



COLABOR GROUP INC.

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2011

March 21, 2012

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EXPLANATORY NOTES

The information in this Annual Information Form is stated as at December 31, 2011, unless otherwise indicated.

Unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and references to “\$” are to Canadian dollars. Certain statements in this Annual Information Form may constitute “forward-looking” statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Colabor, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. All information and statements other than statements of historical fact contained in this Annual Information Form and the documents incorporated by reference herein are forward-looking statements, including, without limitation, statements regarding the future financial position, cash distributions, business strategy, proposed acquisitions, budgets, litigation, projected costs and plans and objectives of or involving Colabor. When used in this Annual Information Form, such statements use such words as “may”, “could”, “should”, “would”, “will”, “expect”, “intend”, “plan”, “project”, “estimate”, “anticipate”, “believe”, “seek”, “target”, “strive” or “continue”, or the negative thereof, and other similar terminology. These statements reflect current expectations regarding future events and operating performance and speak only as of the date of this Annual Information Form. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results and will not necessarily be accurate indications of whether or not such results will be achieved. Although the forward-looking statements contained in this Annual Information Form are based upon what management of Colabor believes are reasonable assumptions, Colabor cannot assure investors that actual results will be consistent with these forward-looking statements.

A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements. Some of the factors that could affect future results and could cause results to differ materially from those expressed in the forward-looking statements contained herein include: (i) ability to maintain relationships with existing customers; (ii) changes in consumer discretionary spending resulting from changes in economic conditions and/or general consumer confidence levels; (iii) changes in the cost of products sourced from third party manufacturers and sold through Colabor’s distribution network; (iv) changes in Canadian income tax laws; (v) changes in distribution and retail market and in consumer preference; (vi) competition from other food products and non-food products distributors; (vii) new regulations affecting Colabor’ business and operations; and (viii) other factors discussed or referenced in the “Risk Factors” section.

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described in this Annual Information Form as intended, planned, anticipated, believed, estimated or expected. Unless required by applicable securities law, the Corporation does not intend, and does not assume any obligation, to update or revise these forward-looking statements. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement.

CORPORATE STRUCTURE

Name, Address and Incorporation

The Corporation was incorporated by certificate of incorporation issued pursuant to the provisions of the *Canada Business Corporation Act* (the “CBCA”) as 6513590 Canada Inc. on February 1, 2006. On April 10, 2006, the Corporation amended its articles to change its name to “ConjuChem Biotechnologies Inc.”, to remove share transfer restrictions, and to restate its authorized share capital to repeal all classes of shares other than common shares. The head and registered office of Colabor is located at 1620 de Montarville Blvd., Boucherville, Québec, J4B 8P4.

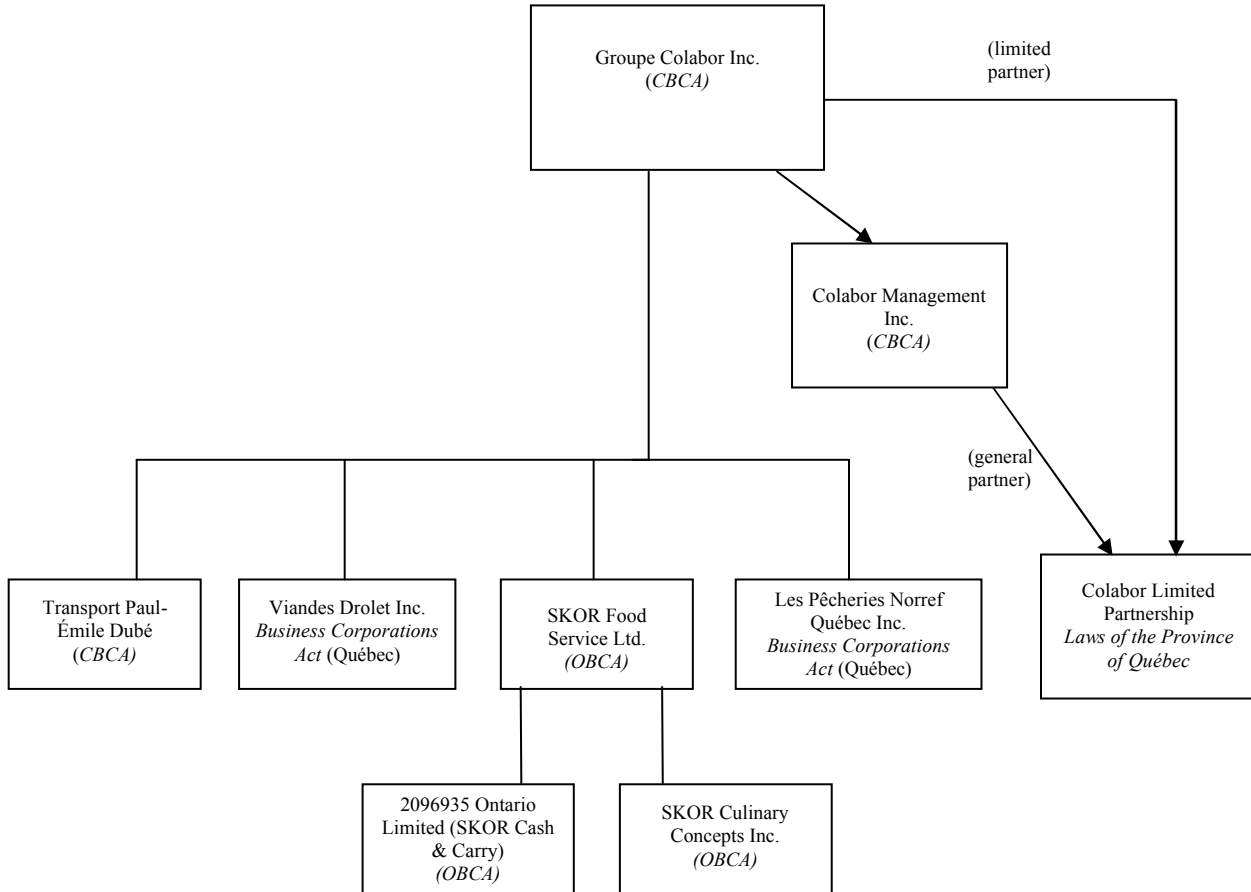
Colabor Income Fund was an unincorporated, open-ended, limited purpose trust that was established under the laws of the Province of Québec under a Declaration of Trust dated May 19, 2005. On July 8, 2009, the Fund announced its intention to convert from an income trust structure to a corporation. In order to effect the conversion, the Fund entered into an arrangement agreement with among others, the Corporation, in order to conclude the conversion pursuant to a statutory plan of arrangement under the CBCA (the “Arrangement”).

