

**ANNUAL INFORMATION FORM**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**



March 28, 2018



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## CAUTION REGARDING FORWARD-LOOKING STATEMENTS

The Annual Information Form (“AIF”) is intended to provide investors with material information about Uni-Select Inc. and its subsidiaries (“Uni-Select” or “Corporation”) in the context of historical and possible future development.

Certain sections of this AIF contain forward-looking statements within the meaning of Canadian securities legislation and regulations concerning the Corporation’s objectives, projections, estimates, expectations or forecasts. Forward-looking statements are typically identified by the words assumption, goal, guidance, objective, outlook, project, strategy, target and other similar expressions or future or conditional verbs such as aim, anticipate, believe, could, expect, intend, may, plan, seek, should, strive and will. All such forward-looking statements are made pursuant to the “safe harbour” provisions of applicable Canadian securities laws.

Forward-looking statements are, by their very nature, subject to inherent risks and uncertainties and are based on several assumptions, both general and specific, which may cause expressed expectations to be significantly different from those listed or implied within this AIF and our business outlook, objectives, plans and strategic priorities may not be achieved. As a result, Uni-Select cannot guarantee that any forward-looking statement will materialize and we caution you against relying on any of these forward-looking statements.

The major factors that may lead to a material difference between the Corporation’s actual results and the projections or expectations expressed in these forward-looking statements are described in the “Risk Management” section of Management’s Discussion & Analysis for the year ended December 31, 2017 included in the Corporation’s Annual Report and filed with the Canadian securities regulatory authorities.

The Corporation’s results may also be affected by the competitive environment, consumer purchasing habits, vehicle fleet trends, general economic conditions and the Corporation’s financing capabilities. There can be no assurance as to the realization of the results, performance or achievements expressed or implied by forward-looking statements. Unless required to do so pursuant to applicable Canadian securities legislation and regulations, Management assumes no obligation as to the updating or revision of forward-looking statements as a result of new information, future events or other changes.

Unless otherwise stated, the information contained in this AIF is presented as at December 31, 2017  
(the last day of the Corporation’s most recently completed financial year)  
and all dollar amounts are expressed in US dollars.

## DOCUMENTS INCORPORATED BY REFERENCE

Each section of Management’s Discussion & Analysis included in the Corporation’s Annual Report for the year ended December 31, 2017 as well as for 2016 and 2015, that are referred to in this AIF are incorporated herein by reference, all of which are filed on SEDAR at [www.sedar.com](http://www.sedar.com).

## 1 | CORPORATE STRUCTURE

### 1.1 | INCORPORATION

Uni-Select Inc. was incorporated by letters patent issued under Part I of the *Companies Act* (Québec) on November 22, 1968. On November 3, 1981, Uni-Select was continued under Part IA of the *Companies Act* (Québec).

A Certificate of Amendment was issued on March 1, 1985 to **(i)** amend the description of its share capital to an unlimited number of Class A common shares, an unlimited number of Class B common shares and an unlimited number of Class C common shares, all without par value and an unlimited number of Class I preferred shares and an unlimited number of Class II preferred shares, each with a \$100 par value, **(ii)** to amend the restrictions upon transfers of shares and **(iii)** to amend the borrowing powers of the directors.

A Certificate of Amendment was issued on October 10, 1985 to **(i)** amend the description of its share capital to an unlimited number of common shares and an unlimited number of preferred shares, without par value, issuable in series and **(ii)** to remove the restrictions upon transfers of shares.

On November 8, 1985, the Corporation made its initial public offering.

Since February 14, 2011, Uni-Select is governed by the *Business Corporations Act* (Québec).

A certificate of amendment was issued on May 3, 2016 to **(i)** limit the number of preferred shares that may be issued and outstanding at any time to a number equal to not more than 20% of the number of issued and outstanding common shares at the time of issuance of any preferred shares, **(ii)** to allow shareholder meetings to be held anywhere in Canada and **(iii)** to authorize the Board of Directors to appoint one or more additional directors to hold office for a term expiring not later than the close of the annual meeting following their appointment, provided that the total number of directors so appointed may not exceed  $\frac{1}{3}$  of the number of directors elected at the annual meeting preceding their appointment.

The head and registered office of Uni-Select is located at 170 Industriel Boulevard, Boucherville, Québec, Canada J4B 2X3.

## 1.2 | SUBSIDIARIES

The activities of the Corporation are conducted either directly or through subsidiaries. The table below lists the principal subsidiaries of the Corporation as at December 31, 2017, the percentage of votes attaching to the voting securities of the subsidiary beneficially owned, or controlled or directed, directly or indirectly, by Uni-Select and where they are incorporated<sup>1</sup>.

<b>Name of Subsidiary</b>	<b>Percentage of Votes</b>	<b>Jurisdiction of Incorporation</b>
121222 Holdco Limited <sup>2</sup>	100%	England and Wales
121333 Limited <sup>2</sup>	100%	England and Wales
370071 Alberta Ltd. <sup>3</sup>	100%	Alberta
7000570 Canada Inc. <sup>4</sup>	100%	Canada
9332022 Canada Inc. <sup>5</sup>	100%	Canada
9332049 Canada Inc. <sup>4</sup>	100%	Canada
9332057 Canada Inc. <sup>4</sup>	100%	Canada
9332065 Canada Inc.	100%	Canada
9854843 Canada Inc.	100%	Canada
Allparts Bidco Limited <sup>2</sup>	100%	England and Wales
BBC Superfactors Limited <sup>2</sup>	100%	England and Wales
Beckwith Ltd. <sup>2</sup>	100%	England and Wales
Blackburn Brakes Holdings Limited <sup>2</sup>	100%	England and Wales
BMS Superfactors Limited <sup>2</sup>	100%	England and Wales
Car Part World Limited <sup>2</sup>	100%	England and Wales
CES Bidco Limited <sup>2</sup>	100%	England and Wales
Data Development Services Limited <sup>2</sup>	80.83%	England and Wales
DDS Midco Limited <sup>2</sup>	100%	England and Wales
FinishMaster Canada Inc. <sup>5</sup>	100%	Canada
FinishMaster Services, Inc. <sup>3</sup>	100%	Indiana
FinishMaster, Inc. <sup>5</sup>	100%	Indiana
German, Swedish & French Car Parts Limited <sup>2</sup>	100%	England and Wales
GMF Bidco Limited <sup>2</sup>	100%	England and Wales
PA Group Holdings Limited <sup>2</sup>	100%	England and Wales
PA Topco Limited <sup>2</sup>	100%	England and Wales
Parts Alliance Group Limited <sup>2</sup>	100%	England and Wales
Plastique Royal Inc. <sup>3</sup>	100%	Québec
S A S Autoparts Ltd. <sup>2</sup>	100%	England and Wales
SCMF Bidco Limited <sup>2</sup>	100%	England and Wales
Superfactor (Holdings) Limited <sup>2</sup>	100%	Scotland
The Parts Alliance Limited <sup>2</sup>	100%	England and Wales
Uni-Sélect Alberta Inc. <sup>5</sup>	100%	Canada
Uni-Select Canada Stores Inc. <sup>5</sup>	100%	Canada
Uni-Sélect Eastern Inc. <sup>5</sup>	100%	Canada
Uni-Select Luxembourg S.à r.l. <sup>5</sup>	100%	Luxembourg
Uni-Select Pacific Inc. <sup>5</sup>	100%	Canada
Uni-Sélect Prairies Inc. <sup>5</sup>	100%	Canada
Uni-Select Purchases Inc.	100%	Canada
Uni-Select Purchases, G.P. <sup>3</sup>	100%	Québec
Uni-Sélect Québec Inc.	100%	Canada
Uni-Select USA Holdings, Inc. <sup>5</sup>	100%	Delaware
Uni-Select, LLC <sup>5</sup>	100%	Delaware
Waterloo (Motor Trade) Holdings Limited <sup>2</sup>	100%	England and Wales
Waterloo (Motor Trade) Limited <sup>2</sup>	100%	England and Wales

<sup>1</sup> Some subsidiaries of the Corporation whose total assets did not exceed 10% of the consolidated assets of Uni-Select or whose revenues did not exceed 10% of the consolidated revenue of Uni-Select, have been omitted. Together, these other subsidiaries represented 20% or less of the total consolidated assets and 20% or less of the consolidated revenue of Uni-Select. The foregoing comments are based on the Corporation's annual audited consolidated financial statements for the fiscal year ended December 31, 2017 filed with the Canadian securities regulatory authorities and which are available at [www.sedar.com](http://www.sedar.com) and on the Corporation's website at [www.uniselect.com](http://www.uniselect.com).

<sup>2</sup> The Corporation holds the shares of this corporation indirectly through 9332065 Canada Inc.

<sup>3</sup> The Corporation holds the shares of this corporation indirectly through Uni-Select Purchases Inc.

<sup>4</sup> The Corporation holds the shares of this corporation indirectly through Uni-Sélect Québec Inc.

<sup>5</sup> The Corporation holds the shares of this corporation indirectly through 9854843 Canada Inc.

## 2 | GENERAL DEVELOPMENT OF THE BUSINESS

### 2.1 | GENERAL OVERVIEW

Uni-Select is a leader in the distribution of automotive refinish and industrial paint and related products across North America, as well as in the automotive aftermarket parts business in Canada and the United Kingdom.

### 2.2 | HISTORY

#### 2015

With effect as of February 1, 2015, the Corporation redeemed all of its then outstanding 5.9% Extendible Convertible Unsecured Subordinated Debentures due on January 31, 2016 (“**Debentures**”) for an aggregate principal amount of C\$51,750,000. The redemption of the Debentures was effected by the payment of a redemption amount of C\$1,000 for each C\$1,000 principal amount of Debentures. All accrued and unpaid interest on the Debentures up to and including January 31, 2015, inclusively, was also paid in connection with the Redemption. The Debentures were delisted from the Toronto Stock Exchange at the close of business on January 30, 2015.

On February 9, 2015, the Corporation entered into an agreement for the sale of substantially all of the assets of Uni-Select USA, Inc. and Beck/Arnley Worldparts, Inc. to an affiliate of Icahn Enterprises L.P. at a purchase price of \$321 million, subject to adjustments based on the net tangible book value of assets sold at closing (“**US Automotive Divestiture Transaction**”). The US Automotive Divestiture Transaction contemplated the sale of Uni-Select’s automotive aftermarket parts distribution activities in the United States, representing 38 distribution centres, 240 company-owned stores and approximately 3,500 employees. FinishMaster US’s activities, as well as Uni-Select’s Canadian automotive products distribution business unit were not subject to the transaction. The US Automotive Divestiture Transaction closed on June 1, 2015 and the Corporation used the proceeds of the sale to repay outstanding third-party debt, settle related transaction costs and satisfy the purchase price for a number of acquisitions described below.

