respecting the transfer of securities and the establishment of security entitlements* (Québec).

8.6 Registration of Transfer

If an endorsed share certificate in registered form is presented to the Corporation with a request to register a transfer of the certificated share or an instruction is presented to the Corporation with a request to register a transfer of an uncertificated share, the Corporation registers the transfer as requested if:

- a) under the terms of the share, the purchaser is eligible to have the share registered in that Person's name;
 - b) the endorsement or instruction is made by the appropriate Person or by that Person's representative;
 - c) reasonable assurance is given that the endorsement or instruction is neither forged nor counterfeited and is authorized;
 - d) any applicable fiscal law that imposes duties on the Corporation at the time of the transfer has been complied with;
 - e) the transfer does not violate any restriction on transfer imposed by the Corporation that is enforceable against the purchaser or imposed by law; and
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- f) the transfer is rightful or is to a protected purchaser, pursuant to the *Act respecting the transfer of securities and the establishment of security entitlements* (Québec).

Shares that are not fully paid but for which no instalment is payable may only be transferred with the authorization of the Board. The Directors must reasonably verify the acquirer's ability to pay for the shares before authorizing the transfer.

A share may not be transferred until all instalments payable up to the time of transfer have been fully paid.

8.7 Registered Ownership

Subject to the Act, the Corporation may treat the registered owner of a share as the Person exclusively entitled to vote, to receive notices, to receive any dividend or other payments in respect thereof and otherwise to exercise all the rights and powers of an owner of a share.

8.8 Share Certificates

A share issued by the Corporation may be a certificated share or an uncertificated share. A certificated share is represented by a paper certificate in registered form, and an uncertificated share is represented by an entry in the securities register in the name of the shareholder.

Unless otherwise provided in the Articles, shares are issued as certificated shares unless the Board determines, by resolution, that the shares of any class or series or certain shares of a class or series are to be issued as uncertificated shares.

The Board may also, by resolution, determine that a certificated share becomes an uncertificated share as soon as the paper certificate is surrendered to the Corporation.

Inversely, the Board may, by resolution, determine that an uncertificated share becomes a certificated share on delivery to the shareholder of a certificate in the shareholder's name or, in the case of a control agreement under the *Act respecting the transfer of securities and the establishment of security entitlements* (Québec), on delivery to the purchaser, within the meaning of the *Act respecting the transfer of securities and the establishment of security entitlements* (Québec), of a certificate in the purchaser's name, unless there are provisions inconsistent with such a control agreement, in which case those provisions apply. The Board must give notice of the resolution to the shareholders of the classes or series of shares concerned.

8.9 Certificated Shares

In the case of certificated shares, the Corporation must issue to the shareholder, without charge, a certificate in registered form.

Share certificates shall be in such form as the Board may from time to time approve in accordance with the requirements of the Act.

Subject to any resolution of the Board providing otherwise, the share certificates of the Corporation must be signed by any of the Directors or Officers or by a person acting in their name. The signature may be affixed by an automatic device or electronic process.

In the absence of any evidence to the contrary, the certificate is proof of the shareholder's title to the shares represented by the certificate.

Share certificates need not be under corporate seal.

8.10 Uncertificated Shares

In the case of uncertificated shares, the Corporation must send the shareholder a written notice containing the information required under the Act.

8.11 Replacement of Share Certificates

If the shareholder of a certificated share claims that the certificate has been lost, wrongfully taken or destroyed, the Corporation must issue a new certificate if the shareholder:

- a) so requests before the Corporation has notice that the lost, wrongfully taken or allegedly destroyed certificate has been delivered to a protected purchaser, as such term is defined in the *Act respecting the transfer of securities and the establishment of security entitlements* (Québec);
- b) provides security sufficient in the Corporation's judgment to protect the Corporation from any loss that the Corporation may suffer by issuing a new certificate; and
- c) satisfies any other reasonable requirements imposed by the Corporation.

8.12 Joint Shareholders

If two or more Persons are registered as joint holders of any share, the Corporation shall not be bound to issue more than one certificate in respect thereof, and delivery of such certificate to one of such Persons shall be sufficient delivery to all of them. Any one of such Persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such share.

8.13 Deceased Shareholders

In the event of the death of a holder, or of one of the joint holders, of any share, the Corporation shall not be required to make any entry in the securities register in respect thereof or to make payment of any dividends thereon except upon production of all such documents as may be required by the Act and upon compliance with the reasonable requirements of the Corporation or its transfer agent.

9 - DIVIDENDS AND RIGHTS

9.1 Dividends

Subject to the provisions of the Act and the Articles, the Board may from time to time declare dividends payable to the shareholders according to their respective rights and interests in the Corporation. Dividends may be paid, in whole or in part, in money or property or by issuing fully paid shares or options or rights to acquire fully paid shares of the Corporation.

If shares of the Corporation are issued in payment of a dividend, the Corporation may add all or part of the value of those shares to the appropriate issued and paid-up share capital account.

