

GOODFELLOW INC.  
ANNUAL INFORMATION FORM  
FOR THE YEAR ENDED NOVEMBER 30, 2021

February 17, 2022

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## ITEM 1 - CORPORATE STRUCTURE OF GOODFELLOW INC.

### 1.1 - Organization of Goodfellow Inc.

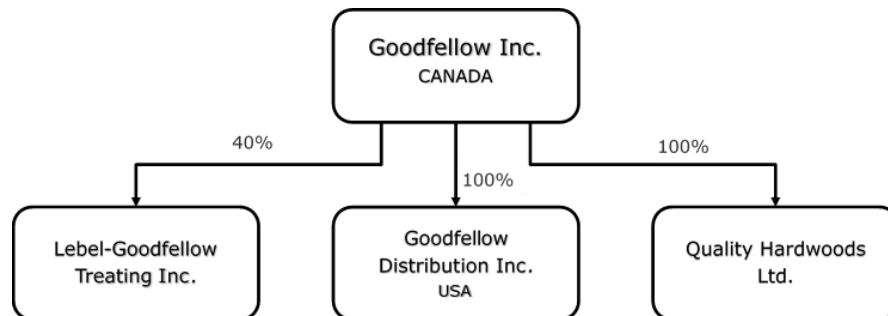
Goodfellow Inc. was incorporated under the Canada Corporation Act on January 18, 1972 under the name Goodfellow Lumber Sales Ltd. and during 1972, acquired the assets of Goodfellow Lumber Ltd. Its name was changed to Goodfellow Lumber Ltd. by Supplementary Letters Patent dated March 25, 1977. It was continued under the Canada Business Corporation Act on November 30, 1978 and its name was changed to the current name by Articles of Amendment dated October 5, 1984. It is referred to in this Annual Information Form as "Goodfellow", the "Corporation" or the "Company". Goodfellow has its principal and registered offices at 225 Goodfellow Street, Delson, Quebec, J5B 1V5.

Goodfellow carries on the business of re-manufacturing, distribution and brokerage of lumber and wood products at the wholesale level. Goodfellow, as it currently exists, was incorporated for the purpose of purchasing the assets of its predecessor corporation, Goodfellow Lumber Ltd. That Corporation and its predecessors had been engaged in the lumber business since 1898. In 1984, the share capital was split on a 5 for 1 basis, and 1 million common shares were sold to the public. The common shares of Goodfellow were then listed on the Montreal Exchange. Pursuant to the reorganization of the Canadian stock exchanges, trading in the common shares of Goodfellow has been transferred to the Toronto Stock Exchange and the common shares of Goodfellow continue to trade under the symbol "GDL". Finally, on January 19, 2007, the Corporation split its common shares on a two-for-one basis.

The Corporation's head office is located in Delson, Quebec, where its main distribution and remanufacturing plants are located. The Delson yard is a 3.5 million square foot facility and is comprised of warehouses, wood-drying kilns and pre-dryer, re-manufacturing mills, wood staining facilities, gluelam and wood treating plants. The Corporation has sales and distribution offices and warehouses in Canada in Richmond BC, Calgary and Edmonton AB, Saskatoon SK, Winnipeg MB, Campbellville, Ottawa and Powassan ON, Quebec City QC, Moncton NB, Dartmouth NS, and Deer Lake NFLD. It also operates wood treating plants in Elmsdale NS and Deer Lake NFLD and wood drying kilns and grading chains in Drummondville, Trois-Rivieres, Mont Tremblant QC and Powassan ON. The Corporation's U.S. sales offices is located in Manchester NH.

### 1.2 - Intercorporate Relationships

Goodfellow Inc. owns all of the outstanding shares of Goodfellow Distribution Inc. (a Delaware Corporation). Goodfellow Distribution Inc. operates as a distributor of lumber and wood products in the United States. Goodfellow Inc. completed the acquisition of 100% of the shares of Quality Hardwoods Ltd in December 2015. Finally, Goodfellow Inc. owns 40% of a joint-venture since December 1, 2015.



## INVESTMENT IN A JOINT VENTURE

On December 1, 2015, the Company and Groupe Lebel Inc. completed the closing of a joint venture and the creation of Lebel-Goodfellow Treating Inc. with seven wood treatment plants to serve markets across Ontario, Quebec and the Maritimes. Lebel-Goodfellow treating Inc. became one of the largest treated wood producer in Eastern Canada with unsurpassed geographical coverage. Groupe Lebel's four plants located in Bancroft and Caledon, ON, Dégelis and St-Joseph, QC, were combined with the Company's three plants located in Delson, QC, Elmsdale, NS, and Deer Lake NFLD and were leased to the joint venture forming a new business unit focused on operational excellence.