Throughout 2015, in addition to various smaller asset transactions, the Corporation completed the following acquisitions in Canada:

- 370071 Alberta Ltd. (doing business as Wilter Auto & Industrial Supplies, “**Wilter**”) – share acquisition of the 50% equity interest in the joint venture not previously owned by the Corporation, seven stores located in the Province of Alberta, closed on March 4, 2015;
- C.B. Hoare Auto Parts Limited (“**C.B. Hoare**”) – asset transaction, three stores located in the Province of Nova Scotia, closed on August 17, 2015;
- Duncan Auto Parts Limited (“**Duncan**”) – asset transaction, two stores located in the Province of British Columbia, closed on August 31, 2015;
- Pièces d’Autos La Malbaie Inc. (“**Malbaie**”) – share acquisition of the 50% equity interest in the joint venture not previously owned by the Corporation, two stores located in the Province of Québec, closed on October 1, 2015;
- T.N. Discovery Auto Collision Ltd. (“**T.N. Discovery**”) – asset transaction, two stores located in the Province of Ontario, closed on November 16, 2015;

- Colwood-Langford Auto Supply Ltd. (“**Colwood**”) – share acquisition of the 50% equity interest in the joint venture not previously owned by the Corporation, eight stores located in the Province of British Columbia, closed on December 16, 2015;

and the following acquisitions in the United States:

- Painter’s Supply Co., Inc. (“**Painter’s Supply**”) – asset transaction, two stores located in the State of Colorado, closed on August 3, 2015;
- Auto Paint Specialists, Inc., APS Tower Paint, Inc. and L.I.C., Incorporated (collectively, “**APS**”) – asset transaction, two stores located in the State of Wisconsin, closed on September 14, 2015; and
- Aquia Auto Parts, Inc. (doing business as Refinish Solutions, “**Aquia**”) – asset transaction, two stores located in the State of Virginia, closed on December 8, 2015.

The acquisitions of the assets or shares, as the case may be, of Wilter, C.B. Hoare, Duncan, Malbaie, T.N. Discovery, Colwood, Painter’s Supply, APS and Aquia did not constitute “significant acquisitions” within the meaning of applicable Canadian securities laws. For information on the aggregate sales derived from these acquisitions, please refer to the consolidated financial statements of the Corporation for the fiscal year ended December 31, 2015.

During 2015, disregarding the changes related to the US Automotive Divestiture Transaction, the Corporation opened or acquired 36 company-owned stores and closed 7 others.

As part of normal course issuer bids conducted through the TSX, in 2015 the Corporation repurchased for cancellation, in the aggregate, 181,095 common shares (on a pre-Stock Split basis) at an average price of C\$56.63.

2015 also saw a number of changes in the Corporation’s executive team. With effect as of August 1, 2015, Henry Buckley, then Chief Operating Officer of Uni-Select, was appointed as President and Chief Executive Officer of Uni-Select in substitution of Richard G. Roy, who previously served as Chief Executive Officer of the Corporation for over seven years and retired as of July 31, 2015. On June 2, 2015, Denis Mathieu, then Executive Vice President, Corporate Services and Chief Financial Officer of the Corporation, announced his departure effective as of July 31, 2015. The vacancy created by Mr. Mathieu’s departure was filled on November 30, 2015 through the appointment of Eric Bussi eres as Chief Financial Officer of the Corporation.

## 2016

Throughout 2016, in addition to various smaller asset transactions, the Corporation completed the following acquisitions in Canada:

- Pi eces d’Autos M.A.G. Inc. (“**M.A.G.**”) – share acquisition, one store located in the Province of Qu ebec, closed on February 1, 2016;
- Pi eces pour Automobiles Jean Talon (1993) Lt ee and 9215-7765 Qu ebec Inc. (doing business as Centre de Pi eces Gagnon) (collectively, “**Jean-Talon**”) – asset transaction, seven stores located in the Province of Qu ebec, closed on March 1, 2016;
- Cronie Auto Parts Ltd. (“**Cronie**”) – asset transaction, one store located in the Province of British Columbia, closed on April 15, 2016;
- 3635384 Canada Inc. (doing business as Dispro, “**Dispro**”) – asset transaction, one store located in the Province of Qu ebec, closed on June 1, 2016;
- Guelph Paint and Bumper Supplies Inc. (“**Guelph**”) – asset transaction, one store located in the Province of Ontario, closed on October 5, 2016;

- Pacific Parts Ltd. (“**Pacific Parts**”) – asset transaction, two stores located in the Province of British Columbia, closed on November 30, 2016;
- Vancouver Autocolor Ltd. (“**Vancouver Autocolor**”) – asset transaction, three stores located in the Province of British Columbia, closed on December 19, 2016;

and the following acquisitions in the United States:

- ColorMaster Automotive Paint, Inc. (“**ColorMaster**”) – asset transaction, fifteen stores located in the States of Missouri, Illinois, Louisiana and Texas, closed on January 4, 2016;
- Magnuson-Hagopian Enterprises, Inc. (doing business as Johnson Michigan Automotive & Industrial Coatings, “**Johnson Michigan**”) – asset transaction, three stores located in the State of Michigan, closed on February 16, 2016;
- Annex Group Inc., Annex Orange County, Inc., Annex San Diego #1, Inc., Annex Riverside, Inc., Annex Hayward, Inc., Annex Santa Clara, Inc. and Annex Seattle, Inc. (collectively, “**Annex**”) – asset transaction, nine stores located in the States of California and Washington, closed on April 4, 2016;
- Zitco, Inc. (“**Zitco**”) – asset transaction, one store located in the State of Minnesota, closed on April 15, 2016;
- Gladwin Paint Company, Gladwin Paint Company Austin, Ltd., Gladwin Paint Company Victoria, Ltd., Gladwin Paint Company DFW, Ltd., Gladwin Paint Company North Texas, Ltd. and Gladwin Paint Company Houston, Ltd. (collectively, “**Gladwin**”) – asset transaction, eight stores located in the State of Texas, closed on May 2, 2016; and
- Autobody Supply Company, Inc. (“**Autobody**”) – asset transaction, nine stores located in the State of Ohio, closed on November 30, 2016.

The acquisitions of the assets or shares, as the case may be, of M.A.G., Jean-Talon, Cronie, Dispro, Guelph, Pacific Parts, Vancouver Autocolor, ColorMaster, Johnson Michigan, Annex, Zitco, Gladwin and Autobody did not constitute “significant acquisitions” within the meaning of applicable Canadian securities laws. For information on the aggregate sales derived from these acquisitions, please refer to the consolidated financial statements of the Corporation for the fiscal year ended December 31, 2016.

During 2016, the Corporation opened or acquired 62 company-owned stores and closed 12 others.

On April 27, 2016, the Board of Directors of the Corporation approved a stock split of its common shares on a 2-for-1 basis (“**Stock Split**”). Pursuant to the Stock Split, each shareholder of record on May 6, 2016 at 5:00 p.m. was entitled to receive one additional common share for each common share held on such date. Unless otherwise indicated, information relating to the Corporation’s common shares in this AIF is presented on a post-Stock Split basis.

On April 28, 2016, the Corporation announced the appointment of Mr. André Courville as Chair of the Board of Directors of the Corporation in substitution of Mr. Robert Chevrier.

On August 10, 2016, the Corporation announced the renewal of its normal course issuer bid for an additional one-year period ending August 16, 2017. Under such renewed normal course issuer bid, the Corporation was authorized to repurchase up to 2,000,000 of its common shares listed on the TSX, representing approximately 4.7% of all issued and outstanding common shares of the Corporation as of August 1, 2016. Daily repurchases under the renewed normal course issuer bid were limited to 20,714 common shares, with the exception of block purchaser exemptions. As part of normal course issuer bids conducted through the TSX in 2016 the Corporation repurchased for cancellation, in the aggregate, 1,027,390 common shares at an average price of C\$28.22 (on a post-Stock Split basis).



## 2017

Throughout 2017, in addition to various smaller asset transactions, the Corporation completed the following acquisitions in Canada:

- Impact Auto Parts Inc. (“**Impact Auto**”) – asset transaction, two stores located in the Province of Ontario, closed on February 28, 2017;
- KC Distributing Inc. (“**KC Distributing**”) – asset transaction, one store located in the Province of Ontario, closed on June 13, 2017;
- Dash Distributors Inc. (“**Dash Distributors**”) – asset transaction, four stores located in the Province of Alberta, closed on September 18, 2017;
- T-W Pike Sales Ltd., doing business as Spectrum Coatings (“**Spectrum**”) – asset transaction, three stores and a training centre located in the Province of Manitoba, closed on December 18, 2017;

the following acquisitions in the United States:

- Blaise of Color Inc. (“**Blaise of Color**”) – asset transaction, one store located in the State of New Jersey, closed on January 17, 2017;
- Crown Auto Body Supply LLC (“**Crown Auto**”) – asset transaction, one store located in the State of Massachusetts, closed on January 17, 2017;
- A. D’Angelo & Sons, Inc. and related entities (collectively, “**D’Angelos**”) – asset transaction, 11 stores located in the State of California, two stores located in the State of Nevada and one in the State of Arizona, closed on January 31, 2017;
- Hi-Tec/Professional Paint and Auto Body Supply, Inc. (“**Hi-Tec**”) – asset transaction, two stores located in the State of Alaska, closed on February 28, 2017;

and the following acquisitions in the United Kingdom:

- PA Topco Limited (doing business as The Parts Alliance “**The Parts Alliance UK**”), a leading group of automotive parts distributors throughout the United Kingdom – share acquisition, 161 stores and 38 affiliated locations across England, Scotland, Wales and Ireland, closed on August 7, 2017 for a total consideration of £202.2 million (“**Parts Alliance Acquisition**”).
- Blackburn Brakes Holding Limited owners of BBC Superfactors Ltd. (collectively “**BBC**”) – share acquisition, 7 stores located in the Lancashire area, closed on September 15, 2017.

Aside from the Parts Alliance Acquisition, the acquisitions of assets or shares, as the case may be, of Impact Auto, KC Distributing, Dash Distributors, Spectrum, Blaise of Color, Crown Auto, D’Angelos, Hi-Tec and BBC did not constitute “significant acquisitions” within the meaning of applicable Canadian securities laws. For information on the aggregate sales derived from these acquisitions, please refer to the consolidated financial statements of the Corporation for the fiscal year ended December 31, 2017.

During 2017, the Corporation increased its company-owned store network by 188 (182 company-owned stores and 6 greenfields) and closed 14 others.

On May 23, 2017, Uni-Select announced the appointment, effective July 3, 2017, of Mr. Brent Windom to the position of President and Chief Operating Officer, Canadian Automotive Group considering the retirement of Gary O’Connor, at the end of 2017.

## 2.3 | SIGNIFICANT ACQUISITION

On August 7, 2017, Uni-Select, through its wholly-owned UK subsidiary, acquired 100% of the shares of PA Topco Limited doing business as The Parts Alliance.