The Corporation may not declare and pay a dividend, except by issuing shares or options or rights to acquire shares, if there are reasonable grounds for believing that the Corporation is, or would after the payment be, unable to pay its liabilities as they become due.

The Corporation may deduct from the dividends payable to a shareholder any amount due to the Corporation by the shareholder, on account of calls for payment or otherwise.

9.2 Dividend Cheques

A dividend payable in cash may be paid by cheque drawn on the Corporation's banks or by electronic means to the order of each registered holder of shares of the class or series in respect of which it has been declared. Cheques may be sent by prepaid ordinary mail to such registered holder at such holder's address recorded in the Corporation's securities register, unless in each case such holder otherwise directs. In the case of joint holders the cheque shall, unless such joint holders otherwise direct, be made payable to the order of all of such joint holders and, if more than one address is recorded in the Corporation's securities register in respect of such joint holding, the cheque shall be mailed to the first address so appearing. The mailing of such cheque, in such manner, unless the cheque is not paid

on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.

9.3 Non-receipt or Loss of Cheques

In the event of non-receipt or loss of any dividend cheque by the Person to whom it is sent, the Corporation shall issue to such Person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt or loss and of title as the Board may from time to time prescribe, whether generally or in any particular case.

9.4 Record Date for Dividends and Rights

The Board may fix, in advance, in accordance with applicable securities law requirements, a record date for the determination of the shareholders entitled to receive dividends.

9.5 Unclaimed Dividends

Any dividend unclaimed after a period of two years from the date on which the dividend has been declared to be payable shall be forfeited and shall revert to the Corporation.

10 - NOTICES

10.1 Method of Giving Notices

Any notice, communication or document ("**notice**") to be given or sent pursuant to the Act, the Articles, the By-laws or otherwise to a shareholder, Director, Officer or auditor shall be sufficiently given or sent if given or sent by prepaid mail, prepaid transmitted, recorded, or electronic communication capable of providing a written copy of such notice, or delivered Personally to such Person's latest address as shown on the securities register of the Corporation or, in the case of a Director, if more current, the address as shown in the most recent declaration filed under the *Act Respecting the Legal Publicity of Enterprises* (Québec). A notice shall be deemed to have been received on the date when it is delivered personally or on the fifth day after mailing, or on the date of dispatch of a transmitted or recorded electronic communication. The secretary may change or cause to be changed the recorded address of any shareholder, Director, Officer or auditor in accordance with any information believed by the secretary to be reliable.

10.2 Notice to Joint Shareholders

If two or more Persons are registered as joint holders of any share, any notice shall be addressed to all of such joint holders but notice to one of such Persons shall be sufficient notice to all of them.

10.3 Undelivered Notices

If any notice given to a shareholder pursuant to section 10.1 is returned on two consecutive occasions because the shareholder cannot be found, the Corporation shall not be required to give any further notice to such shareholder until such shareholder informs the Corporation in writing of the shareholder's new address.

10.4 Omissions and Errors

The accidental omission to give or send any notice to any shareholder, Director, Officer or auditor, or the non-receipt of any notice by any such Person or any error in any notice not affecting the substance thereof, shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise based thereon.

10.5 Persons Entitled by Death or Operation of Law

Every Person who, by operation of law, transfer, death of a shareholder or any other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share which shall have been duly given or sent to the shareholder from whom the Person derives title to such share prior to that Person's name and address being entered on the securities register (whether such notice was given or sent before or after the happening of the event upon which that Person becomes so entitled) and prior to that Person furnishing to the Corporation the proof of authority or evidence of entitlement prescribed by the Act.

10.6 Waiver of Notice

Any shareholder (or shareholder's duly appointed proxyholder), Director, Officer or auditor may at any time waive the giving or sending of any notice, or waive or abridge the time for any notice, required to be given to that Person under any provision of the Act, the Articles, the By-laws or otherwise and such waiver or abridgement shall cure any default in the giving or sending or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing or given by electronic signature except a waiver of notice of a Shareholders Meeting or of the Board which may be given in any manner.

The foregoing By-law was adopted by the Board of the Corporation pursuant to the provisions of the *Business Corporations Act* (Québec), on October 4th 2012.

Appendix E: Special resolution of the shareholders for the amendment of the article of the Corporation

RESOLVED AS A SPECIAL RESOLUTION THAT:

The Articles of the Corporation be amended to add the following text:

“Les administrateurs peuvent nommer un ou plusieurs administrateurs supplémentaires dont le mandat expire au plus tard à la clôture de la prochaine assemblée annuelle, à condition que le nombre total des administrateurs ainsi nommés n'excède pas le tiers du nombre des administrateurs élus à la dernière assemblée annuelle.

The directors may appoint one or more additional directors to hold office for a term expiring not later than the close of the next annual shareholders meeting, but the total number of directors so appointed may not exceed one third of the number of directors elected at the previous annual shareholders meeting.”

Any director or officer of the Corporation is authorized and directed to take all such action and execute all such documents, including the execution and filing of Articles of Amendment, as such director or officer deems necessary or advisable in order to complete the matters provided for herein.