With the creation of the joint venture, this transaction was supposed to enhance the strengths of the two partners to better serve the treated wood clients across Eastern Canada. In fiscal, 2016, the Company invested \$3.0 million in the joint venture in the form of inventory of raw material pursuant to a shareholder agreement in return of 40% of the shares of the joint venture.

In Q2-2017, both parties agreed to dissolve the joint venture. The joint venture ceased operations on May 31st, 2017. The better part of the liquidation was done in Q3-2017. Goodfellow received back its initial investment of \$3.0 million and \$320 thousand of dividends as part of the dissolution. In fiscal 2018, the Company received a \$260 thousand dividend and the carrying amount of the investment in the JV at November 30, 2021 is \$25 thousand. The closing of the JV should be done by 2022.

## **BUSINESS COMBINATIONS**

On December 31, 2015, the Company completed the acquisition of 100% of the shares of Quality Hardwoods Ltd. located in Powassan, ON. Quality Hardwoods Ltd. manufactures, sells and distributes hardwood lumber products in Ontario and in the US which is core to our business development strategy. Sales of the acquired company recognized since the acquisition date amounted to approximately \$13.9 million for 11 months. The purchase price was \$6.3 million, subject to post-closing adjustments. The Company has financed the acquisition through its existing revolving credit facility, from the holdback provision an amount of \$0.6 million has been paid during the year 2016. The remaining balance was settle for \$150 thousand during the year 2017.

## **ITEM 2 - GENERAL DEVELOPMENT OF GOODFELLOW INC.**

### **2.1 Three-Year History**

Fiscal 2019, Goodfellow had full intention and management commitment of continuing in its positive trend to a normalized return for its shareholders. The Company's overhead having been right sized, as well as being able to count on a fully functional ERP system, were key in keeping focus on sales revenue and gross margins. Conservative inventory management, with the objective of improving our turns, resulted in reduced exposure to volatile commodity fluctuations in 2019. Sales Revenue decreased in 2019 due in part to hardwood lumber market turmoil. This was caused by Chinese lumber tariffs imposed on American hardwoods. This factor resulted in a substantial correction in hardwood pricing and a surplus of material availability in North America. Regionally in Canadian Distribution we saw continued softening of demand in the GTA & Southwestern Ontario during Q1 (Dec-Feb) and Q2 (March-May) 2019. Goodfellow's distribution footprint remains intact and fortunately the Company saw several encouraging revenue gains in many parts of the country.

Fiscal 2020 first quarter fell shy of budget but lied within our traditional loss in that holiday season period. The Company's performance was negatively affected by decreased demand in the manufacturing sector especially in the hardwood category. Subsequent to February 29, 2020 the COVID-19 outbreak was declared a pandemic by the World Health Organization. The economic climat changed drastically. The situation was dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on our business wasn't known at that time. Our result in the second quarter is as a result of unforeseen pandemic circumstances combined with a contrasting, unprecedented surge in seasonal demand. The cocooning effect of people staying home and investing in outdoor upgrades had a positive effect on our business. The negative effects of the pandemic were felt heavily in April with imposed lockdowns and the closure of job sites. The Company nonetheless was positioned to succeed in many regions of Canada where economic devastation was mitigated by efficient health measures. Third quarter of fiscal 2020 was characterized by the realities of the pandemic having set in and its drastic effects on supply and demand. The Company performed very well and was able to capitalize on surging demand in commodities and seasonal products. This trend continued in the fourth quarter and extended well into late November which is uncharacteristic and unprecedented. The Company used its diverse value-added capabilities to meet the strong demand for custom orders and specialty products. In late September 2020, the Company fell victim to a cyber-attack. Initiatives were quickly executed to protect the Company's interests and restore ongoing service. The financial results of the Company were dampened by this incident. The resourcefulness and understanding of the Company's sales processes by the employee base mitigated the potential catastrophic or pursuant consequences.

Fiscal 2021 was characterized by continued pandemic conditions, such as surging demand in commodities and seasonal products, supply chain disruptions and labor shortages. Despite this context, the Company performed very well in all regions realizing the highest sales revenue on record. This was achieved by committing to needed inventory levels and ensuring superior customer service, as well as focusing on operational efficiencies in all areas which lead to substantially more output. The Company faced a commodity price collapse in the third quarter and was exposed to its repercussions. Product diversity, value-added wood manufacturing, specialty distribution lines and effective relationships with suppliers allowed the Company to successfully weather this crisis and capitalize on unprecedented circumstances.