The Parts Alliance UK is a leading group of automotive parts distributors throughout the United Kingdom. At the time of the acquisition, The Parts Alliance UK was the second largest player in the UK automotive aftermarket parts market with an approximate 7% market share, serviced over 23,000 customer accounts through 161 corporate stores and 38 affiliated locations in its network providing 85% national coverage, and employed more than 2,900 team members.

The aggregate purchase price for the Parts Alliance Acquisition was approximately £202.2 million on a cash-free and debt-free basis, subject to working capital and other customary adjustments, and was fully funded by debt.

The Corporation filed a *Business Acquisition Report* (Form 51-102F4) in respect of the Parts Alliance Acquisition on SEDAR at [www.sedar.com](http://www.sedar.com) on October 20, 2017.

The Parts Alliance Acquisition provided Uni-Select with an attractive point of entry into the European market currently in consolidation with high growth and accretion potential, with a leadership position in the United Kingdom and a third growth pillar to complement its segments in Canada and the United States.

### Acquisition Financing

To finance the Parts Alliance Acquisition and for general working capital purposes, Uni-Select has secured a \$625.0 million fully underwritten commitment from National Bank of Canada, as co-lead arranger and sole bookrunner, and Royal Bank of Canada, as co-lead arranger, comprised of a new \$100.0 million term facility and an operating facility up to \$525.0 million, from which facilities an amount was used to finance the Parts Alliance Acquisition.

### History of The Parts Alliance UK

Founded in the United Kingdom in 1999, The Parts Alliance UK trading group formed to serve national accounts and develop an own brand strategy for founding members. In January 2014, The Parts Alliance UK acted as one of the founding members of Nexus Automotive International SA, a value focused global alliance of 'Automotive Aftermarket Leaders'. In April of the same year, The Parts Alliance UK was acquired by HgCapital, leading to the formation of The Parts Alliance UK group – a single entity that includes several regional distributor brands as well as centralised departments acting on behalf of The Parts Alliance UK members and The Parts Alliance UK group. Further acquisitions have followed to maintain The Parts Alliance UK group's fast-paced growth, with 9 companies acquired since 2014. In August 2017, 100% of the shares of PA Topco Limited doing business as The Parts Alliance were acquired by Uni-Select.

### 3 | DESCRIPTION OF THE BUSINESS

#### 3.1 | OVERVIEW

Founded in Québec, Canada in 1968, Uni-Select Inc. is, through its subsidiaries, a leading automotive aftermarket parts and accessories distributor in Canada and the United Kingdom and a leading independent distributor of paint and related products in North America.

In Canada, Uni-Select supports over 16,000 automotive repair and collision repair shops through a growing national network of more than 1,100 independent customers and over 60 company-owned stores, many of which operate under the Uni-Select BUMPER TO BUMPER®, AUTO PARTS PLUS® and FINISHMASTER® store banner programs. It also supports over 3,900 shops and stores through its automotive repair/installer shop banners, as well as through its automotive refinish banners (“**Canadian Automotive Group**”).

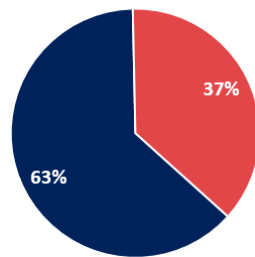
In the United States, Uni-Select, through its wholly-owned subsidiary FinishMaster, Inc. (“**FinishMaster US**”), operates a national network of over 210 automotive refinish company-owned stores under the FINISHMASTER banner which services a network of over 30,000 customers annually.

In the United Kingdom, Uni-Select, through The Parts Alliance UK, is a leading distributor of automotive parts supporting over 23,000 customer accounts with a network of close to 200 locations including over 170 company-owned stores.

Uni-Select’s customers have access to over 2 million replacement parts for domestic and imported vehicles, tools and equipment and nearly 30,000 different paint products and collision repair shop accessories. Inventory of nearly 330,000 different parts is constantly maintained to meet customers’ needs. Its wide range of products includes national and private brands. Its suppliers stand among the largest manufacturers of automotive parts, tools and equipment and paint products in the world.

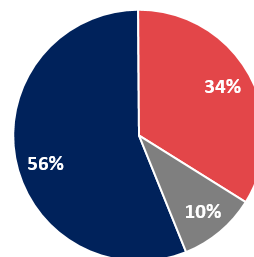
Its activities are mainly focused on the distribution, sale and marketing **(i)** of automotive replacement parts and accessories, tools and equipment in Canada and the United Kingdom and **(ii)** of paint and related products and supplies in Canada and the United States. With respect to sales generated by the Corporation on a consolidated basis, the second and third quarters have historically generated higher sales than the first and fourth quarters.

**2016 Sales by Region**



■ US ■ Canada

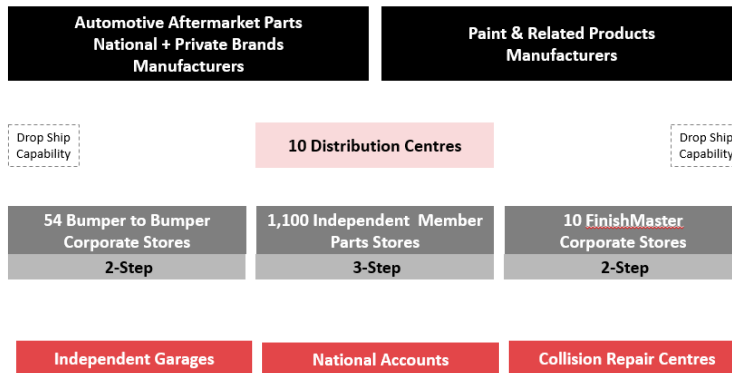
**2017 Sales by Region**



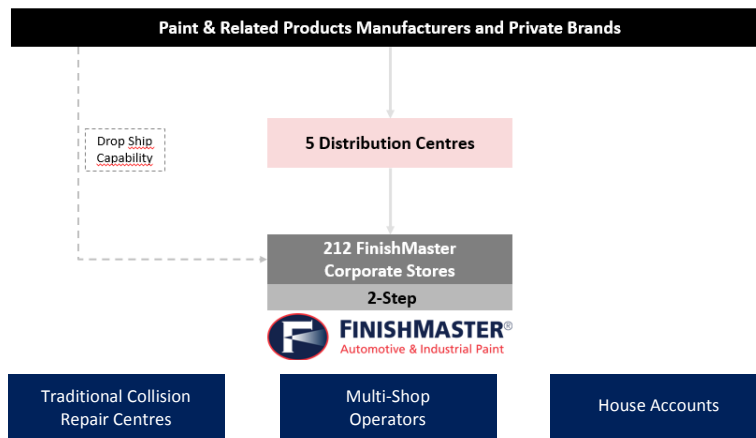
■ US ■ Canada ■ UK

## UNI-SELECT BUSINESS MODEL

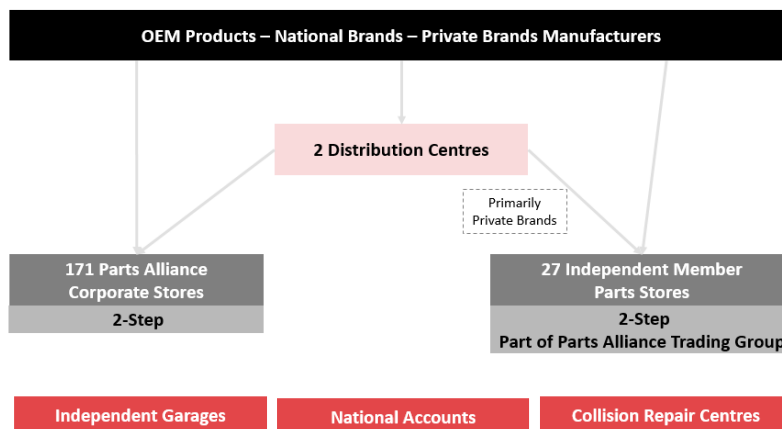
### CANADIAN AUTOMOTIVE GROUP



### FINISHMASTER US



### THE PARTS ALLIANCE UK
















## Products

The main products distributed by the Canadian Automotive Group are automotive hard parts (i.e. brakes, driveline, engine management, electrical, exhaust, filtration, hard-to-find, ignition, injection, suspension, temperature control), tools and equipment, paint and body shop products, lubricants and chemical products, shop and industrial and safety supplies. Several of these products are available under Uni-Select’s private brands, including Auto Extra®, Worldparts® and Mäktig™, RS Parts™, Purezone®, UStart®, The Cooling Depot®, all of which are quality products offered at competitive pricing in comparison to that of recognized manufacturers.

FinishMaster US sells automotive and industrial paints, coatings and related accessories. In addition to its own private brand of refinishing accessory products, SMART, FinishMaster US provides a comprehensive selection of brand name products including Axalta Coating Systems, PPG Industries, Inc. and 3M Company. FinishMaster US is dependent on such suppliers with its top ten vendor partners accounting for approximately 90% of its purchases. SMART is FinishMaster US’s own private label brand of associated products that are designed to meet the high standards demanded by automotive aftermarket customers. SMART has a national brand identity and offers exceptional value to the automotive aftermarket.

The main products distributed by The Parts Alliance UK are automotive hard parts (i.e. brake, driveline, engine management, electrical, exhaust, filtration, hard to find, ignition, injection, suspension, temperature control, tools and equipment, lubricants and chemical products). Several of these products are available under private brands of The Parts Alliance UK, including A2A, ARX, Drivetec, Vetec, all of which are quality products offered at competitive pricing in comparison to that of recognized manufacturers.

TRADEMARKS FOR PRODUCTS		
TRADEMARKS	DESCRIPTION	IDENTIFICATION
Auto Extra®	Engine mount products exclusively packaged for the Canadian Automotive Group	
ColorXtra®	Paint products exclusively packaged for the Canadian Automotive Group	
Mäktig™	Various accessories and tools exclusively packaged for the Canadian Automotive Group	MÄKTIG
Purezone®	Filtration and oil products exclusively packaged for the Canadian Automotive Group	
RS Parts™	Brake pad, drum and rotor products exclusively packaged for the Canadian Automotive Group	
Select Xtras®	Wheel and tire accessories exclusively packaged for the Canadian Automotive Group	
The Cooling Depot®	Product brand for temperature control and engine cooling systems exclusively packaged for Uni-Select	
UStart®	Batteries exclusively packaged for the Canadian Automotive Group	

TRADEMARKS FOR PRODUCTS		
TRADEMARKS	DESCRIPTION	IDENTIFICATION
Worldparts®	Various automotive premium automotive hardparts exclusively packaged for the Canadian Automotive Group	
SMART	Paint and refinishing accessory products exclusively packaged for FinishMaster US	
A2A	Exhaust products exclusively packaged for The Parts Alliance UK	
ARX	Electrical products exclusively packaged for The Parts Alliance UK	
DriveTec	Various competitively-priced automotive hard parts exclusively packaged for The Parts Alliance UK	
Vetech	Various competitively-priced premium quality automotive hard parts exclusively packaged for The Parts Alliance UK	

## Customers

The customers of Uni-Select operate businesses involved in the wholesale and retail sale of automotive parts and accessories, equipment and tools and paint and collision repair products. Several of these businesses also operate repair and collision repair shops. Uni-Select also sells products to fleet operators and national account customers.