In the context of the transaction that led to the conversion of the Fund into a corporate entity, conversion completed under the terms of a plan of arrangement pursuant to Section 192 of the CBCA and for which closing occurred on August 25, 2009, the Corporation became the owner of all the interests in the Fund and changed its name to “Colabor Group Inc.” On this same date, the trustees of the Fund became the directors of the Corporation and unitholders of the Fund, who became shareholders of the Corporation, did not retain any interest in the business operated by the Corporation before the Arrangement. These activities were continued by a corporate entity known as ConjuChem Biotechnologies Inc. On November 1, 2009, the Corporation completed an internal reorganization of its structure that included the liquidation and wind-up of the Fund in the Corporation.

Unless otherwise indicated or the context otherwise requires, “Colabor” or the “Corporation” refers to Colabor Group Inc., “Fund” refers to Colabor Income Fund, “Colabor LP” refers to Colabor Limited Partnership, together with its general partner, Colabor Management Inc., and “Colabor Investments” refers to Colabor Investments Inc. “Summit Division” refers to the business operated by Colabor LP under the business name Summit Food Service Distributors Inc., prior to the closing of the acquisition of Summit by Colabor LP and as a division of Colabor LP after such closing and the “Boucherville Division” refers to the business operated by Colabor Investments prior to the closing of the initial public offering of the Fund of June 2005 and by Colabor LP after such closing. “Bertrand” refers to Gestion Bertrand & Frères inc. now Bertrand Food Distributor Inc. following the closing of the Bertrand Acquisition (as defined herein) and “Bertrand Division” refers to the business operated by Bertrand prior to the closing of the Bertrand Acquisition, as a corporate division of Colabor LP after such closing and as a division of Colabor since November 1, 2009.

Intercorporate Relationships

The following chart illustrates the corporate structure of Colabor as of March 21, 2012. Each of the subsidiaries is wholly-owned by Colabor Group Inc.



GENERAL DEVELOPMENT OF THE BUSINESS

History of the Business of Colabor

In 1962, 37 distributors formed a buying group to acquire confectionery products in larger quantities and, consequently, to benefit from rebates based on volume of purchases in order to be more competitive. This buying group was a cooperative named “Syndicat coopératif Colabor”, created under the *Cooperative Syndicates Act* (Québec). It was continued as a corporation under the *Canada Corporations Act* under the name of “Colabor Canada (1973) Ltd.”, became “Colabor Inc.” in 2000 following a corporate reorganization and ultimately became Colabor Investments after having changed its corporate name in 2005.

As a cooperative, all of the benefits generated by the rebates from manufacturers and other suppliers were distributed to the members every year. Colabor Investments continued to operate in a similar fashion even after it became a corporation. However, in 2000, Colabor Investments completed a corporate reorganization following which it retained a portion of its earnings in order to finance its growth.

Colabor Investments's business evolved over the years from the distribution of confectionery products to also include the distribution of other products such as dry goods, beauty and care products, refrigerated products, frozen foods and other food, food-related and non-food products. By 2000, Colabor Investments was an integrated marketing and distribution network for the retail and foodservice markets. This evolution positioned Colabor Investments as an attractive alternative in Eastern Canada for independent wholesale distributors servicing retailers, restaurants and other foodservice operators wishing to remain independent while taking advantage of the benefits of purchasing power, private label products and a procurement system usually available only to integrated chains.

Throughout its history, Colabor Investments has continuously expanded its clientele and the range of products it offers. In 2002, in order to expand its product offering and support its growth, Colabor Investments moved into its current installations in Boucherville benefiting from over 371,000 sq. ft. of warehouse space.

In June 2005, the Fund proceeded to acquire indirectly the assets of Colabor Investments and completed its initial public offering. In August 2009, the Fund completed its conversion from an income trust structure to a corporation. In order to effect the conversion, the Fund entered into an arrangement agreement with among others, the Corporation, in order to conclude the conversion pursuant to a statutory plan of arrangement under the CBCA. See "Conversion into a Corporation".

Summit Acquisition

Pursuant to an asset sale agreement dated as of December 12, 2006, Colabor LP acquired substantially all of the assets of Summit Food Service Distributors Inc. (the "Summit Acquisition"). The closing of the Summit Acquisition occurred on January 8, 2007. Summit is a leading distributor of brand-name products to the foodservice industry in Ontario and Québec. Concurrent with the Summit Acquisition, Colabor LP has entered into a 10-year distribution agreement with Cara Operations Limited ("Cara") to service all Cara brands within Ontario and Québec. Cara's brands include Swiss Chalet, Harvey's, Kelsey's Neighbourhood Bar and Grill, Montana's Cookhouse and Milestone's Grill and Bar.

Bruce Edmeades Co. Acquisition

Pursuant to an asset sale agreement dated as of March 3, 2008, Colabor LP acquired substantially all of the assets of Bruce Edmeades Co. (the "Bruce Edmeades Acquisition"). The closing of the Bruce Edmeades Acquisition occurred on March 17, 2008. Bruce Edmeades Co. was a leading distributor to the Canadian food service industry. The activities of Bruce Edmeades Co. have been integrated in the Summit Division.

Bertrand Acquisition

On April 28, 2008, Colabor LP acquired all of the outstanding shares of Gestion Bertrand & Frères Inc., a leading independent distributor of food in Eastern Québec which became Bertrand Food Distributor Inc. following this acquisition. This company was merged with Colabor on November 1, 2009, and is now operating as a division of Colabor.

Conversion into a Corporation

On August 25, 2009, following the approval of the unitholders of the Fund during a special meeting held on August 19, 2009, the Fund completed its conversion from an income fund structure to a corporation. Following the Arrangement, the unitholders of the Fund received one common share of the Corporation for each unit of the Fund held on the effective date of the Arrangement. Moreover, pursuant to the terms of the Arrangement, the Corporation acquired the exchangeable units of Colabor LP held by Colabor Investments in exchange of common shares of the Corporation. Colabor Investments now holds 22.1% of common shares of the Corporation. The elimination of the remaining minority interest in Colabor LP led to a simplified capital structure as well as an increase of about \$50 million of the Corporation's market capitalization, compared to the market capitalization of the Fund before the conversion. Following the

Arrangement, the Corporation became indirectly the operating entity of the business of Colabor LP and its subsidiaries. The Fund's trustees and the officers of Colabor LP then in office became the directors and officers of the Corporation. The Corporation then carried on the activities that were carried on indirectly by the Fund before the conversion.