### **ITEM 3 - BUSINESS OF GOODFELLOW INC.**

#### **3.1 General**

##### **Summary**

###### *Economic Segment and Main Markets*

Goodfellow sells to over seven thousand customers with only one account representing more than 10% of its annual sales volume. The Corporation operates in one single economic segment as stated in the financial statements. There are 3 main categories of end-use market for Goodfellow's product: new home building, renovations and industrial (manufacturing). These categories are directly affected by the economy, the trends and general demand. Most of the 7000 clients that Goodfellow supplies can be classified within one of the following categories: home centres/lumber dealers and large chains, specialty retailers, government, manufacturers and industrial.

Goodfellow has a significant presence throughout Canada. In 2021, approximately 35% of total Corporation sales are in Quebec, 15% in the Atlantic provinces, 29% in Ontario, 10% in Western Provinces and 11% in the U.S. and other export markets.

###### *Distribution Methods and Products*

The Corporation purchases its lumber and lumber products from over 1,200 saw mills and re-manufacturing plants in Canada, the United States and abroad. Goodfellow in turn distributes or re-manufactures the lumber and wood products. Some of these products are re-manufactured and recycled timber, pressure treated lumber, machine coated stained siding, hardwood and softwood panel products, laminated veneer lumber, engineered wood products including laminated timber, rough and dressed imported and domestic hardwoods, hardwood flooring products and various grades, species and sizes of softwood lumber. Over the last few years, the Corporation has added many new products to its product lines such as wire products and building products including foil insulation, house wrap insulation, ceiling products, truss joist, composite decking and hardware. Goodfellow is one of the largest distributor of hardwood flooring in Canada.

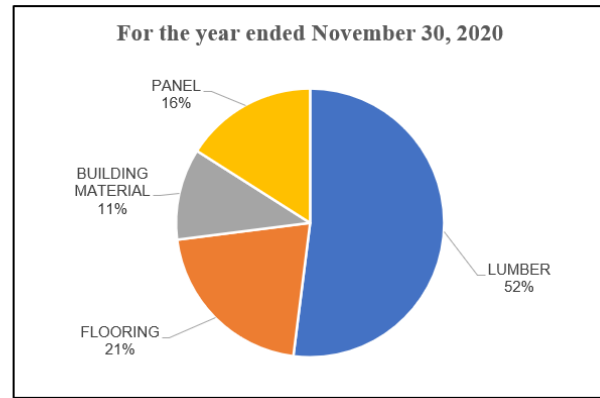
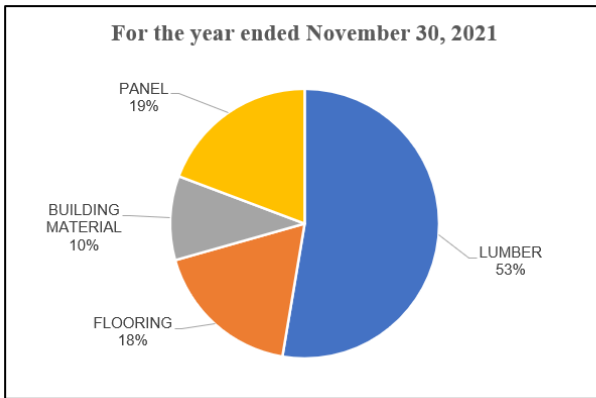
In addition to the selling activity, Goodfellow also sells to its client a wide range of services, such as kiln facilities, paint shop for customized products, millwork, pressure treatment facilities and engineering.

Goodfellow keeps a broad range and quantity (over 50,000) of items in inventory in order to satisfy its customers' demand in a timely fashion. In addition to this purchased inventory, Goodfellow keeps products on consignment. These products are treated as if they belong to the Corporation, but no disbursement is required until they are sold. Goodfellow also distributes products under its own name.

Purchased products are mostly received at one of our 18 locations and then shipped to the client. Goodfellow uses the services of independent transportation companies for its deliveries as well as its own fleet (mostly used for local distribution). But, from time to time, Goodfellow will request that its supplier ship directly to its customer. These direct sales significantly reduce shipping time because the product does not have to transit through our facilities and because, in some cases, the supplier is closer to our client.

###### *Sales*

Goodfellow sales of products or services which accounted for more than 10% of its total consolidated revenue for 2021 are set out below. Approximately 89% of its sales are made in Canada.