The price structure for products sold by Uni-Select and the trade discounts granted to customers vary by reason of geography and type of customer.

A number of Canadian customers are also shareholders of Uni-Select. Uni-Select maintains contact with its customers through regularly held exhibitions and conventions and through the participation of customers in purchase and marketing advisory committees.

## Purchases

Uni-Select distinguishes itself in the automotive replacement parts industry by allowing its customers who are independent distributors (independent customers) to purchase products for direct shipment from suppliers (subject to certain minimum criteria) or from one of Uni-Select's distribution centres. Direct shipments from suppliers enable customers to reduce their acquisition cost for parts.

Customers purchase products through a Uni-Select distribution centre for low volume orders or when they require parts immediately.

## Securities and Guarantees

To secure the payment of sums owed to Uni-Select, a customer must, generally, grant security over its inventory and provide personal guarantees from its shareholders.

## Support and Management Services

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Uni-Select also provides a variety of support and management services. These services are directed at marketing, product promotion, advertising materials, exhibitions and store layouts. The services offered to the independent distributors include administration services, preferred freight rates, training programs, loyalty credit cards as well as insurance programs for their employees and their businesses.

## Company-Owned Stores

2016 saw the unveiling of Uni-Select's new BUMPER TO BUMPER and FINISHMASTER banners across Canada for its company-owned stores. To further expand its market share and provide consistent organic growth, Uni-Select intends to continue to grow its company-owned store footprint, both under the BUMPER TO BUMPER and FINISHMASTER banners, not only by assisting members and customers who wish to retire, but also by acquiring competitive companies.

As at December 31, 2017, Uni-Select had 54 company-owned stores that operated under the BUMPER TO BUMPER banner, 222 company-owned stores that operated under the FINISHMASTER banner (10 in Canada and 212 in the U.S.) and 171 that operated under THE PARTS ALLIANCE banner.

## Competition

At the wholesale level, automotive parts are available through a variety of sources. In Canada and in the UK, the main sources are warehouse distributors, car dealers and national chains. Based on volume of sales, Uni-Select believes that it is a leader in Canada among traditional warehouse distributors for light vehicles. Notwithstanding the fact that Uni-Select's two major competitors in Canada are held by American interests, it is feasible for other foreign competitors to establish a base in Canada, thereby increasing competition. The aftermarket distribution of automotive parts in the UK remains fragmented and competitive with many independent distributors. Based on volume of sales, the Corporation believes that it is a leader in the UK among traditional warehouse distributors for light vehicles.

The aftermarket distribution of automotive refinishes remains fragmented and competitive with many independent distributors competing primarily on the basis of technical assistance and expertise, price, breadth of product offering and financial assistance. There are a number of independent regional distributors, many of which are in direct competition with FinishMaster US on a regional or local level. Competition in the purchase of independent distributors and sales outlets may occur between FinishMaster US and other automotive refinishing distributors that are also pursuing growth through acquisitions. FinishMaster US may also encounter significant sales competition from new market entrants, automotive paint manufacturers, buying groups or other large distributors that may seek to enter such markets or may seek to compete with it for attractive acquisition candidates. Although the largest automotive paint manufacturers have generally not operated their own distributors, or have done so only on a limited basis, they may decide to expand such activity in the future.

## 3.2 | CANADIAN AUTOMOTIVE GROUP

The vast majority of Uni-Select's Canadian operations is conducted by Uni-Select Pacific Inc., Uni-Select Prairies Inc., Uni-Sélect Québec Inc. and Uni-Sélect Eastern Inc., directly or through their respective subsidiaries. Although a sizable portion of Uni-Select's company-owned stores in Canada are owned by Uni-Select Canada Stores Inc. and FinishMaster Canada Inc. (both indirect wholly-owned subsidiaries of the Corporation), some company-owned stores are owned by other subsidiaries of the Corporation. Uni-Select intends to concentrate substantially all of its Canadian company-owned stores under Uni-Select Canada Stores Inc. and FinishMaster Canada Inc. in the near future.

In Canada, Uni-Select operates 10 distribution centres, for a total of approximately 825,040 square feet of warehouse space and 64 company-owned stores. Sales in 2017 were \$485 million compared to \$444 million in 2016. The increase of 9.1% (\$41 million) is due to a 3.9% increase in net sales generated by acquired businesses (\$17 million) combined with a 3.9% increase in organic sales (\$17 million) and a 1.8% positive conversion effect of the Canadian Dollar (\$8 million), partially offset by 0.5% due to a different number of billing days.

Most of Uni-Select’s Canadian sales are achieved through the distribution of automotive products to independent distributors commonly known as jobbers. These jobbers supply national chains of installers, service stations, repair shops, fleet operators, collision repair shops, automobile and heavy machinery dealers, private and public-sector businesses and consumers.



Uni-Select is also a supplier of parts to a number of major businesses including Canadian Tire, Midas, Prime Carcare Group (Minute Muffler/Speedy), Kal-Tire, OK Tire, Leader Auto Resources LAR Inc., as well as governmental and para-governmental organizations. Uni-Select has an alliance with Collision Solutions Network Inc. which allows them to offer a national coverage to insurance companies. Such alliance also allows Uni-Select’s customers to sell products to the repair shops affiliated with Collision Solutions Network Inc.

## Programs for Independent Jobbers

In February of 2016, Uni-Select announced a new branding strategy for its company-owned stores and independent jobbers. Based on its growth vision of increasing its company-owned store network, the BUMPER TO BUMPER brand (an already existing brand with high brand awareness in the Prairies) was selected as the one consistent brand and image for all company-owned automotive parts stores across the country. The logo has been revamped and the program enhanced and this brand is now also offered to independent jobbers. The strategy comprises two strong offerings: a turn-key marketing program with a strong brand (BUMPER TO BUMPER), and an “à la carte” offering for the independent jobber who wants to maintain his own identity, but still be tied to a recognized national brand (AUTO PARTS PLUS). The AUTO-PLUS brand is being phased out and those customers will have the option of selecting either the BUMPER TO BUMPER or AUTO PARTS PLUS brand, or alternatively, remaining independent (not identified by a Uni-Select trademark).

### Auto Parts Plus® and Bumper to Bumper®

In 2017, the AUTO PARTS PLUS and BUMPER TO BUMPER banners regrouped company-owned stores as well as independent jobbers who were, at times, shareholders of Uni-Select and operated commercial or retail businesses for the sale of automotive parts. The sales to AUTO PARTS PLUS and BUMPER TO BUMPER customers during fiscal 2017 represented most of the sales from the Canadian operations of Uni-Select.

TRADEMARKS FOR INDEPENDENT JOBBERS IN CANADA		
TRADEMARKS	DESCRIPTION	IDENTIFICATION
Auto Parts Plus®	Main trademark licensed for use by Uni-Select independent jobbers to identify their stores in Canada	
Bumper to Bumper®	Trademark identifying customers (as well as the Corporation’s automotive parts company-owned stores) who operate commercial and retail businesses across Canada	



## Programs for Installers

In April 2014, Uni-Select launched a banner strategy for Canadian repair shops. The strategy lets shops choose the program under which they want to operate based on their needs (AUTO-SELECT, UNI-PRO, BYOP or SELECTAUTOXPRT) and supports their growth with a flexible and diverse line-up of services specifically adapted to each shop's particular needs. Joining one of these programs provides shops with more visibility, the support of a network in promoting their services and helps increase customer loyalty.

### Auto-Select®

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Uni-Select offers the AUTO-SELECT banner to shops that offer full service to their customers. The minimum criteria in place ensure the standards are met and the integrity of the brand respected. It is positioned as a “select” banner that easily competes with the dealership. It offers the most comprehensive warranty programs for both shops and consumers, as well as all the technology solutions required to efficiently manage a shop. The Auto-Select banner is a turnkey program for installers looking for a complete line-up in a premium brand. This concept includes all of the high-end options most commonly requested by progressive shops, with a strong brand image and communication plan.

### Build Your Own Program

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The Build Your Own Program is a program that offers an optional brand image (UNI-PRO) and an “à la carte” menu of options, with many warranties for the shops and their customers. Installers can also take advantage of training programs, diagnostic tools and business management coaching.

UNI-PRO bannered installers are located throughout Canada and operate repair and maintenance shops for motor vehicles. Their suppliers are AUTO PARTS PLUS and BUMPER TO BUMPER jobbers and company-owned stores.

### SelectAutoXpert

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Uni-Select offers the SelectAutoXpert program (“SAX”) to repair shops. This program offers quality-assurance protection which includes a 90-day warranty for parts and labour, an extended 365-day warranty on parts, loyalty rebates, reduced credit card fees, discounts on purchases and commercial and group insurances. Repair shops looking for an affordable, easy-to-use solution with competitive discounts can opt for the SAX program.

### ProColor®



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Collision repair specialists, recognized for the quality of their workmanship, are offered a license to use the PROCOLOR trademark provided they respect quality standards and purchase parts and body shop products through the network of Uni-Select jobbers. Many of these collision repair specialists located in Québec are identified by the Carrossier PROCOLOR banner.

### ColorPlus

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ColorPlus is the body shop program for the independent entrepreneur. The program's mission consists of offering a marketing solution for collision centres in Canada that want to remain independent and competitive in the collision repair and restoration industry.

TRADEMARKS FOR INSTALLERS IN CANADA		
TRADEMARKS	DESCRIPTION	IDENTIFICATION
Uni-Pro®	Main installer marketing program	
Auto-Select®	Main installer marketing program	
SelectAutoXpert	Main installer marketing program	
ProColor®	Identification for shop owners specialized in paint and body shop	ProColor®
ColorPlus	Installer marketing program for specialized body shop/collision repair specialists	

## Employee Relations

As of December 31, 2017, Uni-Select employed 1,206 full-time equivalent persons in Canada. Warehouse employees of the distribution centres located in Boucherville, Québec and Coquitlam, British Columbia and employees of stores located in the Beauce region of Québec are unionized (representing approximately a total of 225 full-time equivalent persons). The collective agreement with the Coquitlam warehouse employees is currently being renegotiated.

The Corporation considers its labour relations with its employees to be satisfactory and believes that the quality of its staff is a key factor of its success.

## Real Estate

Uni-Select favours leasing the facilities out of which its operations are conducted. It owns a limited amount of real estate.

Uni-Select owns the building where its head office is located in Boucherville, Québec. The land covers an area of 435,000 square feet and the building covers approximately 195,500 square feet of which 32,300 are reserved for administration.