On November 2, 2009, Colabor announced it had completed an internal reorganization of its structure through which the Fund, Colabor Operating Trust and Bertrand Food Distributor Inc. have been liquidated, or amalgamated with, Colabor. Pursuant to the reorganization, Colabor has assumed all of the obligations and liabilities of such entities and became the sole limited partner of Colabor LP. This reorganization intended to simplify the corporate structure of Colabor and improve its operational efficiency by removing entities no longer required as a result of its conversion from an income trust structure to a corporate structure. Following this reorganization, the business previously operated by Bertrand Food Distributor Inc. is operated as a division of Colabor under the name "Bertrand Food Distributor, a division of Colabor Group Inc."

Acquisition of the assets of RTD Distributions ltée

Colabor announced, on September 21, 2010, the acquisition of the assets of RTD Distributions ltée ("RTD"), including all shares held by RTD in the capital stock of Transport Paul-Émile Dubé ltée, a wholly-owned subsidiary of RTD. RTD was a leading independent food and non food distributor in Eastern Québec as well as in New Brunswick, and one of Colabor's most important affiliated distributors. The activities of RTD are in the process of being integrated in the Bertrand Division.

2011 DEVELOPMENTS

Acquisition of Les Pêcheries Norref Québec inc.

On February 28, 2011, Colabor completed the acquisition of all of the outstanding shares of Les Pêcheries Norref Québec Inc. ("Norref"), a leading importer and distributor of fresh fish and seafood products in the province of Quebec and the Ottawa region. The transaction provides Colabor with a wide product assortment catering to the high margin "centre-of-the-plate" meal solutions category. This acquisition was financed from funds available under the credit facilities of Colabor. Following this acquisition, Norref has become a wholly-owned subsidiary of Colabor Group Inc.

Acquisition of the assets of Edfrefx

On March 31, 2011, Colabor announced the acquisition of the assets of Edfrefx, a distributor affiliated with Colabor operating mainly in New Brunswick. The assets acquired also include Edfrefx's 2.5% stake in Colabor Investments. Founded in 1945, Edfrefx is a company specialized in the distribution of food products and in food servings to food stores, convenience stores, hotels, restaurants and institutions. Edfrefx operates a 96,000 square foot distribution center located in Edmundston, New Brunswick and offers 8,000 products to some 2,800 customers with a fleet of around 15 trucks. The acquisition was financed from the Corporation's available credit facilities.

Renewal of Operating Facility

On March 18, 2011, Colabor announced that it has entered into an agreement with a banking syndicate led by National Bank Financial Inc. for the refinancing of its credit facilities. Under this agreement, Colabor will have access, for a 5-year period, to operating credit facilities totalling \$150 million, including the possibility of a \$100-million increase in these credit facilities, subject to the lenders' approval. Colabor and its subsidiaries have granted hypothecs on the universality of their assets to guarantee the obligations of Colabor under its credit facilities.

Acquisition of SKOR Food Group Inc.

On March 22, 2011, Colabor Group announced it had entered into a support agreement pursuant to which it had agreed to make an offer by way of take-over bid to acquire all of the issued and outstanding common shares of SKOR Food Group Inc. (“SKOR”) for \$1.33 per share. Headquartered in Vaughan, Ontario, SKOR is a vertically integrated full service wholesale food supplier to the food service and retail industries. This offer was unanimously supported by the board of directors of SKOR and the two (2) principal shareholders of SKOR which controlled approximately 60% of the outstanding common shares of SKOR entered into an agreement with Colabor pursuant to which they agreed to tender their shares in the take-over bid. On May 9, 2011, Colabor announced that it had acquired shares representing approximately 97.4% of the outstanding common shares of SKOR and Colabor completed the compulsory acquisition of the remaining shares of SKOR in accordance with the *Ontario Business Corporations Act* on June 27, 2011.

Change in senior management

On July 7, 2011, the Board of Directors of Colabor announced that Mr. Claude Gariépy would become the President and Chief Executive Officer in 2012. This appointment became effective on January 9, 2012 at which time Mr. Gariépy succeeded Mr. Gilles C. Lachance, who then became special advisor to the President and Chief Executive Officer. Mr Lachance also became a director of the Company, filling the seat that was held by Mr. Gariépy prior to his appointment as President and Chief Executive Officer of the Company. These appointments are the result of a succession planning process initiated in October 2010 when Mr. Lachance informed the Board of Directors of Colabor of his intention to retire at the end of 2012.

Renewal of the Normal Course Issuer Bid

On October 26, 2011, Colabor announced that the Toronto Stock Exchange had accepted Colabor’s notice of intention to make a normal course issuer bid to purchase some of its outstanding ordinary shares through the facilities of the TSX for a period of twelve months ending on October 27, 2012. Up to 500,000 Shares, representing approximately 2.87% of the public float of the Common Shares on October 14, 2011, may be purchased under the bid. Daily repurchases (other than through the block purchase exception) are limited to 18,487 Common Shares. The purchases under this normal course issuer bid may extend to October 27, 2012 or on such earlier date as Colabor may complete its purchases pursuant to the Notice or otherwise terminate the bid. The number of Common Shares that Colabor intends to repurchase and the time of such repurchases will be determined by Colabor, at its discretion.

Loan by Fonds de solidarité FTQ

On December 28, 2011, Colabor announced that it has entered into a loan agreement with Fonds de solidarité FTQ governing the terms and conditions of a \$15,000,000 unsecured subordinated loan. The proceeds of this loan were used in part to repay the remaining principal of \$10,028,000 on the 2007 debentures. The balance was allocated to the Company’s working capital. This subordinated loan is unsecured and not convertible and bears interest at 6.5% per annum payable semi-annually. The balance of the loan is repayable in a single payment on February 28, 2017 and may be prepaid at the Company’s option in certain circumstances, subject to payment of a premium by the Company.

RECENT DEVELOPMENTS

Acquisition of the assets of Viandes Décarie Inc.

Colabor announced on January 6, 2012 the closing of the acquisition of the assets of Viandes Décarie Inc. (“Viandes Décarie”), a leading wholesaler and distributor of meat and meat products. Viandes Décarie which had been established in 1994, had sales of close to \$70 million in the 12 months ended April 30, 2011. Operating from its 27,000-square-foot warehouse at Anjou, Quebec, Viandes Décarie was a wholesaler and distributor of a wide range of fresh and frozen meat including beef, veal, lamb, pork and

poultry with a diversified customer base of foodservice distributors, food retailers and specialty butchers, located mainly in Quebec. The acquired facilities employ Hazard Analysis and Critical Control Point (“HACCP”) system to maintain the highest standards of safety and food process and hold a federal permit authorizing the sale of products throughout Canada.