### *Premises*

The following constitutes a complete list of the premises owned or leased by Goodfellow and used in carrying on its business:

<b>Municipality or Region</b>	<b>Use of property</b>	<b>Owned Or Leased</b>	<b>Lease Expires</b>	<b>Area (Sq.Ft.)</b>
Delson, QC 225 Goodfellow St. Delson, QC J5B 1V5	Head office, sales office, distribution centre and manufacturing facilities	Owned		3,500,000
Quebec City, QC 5100 John Molson St. Quebec City, QC G1X 3X4	Sales office and distribution centre	Owned		296,000
Moncton, NB 660 Edinburg Drive Moncton, NB E1E 4C6	Sales office and distribution centre	Owned		15,000
Dartmouth, NS 20 Vidito Dr Dartmouth, NS B3B 1P5	Sales office and distribution centre	Owned		150,000
Deer Lake, NL 4 Wellon Drive Deer Lake, NL A8A 2G5	Sales office, distribution centre and manufacturing facility	Owned		65,000
Campbellville, ON P.O. Box 460 9184 Twiss Road Campbellville, ON L0P 1B0	Sales office, distribution centre and manufacturing facility	Leased	Feb. 2027	525,000
Ottawa, ON 3091 Albion Road North Ottawa, ON K1V 9V9	Sales office and distribution centre	Leased	Jan. 2027	315,000

<b>Municipality or Region</b>	<b>Use of property</b>	<b>Owned Or Leased</b>	<b>Lease Expires</b>	<b>Area (Sq.Ft.)</b>
Winnipeg, MAN 1431 Church Avenue Unit B Winnipeg, MAN R2X 1G5	Sales office and distribution centre	Leased	Jul. 2026	24,297
Calgary, AB 2600 – 61 <sup>st</sup> Avenue SE Calgary, AB T2C 4V2	Sales office, distribution centre and manufacturing facility	Leased	Mar. 2023	64,939
Edmonton, AB 11128-158, 112th Avenue Edmonton, AB T5M 1Y4	Sales office and distribution centre	Leased	Aug. 2022	35,330
Saskatoon, SK 802 58 <sup>th</sup> street East Saskatoon, SK S7N 1Z1	Sales office and distribution centre	Leased	Feb. 2025	15,000
Richmond, BC 2060 Van Dyke Place Richmond, BC V6V 1X9	Sales office and distribution centre	Leased	Oct. 2024	47,362
Manchester, NH 368 Pepsi Road Manchester, NH 03109	Sales office and distribution centre	Leased	July 2022	25,400
St-André, QC 4 rue du Moulin St-André-d'Argenteuil, QC J0V 1X0	Leasing space facility	Owned		60,000
Elmsdale, NS 731 Highway #2 Elmsdale, NS B0N 1M0	Manufacturing facility	Owned		160,000
Trois-Rivières, QC 75, rue Philippe-Francoeur Trois-Rivières, QC G8T 9L7	Manufacturing facility	Owned		350,000
Mont Tremblant, QC 226, chemin David Lac-Supérieur, QC J0T 1P0	Manufacturing facility	Owned		3,250,000
Drummondville, QC 1750 Haggerty Drummondville, QC J2C 5P8	Manufacturing facility	Owned		436,000

<b>Municipality or Region</b>	<b>Use of property</b>	<b>Owned Or Leased</b>	<b>Lease Expires</b>	<b>Area (Sq.Ft.)</b>
Quality Hardwoods 196 Latour Cres. Powassan, ON P0H 1Z0	Sales office, manufacturing facility and distribution centre	Owned		979,664

#### *Quality Control System*

The Corporation has established a quality control system at its Delson plant in accordance with the ISO 9001 International Quality Standards for which it received certification in 1995. This facility produces specialty treated products such as guard rail posts, treated products for industrial construction and laminated beams. This ISO 9001 quality system is in place to satisfy the requirements of the Quebec government's "Direction de la Qualité" and has enabled the Corporation to be included on an exclusive bidders list for these products.

#### *Research and Development*

The Corporation undertakes research and development activities, due to the nature of its business. The R&D is mainly focused on engineered and treated wood products in order to develop better manufacturing methods. The Corporation conducts its own research and development activities.

#### *Competition*

The Corporation offers a wide range of products to a large number of customers in diverse business sectors. Its competition is varied and includes large integrated forest product companies as well as numerous smaller distributors link with vendors going direct.

#### *Cyclical Nature*

The Corporation business follows a seasonal pattern with merchandise sales traditionally higher in the fiscal second and third quarters than other quarterly periods. As a result, a higher share of the total earnings is typically earned in the second and third quarter. This business seasonality results in performance that can vary from quarter to quarter and is not necessarily indicative of performance for the balance of the year.