Uni-Sélect Eastern Inc. is currently the owner of land (including a building) measuring 25,388 square feet in Clinton, Ontario that is leased to a customer.

### 3.3 | FINISHMASTER US

Uni-Select's activities in the United States are carried on exclusively by FinishMaster US following the consummation of the U.S. Automotive Divestiture Transaction.

FinishMaster US operates 4 warehouses for a total of approximately 182,325 square feet of warehouse space, and 212 branch locations. Its sales in 2017 were \$815 million compared to \$753 million in 2016. The increase of 8.2% is due to net sales generated by acquired businesses (\$114 million) that was partially offset by a decrease in organic sales of 6.9% (\$52 million).

FinishMaster US sells automotive and industrial paints, coatings and related accessories to collision repair shops, automotive dealerships, fleet operators and commercial clients through its wide network of company-owned stores. It also offers training in management and, in conjunction with manufacturers, training on product usage to its customers.

## E-Commerce

FinishMaster US considers its focus on e-commerce a critical business initiative for success. Providing a strong platform for customers, specifically those in the Multi-Shop Operator (MSO) segment, reduces operating expense and creates efficiency for both FinishMaster US and its customers.

## Employee Relations

As of December 31, 2017, FinishMaster US employed 1,752 full-time employees and 113 part-time employees in the United States, none of which are unionized. FinishMaster US considers its labour relations with its employees to be satisfactory and believes that the quality of its staff is a key factor of its success.

## Real Estate

FinishMaster US also favours leasing the facilities out of which its operations are conducted. It owns the following six properties: a 40,860 square foot warehouse in Adel, Georgia, a 58,000 square foot warehouse in Grand Rapids, Michigan, and four properties out of which it operates company-owned stores in Muskegon, Michigan (5,856 square feet), Burton, Michigan (5,000 square feet), Mishawaka, Indiana (10,400 square feet) and Ft. Myers, Florida (6,500 square feet).

### 3.4 | THE PARTS ALLIANCE UK

Uni-Select's activities in the United Kingdom are conducted exclusively through The Parts Alliance UK and its subsidiaries.

The Parts Alliance UK operates 2 distribution centres for a total of approximately 110,000 square feet of warehouse space, and 171 company-owned stores. The Parts Alliance UK reported sales of \$149 million in 2017 since its acquisition on August 7, 2017.

The Parts Alliance UK supplies automotive parts to the independent aftermarket. It has a huge stock holding of quality parts, a market-leading catalogue to provide on-demand service to garage customers.

## E-Commerce

A web-based version of The Parts Alliance UK's catalogue system developed to support its trade customers, ALLICAT ONLINE, gives garages the ability to identify the parts they require, check stock and place orders with their local member. This powerful system integrates with Autodata to view fitting times, service schedules and more.

AUTOSESSIVE.COM has continued to evolve to adhere to the needs and growing demands of the online retail customer since its launch. Customers are able to browse through a huge range of quality brands. They can choose to either have their purchases delivered or to pick up at a local member branch.

## Employee Relations

As of December 31, 2017, The Parts Alliance UK employed 2,713 full-time employees and 238 part-time employees in the United Kingdom, [none of which are unionized. The Parts Alliance UK considers its labour relations with its employees to be satisfactory and believes that the quality of its staff is a key factor of its success.

## Real Estate

The Parts Alliance UK also favours leasing the facilities out of which its operations are conducted. It owns the following 7 properties: a 20,000 square foot industrial warehouse in Smethwick, Birmingham, a 17,000 square foot industrial warehouse in Hays, London, a 20,000 square foot industrial warehouse in Chester, Cheshire and a further 3 industrial properties totalling 18,000 square feet in Accrington, Blackburn, and Burnley to the North of Manchester.

### 3.5 | INTELLECTUAL PROPERTY

In the course of its activities, Uni-Select uses a number of trademarks and business names, some of which may feature a logo, including those identified in Schedule A hereto. Uni-Select invests in its trademarks on a continuous basis, some of which have developed a significant market recognition. Uni-Select takes appropriate measures to protect and enforce its intellectual property.

### 3.6 | ENVIRONMENTAL RISK

Uni-Select is principally a distributor of automotive products and is not involved in manufacturing activities. It does not have any research and development operations in respect of new products. Other than an unforeseen incident, such as a fire in a distribution centre, the Corporation's environmental risk is limited to the accidental spill of limited quantities of hazardous materials during transport or handling and, in certain jurisdictions and in limited circumstances, to historical contamination of rented properties.

### 3.7 | RISK FACTORS

The Corporation incorporates by reference the disclosure describing the risk factors to which the Corporation's business is exposed in Management's Discussion & Analysis for the year ended December 31, 2017 under the heading "Risk Management" available on [www.sedar.com](http://www.sedar.com) as well as on Uni-Select's website at [www.uniselect.com](http://www.uniselect.com).

## 4 | DIVIDENDS

Since 1987, the Corporation has declared quarterly dividends and it has had a dividend payment policy in place since 1998. Subject to profitability, liquidity requirements to finance growth, the general financial health of the Corporation and other factors determined by the Board of Directors, Uni-Select's practice has been to declare a dividend at a ratio between 20% and 25% of the previous year's adjusted net earnings reported in the annual report.

During 2017, Uni-Select declared a dividend of C\$0.085 per common share in its first quarter and a dividend of C\$0.0925 in each of the remaining three quarters of 2017. Uni-Select declared **(i)** a dividend of C\$0.08 per common share in the first quarter of 2016 and a dividend of C\$0.085 per common share in the remaining three quarters of 2016 and **(ii)** a dividend of C\$0.075 per common share in the first quarter of 2015 and a dividend of C\$0.08 per common share in the remaining three quarters of 2015. For the avoidance of doubt, the foregoing dividend amounts are, in each case, expressed after giving effect to the Stock Split.

## 5 | DESCRIPTION OF CAPITAL STRUCTURE

Uni-Select Inc.'s capital structure is composed of an unlimited number of common shares (“**Common Shares**”), without par value, and an unlimited number of preferred shares, without par value, issuable in series with the following characteristics:

### Common Shares

Each Common Share entitles the holder thereof to one vote and to receive dividends in such amounts and payable at such time as the Board of Directors of the Corporation shall determine after the payment of dividends to the preferred shares. In the event of a liquidation, dissolution or winding-up, the holders shall be entitled to participate in the distribution of the assets after payment to the holders of the preferred shares. As of February 28, 2018, 42,273,812 Common Shares were issued and outstanding.

### Preferred Shares

The preferred shares are non-voting shares issuable in series. As of February 28, 2018, there are no issued and outstanding preferred shares. The Board of Directors of the Corporation has the right, from time to time, to fix the number of, and to determine the designation, rights and restrictions attaching to the preferred shares of each series. The holders of any series of preferred shares are entitled to receive dividends and to participate in the distribution of the assets upon liquidation, dissolution and winding-up in priority to the Common Shares. Effective May 3, 2016, the Corporation amended its articles of continuance to, among other things, limit the maximum number of preferred shares of the Corporation that may be issued to 20% of the number of then outstanding Common Shares.

## 6 | MARKET FOR THE SECURITIES OF THE CORPORATION

The Common Shares are listed for trading on the TSX under the “UNS” ticker symbol.

The following table sets forth the reported low and high trading prices and trading volumes of the Common Shares as reported by the TSX from January 1, 2017 to December 31, 2017.

PRICE RANGE AND TRADING VOLUME OF THE COMMON SHARES			
MONTH	PRICE (LOW)	PRICE (HIGH)	VOLUME
	C\$	C\$	
January	29.470	31.265	1,566,156
February	29.710	34.660	2,179,412
March	32.940	35.500	1,097,550
April	34.600	37.030	922,296
May	28.730	36.900	3,671,536
June	29.050	31.990	1,499,193
July	27.790	31.750	1,756,690
August	26.640	29.480	1,757,195
September	26.030	29.360	1,881,720
October	26.970	28.850	1,659,713
November	23.660	28.360	3,507,896
December	25.730	29.100	1,878,246

## 7 | DIRECTORS AND EXECUTIVE OFFICERS

### 7.1 | DIRECTORS

The following table sets forth each director's name, province/state and country of residence, the year each first became a director, principal occupation for the past 5 years and, as the case may be, the committees they are part of. Directors are elected until the next annual meeting of shareholders or, in the case of a vacancy or resignation, until a successor is elected or appointed.

DIRECTORS OF THE CORPORATION			
NAME	DIRECTOR SINCE	PRINCIPAL OCCUPATION	COMMITTEE(S)
<b>Henry Buckley</b> <sup>1</sup> British Columbia, Canada	2016	President and Chief Executive Officer of the Corporation	----
<b>Michelle Cormier</b> <sup>2</sup> Québec, Canada	2016	Operating Partner at Wynnchurch Capital Canada Ltd.	<ul style="list-style-type: none"> <li>• Audit Committee (Chair)</li> <li>• Corporate Governance and Nominating Committee</li> </ul>
<b>André Courville</b> <sup>3</sup> Québec, Canada	2014  (Chair since April 28, 2016)	Corporate Director	<ul style="list-style-type: none"> <li>• Audit Committee</li> <li>• Corporate Governance and Nominating Committee (Chair)</li> <li>• Human Resources and Compensation Committee</li> </ul>
<b>Patricia Curadeau-Grou</b> <sup>4</sup> Québec, Canada	2013	Corporate Director	<ul style="list-style-type: none"> <li>• Audit Committee</li> <li>• Human Resources and Compensation Committee</li> </ul>
<b>Jeffrey I. Hall</b> <sup>5</sup> Ontario, Canada	2015	Corporate Director	<ul style="list-style-type: none"> <li>• Audit Committee</li> <li>• Human Resources and Compensation Committee (Chair)</li> </ul>
<b>George E. Heath</b> <sup>6</sup> Ohio, USA	2017	Corporate Director	----
<b>Richard L. Keister</b> <sup>7</sup> Florida, USA	2013	Corporate Director	<ul style="list-style-type: none"> <li>• Audit Committee</li> <li>• Corporate Governance and Nominating Committee</li> </ul>
<b>Robert Molenaar</b> <sup>8</sup> Berkshire, UK	2017	Chief Executive Officer at Tradebe Management Limited	<ul style="list-style-type: none"> <li>• Corporate Governance and Nominating Committee</li> <li>• Human Resources and Compensation Committee</li> </ul>
<b>Richard G. Roy</b> <sup>9</sup> Québec, Canada	2008	Corporate Director	----
<b>Dennis M. Welvaert</b> <sup>10</sup> Texas, USA	2013	Corporate Director	<ul style="list-style-type: none"> <li>• Corporate Governance and Nominating Committee</li> </ul>

<sup>1</sup> Mr. Buckley was Chief Operating Officer of the Corporation from September 2014 to August 2015 and was Vice President for Specialty Brand Companies and Mergers and Acquisitions at W.W. Grainger Inc. between 2012 and 2014. From 2007 to 2012, he was Vice President and General Manager of Acklands-Grainger Inc., a division of W.W. Grainger Inc.