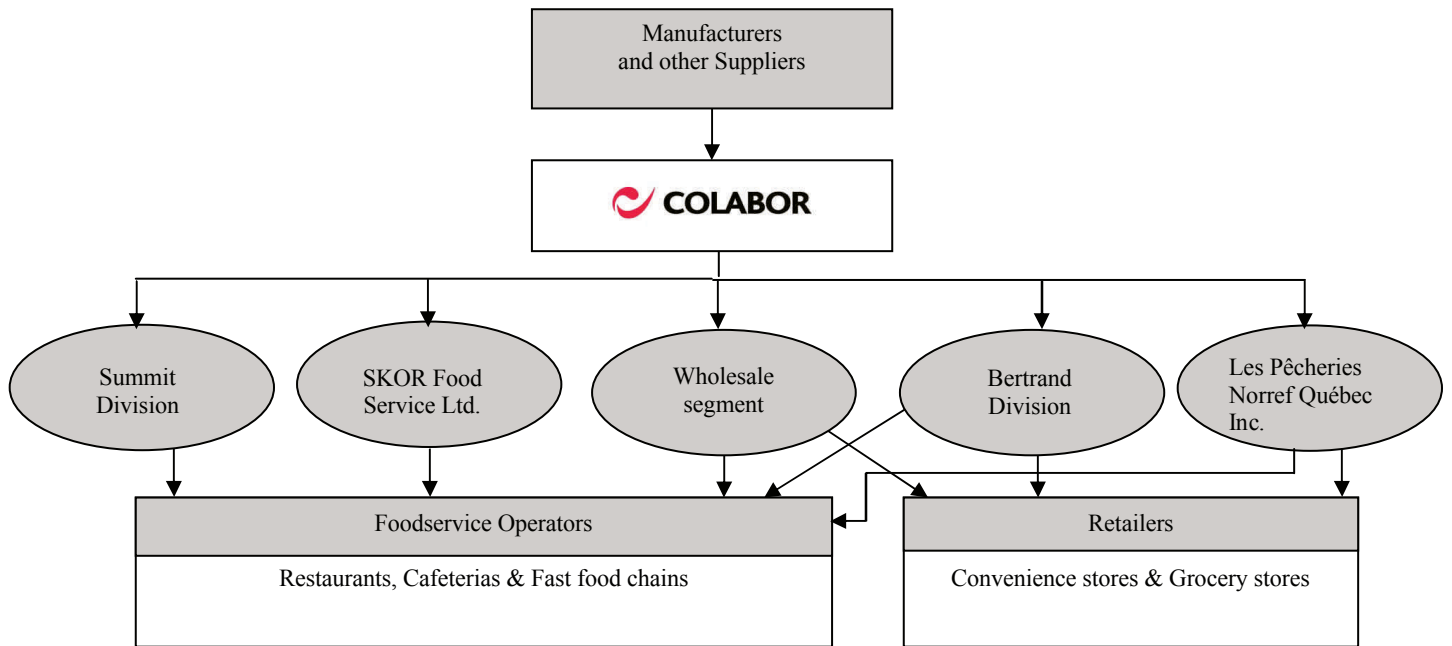
This transaction, Colabor’s second in less than 12 months in the “centre of the plate” meal solutions category, enables the Corporation to broaden its product offering and expand its customer base. The acquisition was financed from the Corporation’s available credit facilities. The activities of Viandes Décarie will be integrated in the Wholesale Segment.

BUSINESS OF COLABOR

Established in 1962 as a buying group, Colabor is a wholesaler of food products, food-related products and non-food products which the Corporation buys and supplies to distributors, who in turn distribute to their clients carrying business in the areas of retail or food services.

Colabor carries out its activities through two segments: (i) the Wholesale segment; (ii) the Distribution segment, which includes the business operated by Summit Food Service Distributors Inc. prior to its acquisition by Colabor LP in January 2007 and of the Bertrand Division operated by Gestion Bertrand & Frères Inc. prior to the Bertrand Acquisition in April 2008 and merged with Colabor on November 1, 2009 and which also continues the activities acquired from RTD in September 2010, and of Edfrex in March 2011. Both Norref and SKOR are currently operated as corporate subsidiaries on a stand-alone basis.

The following chart illustrates, as of December 31, 2011, the relationship between manufacturers and other suppliers, Colabor and its divisions and affiliates, wholesale distributors, certain of whom are Affiliated Wholesalers, and retail and foodservice customers:



Business of the Wholesale Segment

Overview

The Wholesale segment receives and distributes products to wholesale distributors directly from its facilities or, alternatively, organizes the direct shipment of products from manufacturers and suppliers to wholesale distributors. Whether the products are purchased from its facilities or are directly delivered from the facilities of manufacturers and other suppliers, Colabor establishes and negotiates pricing with its suppliers and maintains a central billing system. Since the vast majority of Affiliated Wholesalers and other customers maintain a transportation fleet to service their own customers, the Wholesale segment does not offer delivery services itself and, consequently, does not maintain its own fleet of trucks. The Wholesale segment obtains a significant portion of its revenues from the rebates obtained from manufacturers and suppliers as a result of its significant purchasing power.

The Wholesale segment, distributes approximately 35,000 products sourced from 550 suppliers and manufacturers to over 25,000 points of sale, serviced by 68 wholesale distributors operating in the Province of Québec and in the Atlantic Provinces, of which 25 are currently shareholders of Colabor Investments (the “Affiliated Wholesalers”).

The principal markets covered by the Affiliated Wholesalers are the Province of Québec and the Atlantic Provinces. In addition to Affiliated Wholesalers, the Wholesale segment services other wholesale distributors, integrated retail chains and food exporters including privileged members which, in accordance with Colabor’s commercial policies, are treated like Affiliated Wholesalers and benefit from the same rights who are party to an Affiliate Agreement with Colabor. In accordance with general industry practice, no long-term agreements are entered into with these other wholesalers.

Market and Customers

Affiliated Wholesalers

Each Affiliated-Wholesaler has executed an affiliate agreement (the “Affiliate Agreement”) with Colabor LP pursuant to which it undertakes, among other things, to (i) fulfill with Colabor LP its requirements for products offered by Colabor LP, provided such products are available through Colabor LP at best available prices (taking into account any applicable rebate payable in respect of such purchase), (ii) purchase, for products also available through Colabor LP’s private label products, at least a majority in units of private label products, and (iii) comply with Colabor LP’s standards, including operating conditions under Colabor LP banners, in order to benefit from payment terms, a supply network, a distribution network, collective banners and other services offered by Colabor LP.