#### *Employee Relations*

As at November 30, 2021, the Corporation employed 683 persons of which 386 were located in Quebec. There were 282 classified as management, sales and administration, 25 classified as plant, mill and yard supervisors and 376 classified as skilled workers. The Corporation's employees are not represented by a labour union except for the Delson, Drummondville and Trois-Rivieres sites. The Corporation considers its labour relations to be good. No work stoppage has ever occurred due to labour unrest. The Corporation, in consultation with employee representatives, regularly reviews working conditions, wages and benefits with a view to establishing competitive compensation arrangements acceptable to its employees.

### **3.2 Risk Factors**

The business as conducted by the Company involves numerous risks and uncertainties. The main risk factors and uncertainties facing the Company are disclosed in the "Risk and Uncertainties" section of the Company's Annual report for the year ended November 30, 2021 which is incorporated herein by reference, as supplemented in the "Risk and Uncertainties" section of the Company's quarterly reports to shareholders. These risks and uncertainties should be considered in conjunction with the other information included in this AIF.



#### ITEM 4 - DIVIDENDS

The following dividends were declared and paid by the Company:

	2021				2020			
	Declared				Declared			
	Record date	Per share	Amount	Payment date	Record date	Per share	Amount	Payment date
		\$	\$			\$	\$	
Quarter 1	Mar 5, 2021	0.30	2,569	Mar 19, 2021	Feb 28, 2020	0.10	856	Mar 13, 2020
Quarter 4	Nov 5, 2021	0.30	2,569	Nov 19, 2021	Nov 27, 2020	0.25	2,141	Dec 4, 2020
		0.60	5,138			0.35	2,997	

The dividend paid within the last 3 financial years was as follow:

	2021	2020	2019
<b>Dividend</b>	\$0.85	\$0.20	\$0.10

#### ITEM 5 - DESCRIPTION OF CAPITAL STRUCTURE

At November 30, 2021, there were 8,562,554 common shares issued (same last year). The Company has authorized an unlimited number of common shares to be issued, without par value. At February 17, 2022, there were 8,562,554 common shares outstanding.

On January 15, 2017, the Company granted 56,000 deferred shares to a key executive. Under this program, the executive was eligible to receive shares of the Company if specific non-market performance targets were met. The Company recognized the fair value of the shares at the grant date and the shares were vested at November 30, 2017 as the Company met the non-market performance targets.

On April 12, 2019, the Company modified these deferred shares to allow for a cash alternative at the key executive's discretion. The cash alternative allows the key executive to a cash payment equal to the number of deferred shares exercised multiplied by the fair value of the shares calculated using the average closing trading price during the preceding twenty trading days of the exercise.

On November 14, 2019, the key executive exercised his right and received 56,000 shares of the Company. All shares under this grant have been issued.

The Company had implemented in 2002 a Key Employee Share Option Plan (SOP). Since there are no outstanding options under the SOP and because the Company no longer intends to use it, the SOP was repealed and terminated as of July 4, 2019.

## ITEM 6 - MARKET FOR SECURITIES OF GOODFELLOW

The common shares of Goodfellow are listed on the Toronto Stock Exchange under the symbol “GDL”. The following table sets forth the market price range, in Canadian dollars, and trading volumes of the Corporation’s Common Shares on the Toronto Stock Exchange for each month of the most recently completed financial year. Trading price and volume :

Fiscal Year ended November 30, 2021							
Date	Open	High	Low	Close	Average daily volume	Adj Close	Monthly Volume
2021-11-01	\$10.92	\$11.20	\$9.51	\$9.56	5,655	\$9.56	124,400
2021-10-01	\$8.96	\$10.99	\$8.95	\$10.82	6,065	\$10.53	121,300
2021-09-01	\$9.70	\$10.00	\$8.90	\$8.96	2,500	\$8.72	52,500
2021-08-01	\$10.33	\$10.33	\$9.80	\$9.80	2,729	\$9.80	57,300
2021-07-01	\$10.10	\$11.00	\$9.54	\$10.18	4,152	\$10.18	87,200
2021-06-01	\$10.28	\$10.35	\$9.63	\$10.10	5,177	\$10.10	113,900
2021-05-01	\$11.11	\$11.64	\$9.80	\$10.27	8,900	\$10.27	178,000
2021-04-01	\$10.25	\$11.80	\$10.18	\$11.00	11,176	\$11.00	234,700
2021-03-01	\$10.00	\$10.45	\$9.52	\$10.20	10,152	\$10.20	233,500
2021-02-01	\$8.18	\$10.50	\$7.95	\$10.10	9,647	\$9.81	183,300
2021-01-01	\$8.30	\$8.52	\$7.85	\$7.98	5,070	\$7.75	101,400
2020-12-01	\$6.99	\$8.25	\$6.41	\$8.14	7,081	\$8.14	148,700

## ITEM 7 - DIRECTORS AND OFFICERS

As at November 30, 2021, the Directors and Officers of Goodfellow, as a group, beneficially owned, directly or indirectly, or exercised control or direction 53.5% of the common shares of Goodfellow, the only class of voting or other securities of Goodfellow.