<sup>2</sup> Prior to joining Wynnchurch, Ms. Cormier was Chief Financial Officer of a family office until July 2014. Ms. Cormier was asked to chair and conduct the restructuring of Adaltis Inc., a company in biotesting with operations in Italy, China and Montréal from 2009 to 2010. Upon her recommendation, Adaltis Inc. was closed and then became bankrupt in 2010. In January 2017, Ms. Cormier was asked by the remaining senior secured creditor and by the sole shareholder of Calyx Transportation Inc. ("Calyx") to become the sole Director and Officer of Calyx. In this capacity, her mandate was to wind down Calyx in the most efficient manner, following the sale, in December 2016, by Calyx of all assets and businesses in which it operated. The large majority of net proceeds from such sales were used to repay bank indebtedness, employee severances and suppliers. Following all such payments, the cash on hand was insufficient to repay the remaining secured creditor. Given the insolvency of Calyx, Ms. Cormier in her capacity of Director of Calyx approved a voluntary assignment in bankruptcy pursuant to the Bankruptcy and Insolvency Act in order to complete the wind down of Calyx's affairs and discharge her mandate.

<sup>3</sup> Mr. Courville was a senior audit partner at Ernst & Young LLP from 1987 until the end of June 2014.

<sup>4</sup> Ms. Curadeau-Grou was a senior officer and strategic advisor at National Bank of Canada from 1991 until November 2015.

<sup>5</sup> Mr. Hall was Chief Executive Officer of Rexel Canada Electrical Inc. from 2005 to 2014.

<sup>6</sup> Mr. Heath was President of the Global Finishes Group at Sherwin Williams from 2008 until his retirement in 2015.

<sup>7</sup> Mr. Keister was President and Chief Executive Officer of Keystone Automotive Industries, Inc. from 2004 until the merger of the company with LKQ in 2007. He has been a corporate director since then and was Chairman of the Board of QCSA Holdings, Inc. from 2010 to 2013. Mr. Keister was Chairman of the Board of Superior Linen, LLC, a privately-owned company generating \$16M in revenues, when it sought bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code on September 30, 2016.

<sup>8</sup> Mr. Molenaar has been Chief Executive Officer of Tradebe Management Limited since 2015. From January 2010 to December 2014, he was Global Managing Director at AkzoNobel N.V.

<sup>9</sup> Mr. Roy was President and Chief Executive Officer of Uni-Select from January, 2008 to July 31, 2015.

<sup>10</sup> Mr. Welvaert acted as interim President and Chief Operating Officer for Uni-Select USA, Inc. from April 16, 2013 to July 31, 2013 and as Chair of the Board of Uni-Select USA, Inc. from August 1, 2013 to December 31, 2014. Prior to that he was President of Dayco Products, LLC, North American Aftermarket Division, when its parent company, Mark IV Industries, Inc. declared bankruptcy in April 2009. Mark IV Industries, Inc. emerged from bankruptcy in November 2009 and Mr. Welvaert continued his role as President until his retirement in August 2011.

## 7.2 | EXECUTIVE OFFICERS

The following table sets forth each executive officer's name, province/state and country of residence and his or her position within the Corporation.

EXECUTIVE OFFICERS	
NAME	POSITION
Henry Buckley, MBA British Columbia, Canada	President and Chief Executive Officer
Steven J. Arndt Indiana, USA	President and Chief Operating Officer, FinishMaster
Eric Bussi�eres Qu�ebec, Canada	Chief Financial Officer
Annie Hotte, MBA Qu�ebec, Canada	Chief People Officer
Me Louis Juneau, LL.L. Qu�ebec, Canada	Chief Legal Officer and Corporate Secretary
Peter Sephton Solihull, United Kingdom	President and Chief Executive Officer, European Automotive Group
Brent Windom Qu�ebec, Canada	President and Chief Operating Officer, Canadian Automotive Group

All of the above executive officers have held the position indicated opposite their name or held a position as executives with Uni-Select during the last five years, except for:

1. Henry Buckley has been President and Chief Executive Officer of Uni-Select since August 1, 2015 after serving as Chief Operating Officer of Uni-Select since September 8, 2014. He was Vice President, Specialty Brands and Mergers and Acquisitions of W.W. Grainger Inc. from May 2012 to September 2014. From 2007 to 2012, he was Vice President & General Manager of Acklands-Grainger Inc., a division of W.W. Grainger Inc.;
2. Steven J. Arndt has been President and Chief Operating Officer of FinishMaster since December 31, 2012. He has held various functions at FinishMaster for more than 20 years;
3. Eric Bussi eres was Vice President Finance, Civil at CAE Inc. for a period of five years prior to joining Uni-Select in November 2015;
4. Annie Hotte has been employed by Uni-Select since 2009 in human resources related functions until she was named Vice President, Human Resources on December 12, 2012 and Chief People Officer in May 2015;
5. Louis Juneau has been employed by Uni-Select since 2009. He was Senior Director, Legal Affairs until he was named Vice President, Legal Affairs and Secretary on March 1, 2013. Me Juneau was named Chief Legal Officer and Corporate Secretary in May 2015;
6. Peter Sephton has been President and Chief Executive of the European Automotive Group since August 2017. He was Chief Executive Officer of The Parts Alliance from August 2013 to August 2017 and prior thereto, President, EMEA, Brady Corporation for over 16 years.
7. Brent Windom has been President and Chief Operating Officer of the Canadian Automotive Group since July 2017. He was President and Chief Executive Officer of Auto Plus | Pep Boys from February 2016 to June 2017, President and CEO of IEH Auto Parts, Auto Plus from June 2015 to June 2017, President and Chief Operating Officer of Uni-Select USA, Inc. from August 2013 to June 2015 and Senior Vice President Sales and Marketing of Uni-Select Inc. from August 2012 to August 2013.

As of February 28, 2018, the directors and executive officers of Uni-Select, as a group, beneficially owned or exercised control or direction over, directly or indirectly, an aggregate of 89,697 common shares, representing approximately 0.002% of the then outstanding shares of the Corporation.

### 7.3 | CONFLICTS OF INTEREST

There are no existing or potential material conflicts of interest between the Corporation or any of its subsidiaries and their respective directors and officers. Certain of the Corporation's directors and officers also serve as directors or officers of other corporations. Such associations may give rise to conflicts of interest from time to time. Management of the Corporation and its Board of Directors will address any such conflict of interest which may arise in the future in accordance with reasonable expectations and objectives of the Corporation and will act in accordance with any duty of care and any duty to act in good faith owed to the Corporation.

## 8 | LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Corporation is not party to any legal proceeding or regulatory action which management believes may have a material adverse effect on the Corporation's earnings or financial position, nor is any such legal proceeding or regulatory action currently contemplated.

## 9 | INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, executive officer or shareholder of the Corporation who beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the Common Shares of the Corporation or known associate or affiliate of any such person, has or had any material interest, direct or indirect, in any transaction within the last three years or during the current financial year or in any proposed transaction, that has materially affected or will materially affect the Corporation.

## 10 | TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is AST Trust Company Canada who keeps the Corporation's register of transfers at its offices in Montréal, Québec.

## 11 | MATERIAL CONTRACTS

The material contracts (within the meaning of that term under Regulation 51-102 – Continuous Disclosure Obligations) entered into by the Corporation since the beginning of the most recent fiscal year or prior to such time if still in effect are the following:

- The amended and restated credit agreement dated July 25, 2017 between, among others, Uni-Select Inc. and Uni-Select USA Holdings, Inc., as borrowers, National Bank of Canada, as administrative agent, co-lead arranger and sole bookrunner, RBC Capital Markets, as co-lead arranger, and the financial institutions party thereto from time to time as lenders ("**Syndicated Credit Agreement**"). Under the terms of the Syndicated Credit Agreement, the Corporation has access, for its needs, to a \$525,000,000 unsecured long-term revolving credit facility with a maturity date of June 30, 2021 and a new \$100,000,000 unsecured term facility maturing in tranches, the latest of which will mature on June 30, 2020. Both facilities are available in Canadian dollars, US dollars, Euros, British pounds and their applicable variable interest rates are based either on LIBOR, Euro Libor, GBP Libor, banker's acceptances, US base rate or prime rate plus the applicable margins. A portion of the facilities was used to finance the Parts Alliance Acquisition.



- The amended and restated credit agreement dated July 25, 2017 between, among others, National Bank of Canada, as lender, and Uni-Select Inc. and Uni-Select USA Holdings, Inc., as borrowers (“**Letter of Credit**”). Under the terms of the Letter of Credit, the Corporation has access, for its needs, to a \$20,000,000 letter of credit facility with a maturity date of June 30, 2021. This facility is available for the issuance of the Canadian, US, Euros, British pounds letters of credit. Their applicable variable interest rates are based on US base rate or prime rate plus applicable margins.

## 12 | INTERESTS OF EXPERTS

Ernst & Young LLP, the Corporation’s external auditor, is the only person, company or partnership which is named as having prepared or certified a report, valuation, statement or opinion described, included or referred to in a filing required by National Instrument 51-102 – Continuous Disclosure Obligations made by the Corporation during or relating to the Corporation’s most recently completed fiscal year and whose profession or business gives authority to the report, valuation, statement or opinion made.

Ernst & Young LLP is independent in accordance with the auditor’s rules of professional conduct.

## 13 | AUDIT COMMITTEE

### 13.1 | AUDIT COMMITTEE CHARTER

The Board of Directors of Uni-Select adopted a charter describing in detail the mandate of the Audit Committee. A copy of the Audit Committee Charter is attached as Schedule B.

### 13.2 | COMPOSITION OF THE AUDIT COMMITTEE

All members of the Audit Committee are independent and financially literate within the meaning of Regulation 52-110 – Audit Committees.

The following table sets forth each Audit Committee member’s name and education, as well as experience relevant to the performance of his or her responsibilities as an Audit Committee member.

AUDIT COMMITTEE COMPOSITION	
NAME	EDUCATION AND EXPERIENCE
Michelle Cormier (Chair)	Ms. Cormier is currently operating advisor for the Québec-based investments of Wynnchurch Capital Canada. Prior to Wynnchurch, she was CFO of a family office, spent 13 years in senior management and as CFO of a large North American forest products company. She spent 8 years in various management positions with Alcan Aluminium Limited. Ms. Cormier sits on the Board of Directors of Dorel Industries Inc. and is a member of its Audit and Corporate Governance Committees. She is a member of the Board of Directors of Champion Iron Limited and is a member of its Audit and Human Resources Committees. She also sits on the Board of Directors of Cascades Inc. and is a member of its Audit and Human Resources Committees. Ms. Cormier holds a Bachelor’s Degree in Business Administration from Bishop’s University and is a member of the Québec Order of Chartered Professional Accountants. She articulated with Ernst & Young LLP. She is also a member of the Institute of Corporate Directors, Women Corporate Directors (Québec Chapter) and of Diversity 50.