The Affiliate Agreement provides for confidentiality, non-solicitation of employees and unfair trading practices covenants by each Affiliated-Wholesaler in favour of Colabor LP. Affiliated Wholesalers are entitled to receive cash rebates calculated on their respective purchases of products and distributed to the Affiliated Wholesalers. The cash rebates payable to the Affiliated Wholesalers is equal to 3% of all Affiliated Wholesalers’ purchases from or through Colabor LP. Such cash rebates are remitted by Colabor LP to Colabor Investments for the benefit of its shareholders, the Affiliated Wholesalers, in accordance with Colabor Investments’ current allocation rules. As continuing security for the performance of an Affiliated-Wholesaler’s obligations with respect to purchases made from or through Colabor LP, as well as the performance of any of its obligations under the Affiliate Agreement, each Affiliated-Wholesaler is required to pledge all the shares of Colabor Investments held by it. In addition, Colabor LP may set-off any cash rebates payable to an Affiliated-Wholesaler against any other amount payable by the Affiliated-Wholesaler to Colabor LP. In addition, Colabor Investments executed guarantee letters in favour of Colabor LP in order to guarantee the payment of the debts and obligations incurred by each of the Affiliated Wholesalers towards Colabor LP.

Affiliate Agreements with all Affiliated Wholesalers were amended and renewed at closing of the initial public offering of the Fund for a ten-year term with automatic renewals for two successive five-year periods, unless either party notifies the other party otherwise within specified delays. In addition, 20 Affiliated Wholesalers have granted to Colabor LP a right of first refusal should any one of them intend to sell, directly or indirectly, its distribution business.

A right of withdrawal from the Affiliate Agreement during the initial ten-year term (ending in 2015) has also been granted to each Affiliated-Wholesaler. This right of withdrawal is subject to the payment to Colabor LP by the withdrawing Affiliated-Wholesaler of an indemnity based on the cash consideration received at closing of the initial public offering of the Fund by Colabor Investments and on the value of the withdrawing Affiliated-Wholesaler's participation in Colabor Investments at closing of the initial public offering of the Fund. This indemnity will be gradually reduced in equal annual amounts thereafter over the initial ten-year term of the Affiliate Agreement.

Colabor LP Banners

"Point d'aide", "Visez Juste!", "Dépanneur Ultra", "Votre dépanneur Sermax", "Groupe Affilié", "Marché Éclair Plus" and "Marché Éclair" trade-marks are owned by Colabor LP which licenses them to approximately 260 independently-owned stores. This mutually beneficial format allows convenience stores and small to medium-size grocery stores to take advantage of the benefits arising from competitive pricing, private label products, advertising and merchandising on a scale usually available only to large chains, as well as certain other retail support services provided by Colabor LP such as store installation, price cards, inventory control forms, catalogue of supplies, seasonal specials and promotional activities. Those bannered stores fulfill the majority of their purchasing requirements with the Affiliated Wholesalers for products distributed by Affiliated Wholesalers.

Product Offering

The Wholesale segment purchases and distributes three primary product categories, namely, dry goods, refrigerated goods and frozen goods. Across these three product categories, the Wholesale segment supplies approximately 35,000 food, food-related and non-food products comprised primarily of brand name products, 11,000 of which are supplied directly from the Wholesale segment's facility while an additional 24,000 are supplied through direct shipments from manufacturers and suppliers to Affiliated Wholesalers and other wholesale distributors. In addition to its large breadth of brand name products, Colabor LP markets its private label products "Multi-Choice", for the retail sector, and "Menu" and "Mouska", for the foodservice sector.

Customer Services

Affiliated Wholesalers and other wholesale distributors are assisted in promoting their products and better meet the needs of their clients by the promotional and advertising material of Colabor addressed to the different market segments serviced by the Wholesale segment and its Affiliated Wholesalers. In addition, Colabor offers to Affiliated Wholesalers' customers that operate in the foodservice segment to become member of Colabor's "VIP Loyalty Program". Approximately 1,300 foodservice operators benefit from this program which entitles its members to additional rebates on a specified list of 500 popular products distributed by the Wholesale segment. Colabor also offers retail support services such as store installation, price cards, inventory control forms, catalogue of supplies and marketing services, advertising material and promotional assistance to the independently-owned stores which operate under the "Point d'aide", "Visez Juste!", "Dépanneur Ultra", "Votre dépanneur Sermax", "Groupe Affilié", "Marché Éclair Plus" and "Marché Éclair" trade-marks. Furthermore, Colabor has been organizing, since 1988, an annual tradeshow for the food industry, named "Colabor Show", which, over a three-day period, provides suppliers, wholesale distributors, retailers and foodservice operators with the opportunity to meet and exchange with other industry participants, be exposed to new products and purchase products. The "Colabor Show" further increases the effectiveness of Colabor's marketing efforts with Affiliated Wholesalers' customers and strengthens its relationship with its manufacturers and suppliers.

Colabor also offers a broad range of support services to its Affiliated Wholesalers, including computerized ordering services and technology support. Most of the Affiliated Wholesalers use Colabor's computerized order entry system, which allows them to place and confirm orders 24 hours a day, seven days a week. See "Recent Developments – Business of Colabor – Information Technology" for more details.

Distribution Segment

The Distribution segment includes the following operating activities:

Summit Division

The Summit Division is a leading distributor of brand name products to the foodservice industry in Ontario and Québec. The Summit Division's product range includes frozen products, dry staples, dairy products, meat, seafood, poultry, disposables and sanitation products. The Summit Division distributes to over 3,000 customers, including Cara and external customers located in Ontario and Québec. External customers are made of both non-Cara chain and independent restaurants and include healthcare institutions, schools and universities.

Following the acquisition by Colabor LP of the assets of Bruce Edmeades Co. in March 2008 and the integration of the activities of latter to the one of Summit Division, the Summit Division now operates four Ontario distribution centers in Mississauga, Cambridge, London and Ottawa, which have combined warehouse capacity of over 440,000 sq. ft. dedicated to frozen food products, refrigerated food products and dry goods. Additional land is available for expansion in London and Ottawa which would allow for increases in warehousing capacity. No excess land is available in Mississauga, however, there is additional warehousing capacity available.

The Summit Division serves its clients with its trucking fleet consisting of approximately 150 owned and leased vehicles. The Summit Division's fleet is supported by modern information technology and an advanced communications network.

The Summit Division distributes over 8,000 products, which include frozen products, dry staples, dairy products, meat, seafood, poultry, disposables and sanitation products which it purchases from a variety of manufacturers and suppliers.

Sales to Cara (including to franchisees of Cara), through its long-term relationship, represented respectively 48% and 47% of its total sales of the Summit Division for each of the years ended December 31, 2010 and December 31, 2011 and encompasses the distribution to Cara restaurants, operating under five prominent restaurant chains: Swiss Chalet, Harvey's, Kelsey's Neighbourhood Bar and Grill, Montana's Cookhouse and Milestone's Grill and Bar as well as the air travel industry for Ontario and Québec.