Name and Place of Residence	Principal Occupation	Director Since	Common Shares Owned, Controlled or Directed
G. Douglas Goodfellow <sup>(3)(4)</sup> Beaconsfield, Quebec Non independent	Chairman of the Board & Chairman of the Executive Compensation Committee	November 26, 1975	1,673,968 <sup>(1)</sup>
David A. Goodfellow <sup>(4)</sup> Ville de Léry, Quebec Non indépendant	Director	October 22, 1993	1,755,067 <sup>(2)</sup>
Stephen A. Jarislowsky <sup>(3)(4)</sup> Westmount, Quebec Indépendant	Founder of Jarislowsky, Fraser Ltd. and Director	May 23, 1973	1,066,498 <sup>(5)</sup>
Alain Côté <sup>(3) (4)</sup> Boucherville, Quebec Indépendant	Lead Director & Chairman of the Audit Committee	April 13, 2018	1,000

<sup>(1)</sup> All common shares are held indirectly through holding companies

<sup>(2)</sup> Includes 1,674,467 common shares held indirectly through holding companies and 76,600 common shares held through 171 107 Canada Inc. and 4,000 common shares held by Mr. David A. Goodfellow personally

<sup>(3)</sup> Member of the Audit Committee.

<sup>(4)</sup> Members of the Compensation Committee.

<sup>(5)</sup> Includes 1,046,298 common shares held by SA Jarislowsky Investments and 20,200 common shares held by Mr. Jarislowsky personally.

## OFFICERS

On November 30, 2021, the Officers of Goodfellow Inc. were as follows:

Name of officer	Office	Common Shares
Patrick Goodfellow Dorval, Quebec	President and Chief Executive Officer	61,000
G. Douglas Goodfellow Beaconsfield, Quebec	Chairman of the Board & Chairman of the Executive Compensation Committee	1,673,968
Charles Brisebois Saint-Basile-le-Grand, Quebec	Chief Financial Officer and Secretary of the Board	1,000
Mary Lohmus Mississauga, Ontario	Executive Vice President, Ontario and Western Canada	15,500
David Warren Dartmouth, Nova-Scotia	Vice President, Atlantic	700
Jeffrey Morrison Georgetown, Ontario	Vice President, National Accounts	Nil
Luc Dignard Candiac, Quebec	Vice President, Quebec Dealer Sales	Nil
Luc Pothier Saint-Guillaume, Quebec	Vice President, Operations	Nil
Eric Bisson Quebec, Quebec	Vice President, Quebec	3,200
Harry Haslett Dartmouth, Nova-Scotia	Vice President, Atlantic Sales and Marketing	Nil

All of the directors and officers of Goodfellow have held senior positions with the Corporation for five years or more except for Alain Côté, Eric Bisson, and Harry Haslett. Alain Côté was appointed Director on April 13, 2018. Éric Bisson was appointed Vice-President, Quebec on December 30, 2019. Harry Haslett was appointed Vice-President Atlantic Sales & Marketing on January 1<sup>st</sup>, 2021. On September 24, 2021 Normand Morin resigned of being a member of the Board of the Directors of the Company. Alain Côté was appointed Chairman of the audit committee.

## ITEM 8 - TRANSFER AGENT AND REGISTRAR

Goodfellow's transfer agent and registrar is Computershare Investor Services Inc. The register of transfers of the common shares of Goodfellow maintained by Computershare Investor Services Inc. is located at its offices in Montreal, Quebec.

## ITEM 9 - AUDIT COMMITTEE

### General

As required since Multilateral Instrument 52-110 in 2004, the Audit Committee was composed of three independent directors (Stephen A. Jarislowsky, Normand Morin, and Alain Côté). M. Morin resigned on September 24, 2021. He has been replaced by one non-independent director (G. Douglas Goodfellow) until a new independent director has been nominated. All Audit Committee members have the ability to read and understand financial statements that present a breadth and complexity of the issues that can be reasonably expected to be raised by the Corporation's financial statements. All of the Audit Committee members have in depth experience and knowledge of the preparation and analysis of financial statements, an understanding of the accounting principals and internal controls and procedures used for financial reporting by the Corporation and an understanding of Audit Committee functions. The Audit Committee examines the financial statements quarterly and annual reports including the management discussion and analysis in order to provide assistance to the directors in fulfilling their responsibilities in connection with the supervision of the accounting and reporting practices of the Corporation, and the quality and integrity of the financial reports and public disclosure documents of the Corporation. The Audit Committee has direct and open communication with the directors and the independent auditors. You can find a copy of the Audit committee mandate at Appendix A.