<b>AUDIT COMMITTEE COMPOSITION</b>	
<b>NAME</b>	<b>EDUCATION AND EXPERIENCE</b>
André Courville	Mr. Courville was designated a FCPA and Fellow of Chartered Accountants. Until the end of June 2014, he was a senior audit partner at Ernst & Young LLP with 37 years of experience working with Canadian, US and international listed companies in various industries. He was President and Chief Executive Officer between 2015 and 2017 and continues to be a director of the Institute of Corporate Directors (Québec Chapter) and a director, Chair of the Audit and member of the Executive and Joint Committees of the Montreal Heart Institute Foundation. Mr. Courville has a Bachelor's degree in business administration from HEC Montréal and completed the Kellogg Program at Harvard University. He also holds a diploma from the Institute of Corporate Directors.
Patricia Curadeau-Grou	Ms. Curadeau-Grou was Strategic Advisor to the President and Chief Executive Officer at National Bank of Canada until her retirement at the end of October 2015, after a banking career of 38 years. She is a director of Cogeco Communications Inc. and serves as member of its Audit, Human Resources and Strategic Opportunities Committees. Also, she sits on the Board of Directors of the Caisse de dépôt et placement du Québec and serves as a member of its Investment and Risk Management Committee. In addition, she is a director of Aéroports de Montréal and serves as a member of its Audit Committee. Ms. Curadeau-Grou also sits on the board of directors of several not-profit organizations. She holds a Bachelor's degree in finance from McGill University and a diploma from the Institute of Corporate Directors.
Jeffrey I. Hall	Mr. Hall has over 35 years of experience in the distribution industry. He was the President and CEO of Rexel Canada Electrical Inc. from 2005-2014 and the Chairman of Rexel North America Inc. from 2014-2015. Rexel, with its banners Westburne and Nedco, is one of the largest distributors of electrical, automation and telecom supplies in Canada. Prior to his appointment as CEO, Mr. Hall was Vice-President of Westburne. Mr. Hall graduated from the University of Toronto with a Bachelor of Applied Science in Industrial Engineering with Honours Standing. Mr. Hall also holds a diploma from the Institute of Corporate Directors.
Richard L. Keister	Mr. Keister is a director of Primeritus Financial Services, Inc. which provides services to U.S. banks & lending institutions, a Director of Lumenco, Inc., a high-tech light management and anti-counterfeiting company and a director of Repairify Holding, LLC, an automotive diagnostic services company. Mr. Keister was Chairman of QCSA Holdings, Inc., a remarketing company of vehicles donated to charity and those declared total losses by auto insurance companies from 2010 to 2013 and was Chairman of Superior Linen, LLC, a supplier to hotels and restaurants from 2014 to 2017. From 2004 until the merger of the company with LKQ in 2007, Mr. Keister was President and Chief Executive Officer of Keystone Automotive Industries, a publicly-traded distributor and remanufacturer of automotive collision parts, paint and materials to body shops throughout the U.S. and Canada. Mr Keister holds a Masters Professional Director Certification from the American College of Corporate Directors, a public company director education and credentialing organization. He is a graduate of the Harvard Business School OPM program, 1991 – 1993.

### **13.3 | OUTSIDE CONSULTANT OR ADVISORS**

The Audit Committee may retain, at the Corporation's expense, outside consultants or advisors to assist or advise the Committee independently on any matter within its mandate.

### **13.4 | EXTERNAL AUDITOR SERVICE FEES**

The Corporation, as a rule, retains the services of external consultants to avoid potential conflict of interest situations involving its auditor. On March 28, 2017, the Corporation changed its independent external auditor and the Board of Directors appointed Ernst & Young LLP as successor auditor to Raymond Chabot Grant Thornton LLP.

The following table sets out, by category, the aggregate fees billed by the Raymond Chabot Grant Thornton LLP, during fiscal years 2017 and 2016.

<b>FEES PAID TO RAYMOND CHABOT GRANT THORNTON LLP</b>		
<b>CATEGORY</b>	<b>FISCAL YEAR ENDED DECEMBER 31, 2017 (C\$)</b>	<b>FISCAL YEAR ENDED DECEMBER 31, 2016 (C\$)</b>
Audit Fees	283,500	646,689
Audit-Related Fees	16,170	12,400
Tax Fees	-	173,756
All Other Fees	-	105,692
<b>Total</b>	<b>299,670</b>	<b>938,537</b>

The following table sets out, by category, the fees billed by the Ernst and Young LLP, during fiscal years 2017 and 2016.

<b>FEES PAID TO ERNST &amp; YOUNG LLP</b>		
<b>CATEGORY</b>	<b>FISCAL YEAR ENDED DECEMBER 31, 2017 (C\$)</b>	<b>FISCAL YEAR ENDED DECEMBER 31, 2016 (C\$)</b>
Audit Fees	303,187	-
Audit-Related Fees	15,225	-
Tax Fees	-	-
All Other Fees	86,025	-
<b>Total</b>	<b>404,437</b>	<b>-</b>

**“Audit Fees”** include the aggregate professional fees billed for audit services in connection with the annual consolidated financial statements of the Corporation.

**“Audit-Related Fees”** include the aggregate fees (other than Audit Fees and Tax Fees) billed for professional services that are reasonably related to the performance of the audit or the consolidated financial statements of the Corporation. More specifically, these services include, among other things, pension plan audits, attestation services that are required by statute or regulation and consultations regarding financial reporting and accounting standards.

**“Tax Fees”** include the aggregate fees billed for U.S. tax compliance and advisory services relating to the preparation of corporate tax returns.

**“All Other Fees”** include the aggregate fees billed for all services other than those reported under Audit Fees, Audit-Related Fees and Tax Fees, which includes services related to financial due diligence assistance in the context of acquisitions.

## 14 | ADDITIONAL INFORMATION

Additional information, including directors’ and officers’ remuneration and indebtedness, principal holders of the Corporation’s securities and securities authorized for issuance under equity compensation plans, is included in Uni-Select’s Management Information Circular dated March 28, 2018, and may be found on SEDAR at [www.sedar.com](http://www.sedar.com). Additional financial information is provided in the Consolidated Financial Statements of Uni-Select and Notes thereto and in the accompanying Management’s Discussion and Analysis for the fiscal year ended December 31, 2017, and may be found on SEDAR at [www.sedar.com](http://www.sedar.com). Copies of these documents may be obtained upon request to the Secretary of the Company, at its head office, 170 Industriel Boulevard, Boucherville, Québec, Canada J4B 2X3, Telephone: 450-641-2440.

SCHEDULE A – UNI-SELECT TRADEMARKS

MAIN TRADEMARKS		
		UNI-SELECT®
MAIN PARTS IDENTIFICATION TRADEMARKS		
		
MÄKTIG		 Parts That Fit Your World
	 RIDE SAFE SOLUTION   LA SOLUTION SÉCURITAIRE	
MAIN STORE IDENTIFICATION TRADEMARKS		
		
MAIN INSTALLER IDENTIFICATION TRADEMARKS		
	 brakes mufflers suspension injection	
SPECIALIZED SERVICES IDENTIFICATION TRADEMARKS		
PROCOLOR®		
MAIN TRADEMARKS USED BY FINISHMASTER US*		
	 IT'S JUST SMART BUSINESS!	
		

PRIVATE BRANDS USED BY THE PARTS ALLIANCE UK



MAIN STORE IDENTIFICATION TRADEMARKS BY THE PARTS ALLIANCE UK\*



PROPRIETARY IT SYSTEMS USED BY THE PARTS ALLIANCE UK



All of the above trademarks are owned by Uni-Select Inc. save for (i) the FinishMaster trademarks that are owned by Gearhead Products, Inc., a subsidiary of Finishmaster, (ii) the Worldparts trademark that is owned by 4549009, Inc. (formerly known as Beck/Arnley Worldparts, Inc.) and (iii) The Parts Alliance UK trademarks that are owned by Parts Alliance Group Limited, German, Swedish & French Car Parts Limited, Data Development Services Ltd. and The Parts Alliance Limited.

## SCHEDULE B – AUDIT COMMITTEE CHARTER

### **PART I. COMMITTEE STRUCTURE**

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#### **1. PURPOSE OF COMMITTEE**

The Audit Committee (“**Committee**”) is established by the Board of Directors to assist the Board in fulfilling its responsibilities with respect to the integrity of the Corporation’s financial statements, reports and financial reporting process. In so doing, it is the responsibility of the Committee to maintain free and open communication between the Board, the external auditors, the internal auditors and management of the Corporation and monitor their performance, recognizing that the internal and external auditors are ultimately accountable to the Committee, the Board and the shareholders of the Corporation.

#### **2. COMPOSITION OF COMMITTEE**

The Committee shall consist of as many members as the Board shall determine, but in any event not fewer than three directors, provided that each member shall be an independent director. In addition, each member of the Committee shall be financially literate and at least one member of the Committee shall have accounting or financial experience.

#### **3. APPOINTMENT AND REMOVAL OF COMMITTEE MEMBERS**

The members of the Committee shall be appointed by the Board, on the recommendation of the Chair of the Board. The members of the Committee shall be appointed annually at the meeting of the directors immediately following the annual meeting of shareholders and shall hold office until the next annual meeting or until their successors are appointed or until they cease to be directors of the Corporation. The Board may remove and replace any member of the Committee.

### **PART II. COMMITTEE OPERATIONS**

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#### **1. VACANCIES**

Where a vacancy occurs in the membership of the Committee, it may be filled by the Board on the recommendation of the Chair of the Board, and shall be filled by the Board if the membership of the Committee is fewer than three directors.

#### **2. COMMITTEE CHAIR**

The Board shall appoint a Chair for the Committee. The Chair may be removed and replaced by the Board.

#### **3. ABSENCE OF CHAIR**

If the Chair is not present at a meeting of the Committee, one of the other members of the Committee present at the meeting shall be chosen by the Committee to preside at the meeting.

#### **4. SECRETARY OF COMMITTEE**

Members of the Committee shall designate from time to time a person who may, but need not be, a member of the Committee or a director, to be secretary of the Committee. The secretary shall keep minutes of the meetings of the Committee.

## **5. REGULAR MEETINGS**

The Chair, in consultation with the Committee members, shall determine the schedule and frequency of the Committee meetings, provided that the Committee shall meet at least four times per year. The Committee may, at any time, and at each regularly scheduled Committee meeting shall, meet without the presence of management or non-independent directors.

## **6. SPECIAL MEETINGS**

After having discussed the purpose of the proposed special meeting with the Chair of the Board, the Chair, or any two members of the Committee, may call a special meeting of the Committee.