Business of SKOR

Headquartered in Vaughan, Ontario, SKOR is a vertically integrated full service wholesale food supplier to the food service and retail industries. Through its three operating divisions, SKOR Foodservice, SKOR Wholesale Marketplace, and SKOR Culinary Concepts, SKOR services a wide range of multi location food service establishments, quick service restaurant chains, day care facilities, government institutions, independent food service operators, independent grocery stores as well as vending operators and convenience stores in Ontario and Quebec. It employs approximately 200 people in its 200,000 square feet warehouse located in Vaughan, its 5 "cash & carry" locations and its manufacturing facilities of SKOR Culinary Concepts, all located in Southern Ontario.

Business of Bertrand Division

The Bertrand Division is a leading distributor to foodservice and retail customers in the Québec, Saguenay and Eastern Québec regions. The Bertrand Division, which employs approximately 700 people, distributes over 12,000 products from its warehouses located in Lévis, Ville de Saguenay and Rimouski and Edmunston, New Brunswick, totalling 231,000 sq. ft. (which can be expanded to up to 331,000 sq. ft.) and 133,000 sq. ft., respectively. Its clients consist primarily of foodservice operators but also include specialty food stores, institutional accounts such as healthcare institutions, schools, universities and certain other retail clients, in-all reaching approximately 4,000 customers.

Business of RTD Distributions

RTD is a distributor of food products and non-food products servicing the retail and food-service customers located in the Lower Saint-Lawrence, Gaspé, a part of the North Shore and the Lower North Shore, as well as the north-east of New Brunswick from its distribution centre of approximately 120,000 sq. ft. in Rimouski. RTD offers approximately 10,000 products to its 2,500 clients spread over its territory, which are serviced from a fleet of 50 trucks. RTD employs approximately 260 people.

Business of Edfrex

Edfrex is a distributor of food products to the retail and food-service industry in New Brunswick from its distribution centre of approximately 96,000 sq. ft. situated in Edmundston, New Brunswick. It offers approximately 8,000 products to 2,800 clients, which are serviced from a fleet of 15 trucks.

Business of Norref

From a strategically located 44,000 square-foot warehouse in Montreal, Norref distributes a full range of fresh and frozen fish products as well as ready-to-eat fish and seafood meals. Its diversified client base, located in the Province of Quebec and in the Ottawa region, is comprised of restaurants, hotels, grocery stores, caterers and fishmongers.

Purchasing

Suppliers

Colabor purchases products for resale to its Affiliated Wholesalers, Cara (including its franchisees) independent wholesale distributors and other customers from approximately 600 manufacturers and suppliers mostly located in Canada. No single supplier accounts for more than 10% of Colabor's purchases. Brand name products are purchased directly from the manufacturer or supplier, through the manufacturer's or supplier's representatives or through food brokers. "Multi-Choice", "Menu" and "Mouska" label products are purchased from producers, manufacturers or packers who are licensed by Colabor. Colabor purchases products in large volume and resells them in the smaller quantities as required by its Affiliated Wholesalers, independent wholesalers and other customers. Order size and frequency of purchases are determined by Colabor's buyers based upon historical sales experience and sales projections.

Colabor continuously maintains and develops relationships with its suppliers, some of which have been ongoing for more than 45 years. Among other things, Colabor assists suppliers to meet the needs of end-users by providing them with statistics on market conditions.

Substantially all categories of products distributed by Colabor are available from a variety of manufacturers and suppliers and Colabor is not dependent on any single source of supply for any specific category. However, market conditions or client requirements dictate that certain nationally prominent brands, available from single suppliers, be available for distribution.

Purchasing Alliances

To increase its purchasing power, Colabor LP is also a shareholder of a Canada-wide buying group called ITWAL Ltd. (“ITWAL”), formed in 1966 by independent wholesale distributors located in Ontario. Historically, ITWAL was mostly involved in the distribution of confectionery products. However, as new members have joined the group, it has expanded its product offering. In addition to Colabor LP, ITWAL wholesale distributors covering the Province of Ontario and the western part of Canada. ITWAL is also a member of another buying group operating in the foodservice segment called National Brand Marketing Company. Following the Summit Acquisition, Colabor LP became a member of the Associated Food Distributors (“AFD”) buying group for the foodservice industry. AFD and ITWAL combine their purchasing power through the National Brand Marketing Company.

Installations, Warehousing and Distribution

Since 2002, Colabor LP occupies, under a long-term lease agreement, its Boucherville facility offering 371,120 sq. ft. of warehousing capacity, of which approximately 45,000 sq. ft. are dedicated to frozen food products and approximately 20,000 sq. ft. to refrigerated products. The design of this facility would allow for an increase of its warehousing capacity from its current capacity of 371,120 sq. ft. to 651,120 sq. ft., thereby facilitating future expansion plans.

Colabor LP, for its Summit Division, is also the tenant of facilities located in Ottawa (Ontario), Mississauga (Ontario) and Cambridge (Ontario) under lease agreements for terms varying from 10 to 15 years and each lease may be extended, subject to customary conditions, for three further successive and consecutive terms of five years, upon the same terms and conditions, save and except for the basic rent.

Pursuant to lease agreements, Colabor is the lessee of Lévis, Ville de Saguenay, Rimouski and Edmunston, which have an aggregate warehouse space of approximately 570,000 sq. ft. The Lévis distribution center was completed in 2004 to consolidate Bertrand’s operations for the greater Quebec City region and offers 231,000 sq. ft. of warehousing capacity. The Lévis distribution center is equipped with modern equipment for receiving, storing and shipping large quantities of merchandise. The design of the Lévis distribution center allows for 100,000 sq. ft. increase of its warehousing capacity, thereby facilitating further expansion. The Bertrand Division also occupies a 133,000 sq. ft. centre in Ville de Saguenay. RTD Distributions occupies a 110,000 sq. ft. centre in Rimouski for the distribution of its products in the Saguenay and Eastern Quebec region while Edfrex occupies a 96,000 sq. ft. in Edmunston, New Brunswick, both under long-term leases.

Norref and Viandes Décarie both occupy facilities in Montréal, Québec of 44,000 sq. ft. and 27,000 sq. ft. respectively, under the terms of long-term leases which were executed at the time of the completion of those respective acquisitions by Colabor.

SKOR currently occupies a warehouse of approximately 200,000 sq. ft. in Vaughn, Ontario. In addition, 5 locations are currently operated as “cash & carry” store in Vaughan, Peterborough, London and two stores located in Toronto, Ontario while the manufacturing activities of SKOR Culinary Concepts are conducted through facilities situated in Mississauga, Ontario.