The following is a brief summary of the education and experience of each member of the Audit Committee that is relevant to his or her performance or his or her responsibilities as a member of the Audit Committee:

#### **Alain Côté**

Mr. Côté was an audit partner at Deloitte. He has assumed many responsibilities in particular as Quebec Managing Partner and Co-Director of Operations of the Assurance and Advisory practice.

Having developed an extensive experience in the financial sector, his areas of expertise include audit services, public and private financing, due diligence reviews, and reviews of internal control and risk management systems.

Mr. Côté is a graduate of Laval University in Accounting Science and Fellow of the Ordre des Comptables Professionnels Agréés du Québec.

He was Chair of the board of the Ordre des Comptables Agréés du Québec (now Ordre des Comptables Professionnels Agréés du Québec), Vice-Chair of the board of the Canadian Institute of the Chartered Accountants and Chair of the board of CPA Canada. He was also a member of the board and the finance and audit committee of the Board of Trade of Metropolitan Montreal. He is now a member of the board and the Chair of the audit committee of Caisse de dépôt et placement du Québec, Aéroport de Montréal, Chambre de l'assurance de dommages and the Laval University Foundation.

#### **Stephen A. Jarislowsky – C.C., G.O.Q., M.A., LL.D**

Mr. Jarislowsky is founder and chairman emeritus of Jarislowsky, Fraser Limited, a director of Goodfellow Inc., the Canadian Coalition for Good Governance, Foundation for advancement of shareholders rights as well as a director of L'institut sur la gouvernance d'organisations privées et publiques. Mr. Jarislowsky was also a director of many prominent Canadian organizations. Mr. Jarislowsky received a B.Sc. from Cornell, a Masters of Business Administration from Harvard Graduate School of Business Administration, a M.A. from the University of Chicago and Honourary Law Degrees from Queen's University, University of Montreal, University of Alberta, McMaster University, Laval University, Concordia University, University of Windsor, Simon Fraser University, University of Ottawa, University of Québec, McGill University and Mount St. Vincent in Halifax. He is a Companion of the Order of Canada and a Grand Officier de l'Ordre du Québec and enrolled in the Canadian Business Hall of Fame.

#### **G. Douglas Goodfellow**

Having worked for Goodfellow Inc. for over 50 years in various roles including President and Executive Vice-President, Mr. G. Douglas Goodfellow is currently the Chair of the Board of Directors and of the Executive Compensation Committee of Goodfellow Inc., as well as a Member of its Audit Committee. Mr. Goodfellow is a graduate of Wilfred-Laurier University.

### **9.1 Audit fees**

The aggregate fees billed by the independent auditors to the Corporation and its subsidiaries for audit services and for services normally provided by the independent auditors, such as services in connection with statutory and regulatory filings were \$258,888 in fiscal 2021 (\$182,000 in fiscal 2020).

### **9.2 Audit related fees**

The aggregate fees billed by the independent auditors to the Corporation and its subsidiaries for audit related services was nil in fiscal 2021 (\$19,000 in fiscal 2020).

### **9.3 Tax fees**

The aggregate fees billed by the independent auditors to the Corporation and its subsidiaries for professional services rendered for tax compliance, tax advice, tax planning were \$47,475 in fiscal 2021 (\$42,150 in fiscal 2020). These services were comprised of consultations related to tax compliance, tax advice and tax planning.

## **ITEM 10 - INTERESTS OF EXPERTS**

During fiscal 2021, Goodfellow Inc. engaged the services of the following experts to provide services to the Corporation:

*Auditors:*

KPMG LLP, Montreal – Audit of the financial statements of Goodfellow Inc.

*Other:*

- Pricewaterhouse Coopers LLP, Montreal – Income tax, sales tax and transfer pricing consultants
- KPMG LLP, Montreal – Income tax
- Mercer Human Resource Consulting, Montréal – Pension plan

## **ITEM 11 - ADDITIONAL INFORMATION**

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of Goodfellow securities, options to purchase securities and interests of insiders in material transactions, where applicable, is contained in the Goodfellow 2021 Notice of Annual Meeting and Management Proxy Circular, under the heading "Remuneration of Directors and Executive Officers".