## **7. QUORUM**

A majority of the members of the Committee present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak to each other shall constitute a quorum.

## **8. NOTICE OF MEETINGS**

Notice of the time and place of every meeting shall be given in writing, by e-mail or facsimile communication, to each member of the Committee at least 24 hours prior to the time fixed for such meeting; provided, however, that a member may in any manner waive a notice of a meeting and attendance of a member at a meeting is a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

## **9. AGENDA**

The Chair shall develop and set the Committee's agenda in consultation with other members of the Committee, the Board and management. The agenda and information concerning the business to be conducted at each Committee meeting shall, to the extent feasible, be communicated to the members of the Committee sufficiently in advance of each meeting to allow meaningful review.

## **10. DELEGATION**

The Committee shall have the power to delegate its authority and duties to subcommittees or individual members of the Committee, as it considers appropriate.

## **11. ACCESS**

In discharging its responsibilities, the Committee shall have full access to all books, records, facilities and personnel of the Corporation.

## **12. ATTENDANCE OF OFFICERS OR EMPLOYEES AT A MEETING**

The President and Chief Executive Officer of the Corporation and, at the invitation of the Chair, one or more officers or employees of the Corporation may, and if required by the Committee, shall attend a meeting of the Committee.

**13. PROCEDURE, RECORDS AND REPORTING**

The Committee shall fix its own procedure at meetings, keep records of its proceedings and report to the Board on its activities when the Committee may deem appropriate but no later than the next meeting of the Board.

**14. OUTSIDE CONSULTANTS OR ADVISORS**

The Committee, when it considers it necessary or advisable, may retain, at the Corporation's expense, outside consultants or advisors to assist or advise the Committee independently on any matter within its mandate. The Committee shall have the sole authority to retain and terminate any such consultants or advisors, including sole authority to approve the fees and other retention terms for such persons.

**PART III. MANDATE OF COMMITTEE**

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**1. MONITORING THE PRESENTATION OF FINANCIAL INFORMATION**

The Committee shall:

- a) verify by means of discussions with management, the internal auditors and external auditors the quality and integrity of the accounting procedures and the process for presenting financial information, the controls and the procedures for disclosing information, and the Corporation's internal control systems;
- b) review with management and the external auditors and recommend to the Board for approval the annual audited consolidated financial statements to be incorporated in the Corporation's annual report, including information provided in the Corporation's Management Report, the annual earnings' press releases and annual information form, prior to their publication, filing or circulation;
- c) review with management and recommend to the Board for approval the consolidated quarterly financial statements of the Corporation and related information, including information provided in the Corporation's Management Report and interim earnings' press release, prior to their publication, filing and communication, and review the level and type of financial information communicated, on occasion, to the financial markets;
- d) review the financial information contained in material public disclosure documents such as prospectuses, offering memorandums, press releases and other reports, financial or otherwise, submitted to the Board for approval prior to their release;
- e) review with the external auditors and management the quality, relevancy and the communication of the Corporation's accounting principles and policies and the underlying hypothesis and practices with regards to the presentation of information as well as proposed amendments to the above;
- f) satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's consolidated financial statements and periodically assess the adequacy of those procedures;
- g) review the analyses and other written communications prepared by management or the external auditors raising important questions regarding the presentation of the financial information and the decisions taken in the preparation of the consolidated financial statements, including the analyses of the impact of using other accounting methods in accordance with generally accepted accounting principles on the consolidated financial statements;



- h) verify that the management certificates with regards to the financial reports are in compliance with applicable legislation; and
- i) review the results of the external audit, the important problems that caught the attention of the auditors during the audit, as well as the reaction or plan of action of management with regards to all letters of recommendation of the external auditors and all important recommendations submitted.

## **2. MONITOR THE INTERNAL CONTROLS AND MANAGEMENT OF RISK**

The Committee shall:

- a) receive and review, periodically, a management report evaluating the adequate character and effectiveness of accounting and financial controls, the procedures for the communication of information and the internal control systems of the Corporation and satisfy itself that management is responding on a timely basis to any significant weaknesses which have been identified;
- b) in collaboration with the Chief Executive Officer, review and approve, once a year, the mandate, the objectives, the independence of the internal auditors, the merit increase and assess the adequacy of their resources;
- c) ensure the internal auditors have ongoing access to the Chair of the Committee as well as to all officers of the Corporation, particularly the President and Chief Executive Officer;
- d) review the audit plans, performance and summaries of the reports of the internal audit function as well as management's response including follow-up to any significant findings and recommendations;
- e) once a year, assess the performance of the Director, Internal Audit and, if the circumstances so warrant, review and recommend the removal of the then current incumbent and the appointment of a successor and report the findings and conclusions of the Audit Committee to the Human Resources and Compensation Committee and to the President and Chief Executive Officer of the Corporation;
- f) request that a special audit be undertaken, as needed;
- g) review the evaluation and risk management policies of the Corporation, including the Corporation's policies with regards to credit, use of derivatives and monitor the risk;
- h) review business risks that could affect the ability of the Corporation to achieve its business plan;
- i) examine the adequacy of insurance coverage each year and as needed;
- j) review fixed asset expenditures and other important expenses, asset sales, leases and transactions between the Corporation and directors (with the Corporate Governance and Nominating Committee, if applicable), and all other transactions that may modify the financial or organizational structure of the Corporation or influence them in a considerable manner, including any off balance sheet items;
- k) manage, review and recommend, when deemed advisable, the Audit Committee Whistleblower Procedures; and

- l) review the litigations, claims and other eventualities and regulatory or accounting initiatives that may influence, in a significant manner, the financial situation or results of the Corporation and verify the relevancy of their communication in the documents examined by the Committee.

### 3. MONITORING THE EXTERNAL AUDITORS

The Committee shall:

- a) recommend to the Board the appointment of the external auditors and, if required, their removal (in each case, subject to shareholder approval), evaluate and recommend the approval of the remuneration of the auditors, as well as, control their qualifications and their independence;
- b) review the audit plans of the internal and external auditors, including the degree of coordination in those plans and inquire as to the extent to which the planned audit scope can be relied upon to detect weaknesses in internal control or fraud or other illegal act. The audit plans should be reviewed with the external auditors and with management and the Committee should recommend to the Board of Directors the scope of the external audit as stated in the audit plan;
- c) approve all the auditing services provided by the external auditors of the Corporation or its subsidiaries, determine the services, other than auditing services, that the external auditors are not authorized to provide and review and approve in advance all non-audit services that the external auditors are authorized to provide and the fees for such services;
- d) review the recommendations made by the shareholders and the Board regarding the renewal of the mandate of the external auditors or their replacement for the Corporation and all the Pension Funds of the Corporation;
- e) ensure that the external auditors report freely to the Committee and the Board;
- f) discuss with the external auditors not only of the compliance of the Corporation's accounting principles but also their quality, including (i) all essential accounting practices and policies used, (ii) other ways of treating the financial information that is the subject of discussions with management, the scope of their usage and the treatment preferred by the external auditors and (iii) all other important written communications between the Corporation and the external auditors (including any disagreements with management) and to report to the Board on such meetings;
- g) review, at least once a year, the external auditors' report describing their internal quality control procedures, all important questions raised at the last internal quality control review of their firm or, on occasion, during a control by their peers or at the time of an investigation by governmental or professional authorities in the preceding five years, relating to one or more audit mandates executed by the auditors, as long as the documents are available, and the solutions implemented pursuant to such review;
- h) review, at least once a year, the official disclosure report of the external auditors describing all their relations with the Corporation and confirming their independence, and have discussions with the external auditors with regards to the relations or services that may influence their objectivity or their independence;
- i) review the Corporation's practices with regards to the hiring of actual or former partners or employees of its present or former external auditors;

- j) oversee the work of the external auditors including, the resolution of disagreements between management and the external auditors regarding financial reporting;
- k) ensure that the Committee has, at all times, direct communications with the external auditors and meets separately with the external auditors, in the absence of management, at least once a year and as often as it deems it necessary; and
- l) as part of its external oversight responsibilities, conduct an annual assessment of the external auditors, to consider and assess (i) independence, objectivity and professional skepticism, (ii) quality of the engagement team and services to be provided, and (iii) quality of communications and interactions with the external auditor and, at least every five years, conduct a comprehensive review of external auditors.

#### **4. REVIEW OF FINANCINGS**

Review the appropriateness and the conditions of financings and equity offerings.

#### **5. OVERSIGHT IN RESPECT OF PENSION MATTERS**

The Committee shall:

- a) consider and, in accordance with regulatory requirements, recommend for approval any changes in the Corporation's pension plans after consultation with the Human Resources and Compensation Committee when such changes may adversely affect the financial situation of the Corporation;
- b) recommend the termination of investment managers in light of the performance of the Corporation's pension plans; and
- c) receive, review and report to the Board on the actuarial valuation and funding requirements for the Corporation's pension plans.

#### **6. LIMITATION OF RESPONSIBILITY**

Although the Committee has the responsibilities and powers established by the present Charter, it is not obligated to plan or conduct the audits or to determine if the consolidated financial statements of the Corporation are complete and accurate and if they are in compliance with generally accepted accounting principles. This responsibility rests with management and the external auditors.

No provision of the present Charter assigns to the Committee the Board's responsibility of ensuring that the Corporation respects all laws or applicable regulations or to extend the scope of the standards that apply to the liability of the directors or the members of the Committee pursuant to legal or regulatory requirements. Even if the Committee has a precise mandate and its members may have financial experience, they do not have the obligation to act as auditors or to conduct an audit, nor to determine if the consolidated financial statements of the Corporation are complete and accurate. The members of the Committee have the right to rely upon, in the absence of information to the contrary, (i) the integrity of the persons and the organizations that submit information to them, (ii) the exactness and integrity of the information provided, and (iii) the representations made by management regarding services, other than auditing services, that the external auditors provide to the Corporation. The Committee has not been given the responsibility to monitor so that it may determine independently if (i) management applied the proper principles with regards to accounting or the presentation of the financial information or proper internal controls and procedures or (ii) the consolidated financial statements of the Corporation were reviewed and, where applicable, audited according to generally accepted accounting principles.

**7. SELF-EVALUATION**

The Committee shall conduct an annual performance self-evaluation, including a review of its compliance with this Charter, in accordance with the process developed by the Corporate Governance and Nominating Committee and approved by the Board, and shall report to the Board the results of the self-evaluation.

**8. REVIEW OF DISCLOSURE**

The Committee shall review those portions of the Corporation's annual disclosure documents containing information relating to matters within the Committee's mandate before the Corporation publicly discloses this information.

**9. REVIEW OF COMMITTEE'S CHARTER**

The Committee shall assess the adequacy of this Charter on an annual basis and recommend any changes to the Board.

**10. NON-EXHAUSTIVE LIST**

The foregoing list of duties is not exhaustive and the Committee may, in addition, perform such other functions as may be necessary or appropriate for the performance of its responsibilities.