Each warehouse facility is equipped with modern equipment for receiving, storing and shipping large quantities of merchandise and is integrated, or in the process of being integrated for the most recent acquisitions, through Colabor’s computer, accounting, and management information systems to promote operating efficiency and constant quality of customer service. A warehouse management system directs all aspects of the material handling process from receiving the products, storing the products through efficient and correct pallet loading at the warehouse for immediate retrieval and the delivery of the products to its customers. The wholesale management system generates detailed cost information from which warehouse personnel manages the workforce and flow of products, thus minimizing costs while maintaining the highest service level. Management believes that the efficiency of its facilities enables it to compete effectively.

Food Safety and Quality Control

Colabor, as part of its quality control program, recognizes that food safety, particularly in perishable products, is of the utmost importance. Colabor maintains strict policies in the way it sources, handles and stores food to ensure that food quality and safety are not compromised as well as to ensure the traceability of products delivered to its customers, allowing Colabor to assist manufacturers and suppliers in the event of a product recall.

Competition

Food distribution and marketing is highly competitive with participants of varying sizes. In the distribution to the retail market, Colabor and its Affiliated Wholesalers face competition from local wholesale distributors, from national vertically-integrated distributors and from “cash and carry” outlets and wholesale stores such as Costco or Presto. While the number of competitors and the degree of competition varies by product and region, many of the competitors of Colabor and its Affiliated Wholesalers are present throughout the territory currently served by Colabor and include large, vertically-integrated retail/wholesale grocery combinations such as Metro Inc., Sobeys Inc. and Loblaws Companies Limited who operate under diverse banners and a range of store sizes and may also distribute food products to other independent retailers.

In the foodservice market, competition comes from large international corporations such as Sysco Corporation, Gordon Food Service (GFS Canada Company Inc.) and Metro Inc. (through its Distagro division) and other regional players in Québec and Ontario.

As Colabor expands into other geographic markets or expands its product offering to the “center of the plate”, it expects to face new competitors.

Management believes that the principal key success factors in the food distribution business include price, breadth of products and services offered, distribution service level, strength of store trade names, private label products offered and efficiency of inventory management system. Management believes that Colabor competes effectively on each of these fronts and is well positioned to continue growing its business and expand its product offering for its customers.

Information Technology

Colabor has order management systems which allow customers to place and confirm orders 24 hours a day, seven days a week. The order management systems provide information such as product availability and order status, monitor inventories and handle the distribution of food products. Colabor’s order management systems provide buying departments with extensive data to measure the movement and profitability of each inventory item, forecast seasonal trends, and recommend the terms of purchases, including the level of inventory to be purchased. The order management systems also allow Colabor’s buying department to take advantage of price increases or situations where a manufacturer or supplier is selling an item at a discount pursuant to a special promotion, an industry practice known as “forward buying”. These systems, which operate in conjunction with the warehouse management systems, feature full electronic data interchange capabilities and accounting interfaces. Colabor is continually improving its information technology systems to better serve its needs and to ensure efficient cost management.

Intellectual Property Rights

Colabor is not dependent upon any single trademark or trade name, although some trademarks on private label products and store banner names are important to its business. As a result, Colabor recognizes the importance of its corporate and brand trademarks and the need to protect and enhance their value. It is a practice of Colabor to register or otherwise protect its trademarks. Colabor has also developed non-public proprietary information regarding its business and uses internal procedures and safeguards to protect the confidentiality of such information as well as the information provided by its Affiliated Wholesalers, other

wholesale distributors and suppliers. Colabor Investments and Groupe Informatique Colabor Inc. have been granted a limited license to use the name "Colabor" in their respective corporate names.

Employees

As of December 31, 2011, Colabor had approximately 1,500 full-time employees of which approximately 800 were unionized and approximately 700 were non-unionized. Colabor LP is party to a collective agreement with its unionized employees of the Boucherville facility, which agreement will expire on December 31, 2013. Colabor LP is party to 3 collective bargaining agreements for the Summit Division expiring between December 2012 and December 2016 and the Bertrand Division is party to 4 collective bargaining agreements expiring between July 2013 and December 2016.

None of Colabor entities has a history of labour unrest, and Colabor believes that its relationship with its employees is good.

DESCRIPTION OF CAPITAL STRUCTURE AND FINANCING

Description of Capital Structure

The Corporation's authorized share capital consists of an unlimited number of common shares and an unlimited number of preferred shares, issuable in series, all without par value. The following text summarily describes the rights, privileges, restrictions and conditions attached to the common shares and the preferred shares of Colabor.

The holders of common shares of Colabor are entitled to receive the dividends, as and when declared by the board of directors, and to cast one vote in respect of each common share held at any meeting of the shareholders and, upon any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, to participate in the distribution of assets of the Corporation, subject to the rights and conditions attaching to the preferred shares of Colabor.

The holders of preferred shares of Colabor are entitled to receive, in priority to the holders of common shares, as and when declared by the board of directors, dividends in the amounts specified or determinable in accordance with the rights, privileges, restrictions and conditions attaching to the series of which such preferred shares form part. Upon any of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, before any amount shall be paid to or any assets distributed among the holders of common shares and shares of any other class of the Corporation ranking subordinate to the preferred shares, the holders of the preferred shares shall be entitled to receive with respect to the shares of each series thereof all amounts which may be provided in the articles of the Corporation and the conditions attaching to the series of which such preferred shares form part, to be payable thereon in respect of return of capital, premium and accumulated dividends remaining unpaid, including all cumulative dividends, whether or not declared. Subject to applicable law, the holders of preferred shares of Colabor shall not be entitled to vote at any meeting of the shareholders, provided that at any meeting of the shareholders at which, notwithstanding the foregoing, the holders of the preferred shares are required or entitled by law to vote separately as a class or series, each holder of the preferred shares of any series thereof shall be entitled to cast, in respect of each such preferred share held, one vote per each such preferred share. The board of directors of Colabor may fix, from time to time, the number of each series of preferred shares of Colabor and to establish the designation, rights, privileges, restrictions and the conditions attached thereto.

As of March 21, 2012, there were 23,115,321 common shares issued and outstanding of Colabor and one Series A preferred share was issued and outstanding.

Operating Facility

Colabor entered into a \$150 million operating credit facility (the “Operating Facility”) pursuant to the credit agreement of March 18, 2011 (the “Credit Agreement”) providing for the terms and conditions of the Operating Facility. The following text is a summary of the material terms and conditions of the Credit Agreement, such summary does not constitute a complete description of the Credit Agreement.