Additional financial information, including comparative audited financial statements and management's discussion and analysis, is provided in the Goodfellow 2021 Annual Report to Shareholders.

A 2021 Annual Report to Shareholders and additional information concerning the Corporation can be found on SEDAR at [www.sedar.com](http://www.sedar.com) and may also be obtained upon request to the Chief Financial Officer, Goodfellow Inc., 225 Goodfellow Street, Delson, Quebec, J5B 1V5.

## **APPENDIX A**

### **GOODFELLOW INC.**

#### **AUDIT COMMITTEE MANDATE**

1. **Formation.**

The Board of Directors may appoint annually from its members an Audit Committee consisting of such number of members as the Board of Directors may from time to time determine, but not less than three.

The Audit Committee shall determine its own organization and procedure, except as provided in the By-Laws of the Corporation or as may be otherwise determined by the Board of Directors.

2. **Tenure and Office.**

All members of the Audit Committee shall be appointed by the Board of Directors. The Board of Directors may remove from office any member of the Audit Committee, with or without cause. Any vacancy in the membership of the Audit Committee may be filled by the Board of Directors. All members of the Audit Committee shall cease to be in office at the close of each annual meeting of shareholders.

3. **Powers.**

The Audit Committee shall advise and assist the Board of Directors on financial matters, including without limiting the generality of the foregoing, the following:

- Review the recommendations of the officers of the Corporation as to the appointment of independent auditors, verify the independence of the independent auditors and make recommendations to the Board of Directors with respect to the nomination and remuneration of independent auditors to be appointed at each annual meeting of shareholders;
- Oversee the work of the independent auditors engaged for the purpose of preparing or issuing an auditor's report or performing other audit review or attest services for the Corporation, including the resolution of disagreements between management and the independent auditors regarding financial reporting; review with the independent auditors the scope and timing of their audit services and any other services they are asked to perform, their report on the Corporation's accounts following completion of the audit and the Corporation's policies and procedures with respect to internal accounting and financial controls, discussion of quality and depths of staffing in the accounting and financial departments, discussion of implementation of new accounting systems (e.g. computers), discussion of recent prospective releases of CPA Canada and their impact on the Corporation's financial statements, discussion of the need to extend the audit examination into areas beyond those required under a normal statutory audit;
- Pre-approve all non-audit services in excess of 5% of the audit fees to be provided to the Corporation or its subsidiary entities by the Corporation's independent auditors;
- Review the audited annual financial statements, the unaudited interim quarterly financial statements, the annual and interim management's discussion and analysis and the annual and interim earnings press releases of the Corporation and report thereon to the Board of Directors of the Corporation before approval thereof by the Board of Directors and prior to disclosure thereof to securities authorities, shareholders and the public;
- See, to its satisfaction, that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from its financial statements and periodically assess the adequacy of those procedures;

- Review the internal control procedures of the Corporation and advise the directors on auditing practices and procedures as part of the responsibility of directors to meet their moral and legal responsibilities to the Corporation;
- Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former independent auditors of the Corporation;
- Establish procedures for (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and (ii) the confidential and anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;
- Review the accuracy and reliability of data to be disclosed to interested parties;
- Review the relationship among independent auditors, internal auditors, if any, and employees;
- Review management plans regarding any requirement for revised accounting practices;
- Review the independent auditors recommendation for improvements in the Corporation's operation and internal controls generally, and in particular, computer information and controls;
- Determine, based on its review and discussion, whether to recommend the approval by the Board of such financial statements and MD&A. The financial disclosure in any prospectus or other similar document and the Annual Information Return.

4. **Accountability of Independent Auditors.**

The independent auditors are ultimately accountable to the Board of Directors and the Audit Committee as representatives of shareholders.

5. **Signed Resolution.**

A resolution in writing signed by all members of the Audit committee entitled to vote on that resolution at a meeting of the Audit Committee is as valid as if its had been passed at a meeting of the Audit Committee. A copy of every resolutions referred to in this paragraph shall be kept with the minutes of the meetings of the Audit Committee.

6. **Chairman, Quorum and Procedure.**

The Audit Committee shall have the power to appoint a Chairman and a Vice-Chairman, to fix its quorum, which quorum shall consist of not less than a majority of its members, and to determine its procedure.

7. **Meetings.**

Meetings of the Audit Committee may be held at the registered office of the Corporation or at such other places within or without Canada as the Audit Committee may from time to time determine. Meetings of the Audit Committee may be called by the order of the President of the Corporation, the Chairman of the Audit Committee, or any two (2) members thereof.