The Operating Facility consists of a senior secured revolving credit facility for a maximum authorized amount of \$150 million and borrowing thereunder may be drawn, prepaid and re-borrowed until maturity. The Operating Facility has a five-year term until 2016 and is repayable in full upon maturity. In addition, the Operating Facility may be increased at the request of Colabor by an additional amount of \$100 million provided that no event of default has occurred and is continuing. This Operating Facility may be drawn in Canadian or US dollars by way of prime, bankers’ acceptances or letters of credit. The Operating Facility bears interest at rates based on the prime rate, plus a spread which will vary depending on the form of advances used by Colabor and Colabor’s debt to earnings before interest, income taxes, depreciation and amortization (“EBITDA”). Standby fees payable by Colabor to the lenders will also vary depending on the unused portion of the Operating Facility. The obligations of Colabor under the Operating Facility are secured by a first ranking hypothec over the universality of property of Colabor and of its affiliates.

The Credit Agreement is subject to customary affirmative, reporting and negative covenants. Colabor is required to maintain, (i) a prescribed ratio of total debt (excluding the debentures) to EBITDA at all times, and (ii) a prescribed ratio of EBITDA to interest expenses at all times. In addition, the Operating Facility imposes restrictions on the ability of Colabor and its related entities to incur additional debt, create liens, dispose of assets, consolidate, merge or acquire other businesses, make distributions, investments and capital expenditures and create subsidiaries. These covenants also restrict Colabor from owning any other assets and from incurring additional debt. These covenants may restrict numerous aspects of the business of Colabor.

The Operating Facility will, in certain circumstances, restrict the ability of Colabor to make payments in respect of their securities, unless sufficient funds are available for the repayment of indebtedness and the payment of interest, expenses and taxes. The Operating Facility also provides for mandatory prepayment under the Operating Facility which will also reduce the commitments thereunder upon the occurrence of certain prescribed events, including the issuance of securities, the incurring of debt and the disposal or sale/lease back transactions above certain amounts.

The Credit Agreement also contains customary events of default. Failure to comply with the terms of the Operating Facility would entitle the lenders to accelerate all amounts outstanding under the Operating Facility, and upon such acceleration, the lenders would be entitled to begin enforcement of securities granted by Colabor to recover assets of Colabor, including accounts receivable, inventory, equipment and material contracts. The lenders would then be repaid from the proceeds of such security, using all available assets of Colabor.

2010 Debentures

The 2010 Debentures are issued under an indenture (the “2010 Indenture”), dated April 27, 2010 between the Corporation and the Debenture Trustee. The following text is a description of the terms of the 2010 Indenture, a copy of which has been filed with the Canadian securities regulatory authorities. The following summary of certain provisions of the 2010 Indenture is subject to, and is qualified in its entirety by reference to, the provisions of the 2010 Indenture, available on SEDAR at www.sedar.com.

The 2010 Debentures are issued under the 2010 Indenture. The 2010 Debentures are limited to the aggregate principal amount of \$50,000,000. The Corporation may, however, from time to time, without the consent of the holders of the outstanding debentures of the Corporation, issue debentures in addition to the 2010 Debentures. The 2010 Debentures have been issued on April 27, 2010 in denominations of \$1,000 and integral multiples thereof for a total aggregate amount of \$50,000,000 as of the date hereof. The 2010 Debentures will mature on April 30, 2017 (the “2010 Debentures Maturity Date”).

The 2010 Debentures bear interest from the date of issue at 5.70% per annum, payable semi-annually on the April 30 and October 31 in each year, commencing on October 31, 2010. The interest on the 2010 Debentures will be payable in lawful money of Canada or, at the option of Colabor and subject to applicable regulatory approval, by the issuance of common shares of Colabor. The principal on the 2010 Debentures is payable in lawful money of Canada or, at the option of the Corporation and subject to applicable regulatory approval, by delivery of common shares to satisfy in whole or in part its obligation to repay principal under the 2010 Debentures. The 2010 Indenture does not restrict the Corporation from incurring additional indebtedness for borrowed money or from mortgaging, pledging or charging its assets to secure any indebtedness.

The 2010 Debentures are convertible at the holder's option into fully paid, non-assessable and freely tradable common shares at any time prior to the close of business on the earlier of the 2010 Debentures Maturity Date and the last business day immediately preceding the date specified by the Corporation for redemption of the 2010 Debentures, at a price of \$16.85 (the "Conversion Price") per common share, being a ratio of approximately 59.347 common shares per \$1,000 principal amount of 2010 Debentures. No adjustment will be made for dividends on common shares issuable upon conversion or for interest accrued on 2010 Debentures surrendered for conversion. However, holders converting their 2010 Debentures will receive, as the case may be, accrued and unpaid interest thereon. Holders converting their 2010 Debentures shall become shareholders of Colabor on the business day immediately following the date of conversion. Notwithstanding the foregoing, no 2010 Debentures may be converted during the five business days preceding April 30 and October 31 in each year, commencing October 31, 2010, as the registers of the Debenture Trustee will be closed during such periods.

The 2010 Debentures may not be redeemed by the Corporation on or before April 30, 2015 (except in certain limited circumstances following a Change of Control under the 2010 Debentures). After April 30, 2015 and prior to April 30, 2016, the 2010 Debentures may be redeemed in whole or in part from time to time at the option of the Corporation on not more than 60 days and not less than 30 days prior written notice at a redemption price equal to their principal amount plus accrued and unpaid interest thereon, provided that the market price of the common shares of the Corporation on the date on which notice of redemption is given exceeds 125% of the Conversion Price. On or after April 30, 2016 and prior to the 2010 Debentures Maturity Date, the 2010 Debentures may be redeemed by the Corporation, in whole or in part, from time to time on not more than 60 days and not less than 30 days prior notice at a redemption price equal to their principal amount plus accrued and unpaid interest.

Within 30 days following the occurrence of a Change of Control under the 2010 Debentures, the Corporation will be required to make an offer to purchase all of the 2010 Debentures (the "Debenture Offer") at a price equal to 100% of the principal amount thereof plus accrued and unpaid interest thereon. A "Change of Control under the 2010 Debentures" will be deemed to occur upon: (i) an acquisition by a person or group of persons acting jointly or in concert (within the meaning of the *Securities Act* (Québec) of ownership of, or voting control or direction over, 50% or more of the common shares of the Corporation; or (ii) the sale or other transfer of all or substantially all of the consolidated assets of the Corporation, but excludes a sale, merger, reorganization, or other similar transaction if the previous holders of the common shares of the Corporation hold at least 50% of the voting control in such merged, reorganized or other continuing entity.

If 90% or more of the aggregate principal amount of the 2010 Debentures outstanding on the date of the giving of notice of the Change of Control under the 2010 Debentures have been tendered for purchase following a Change of Control under the 2010 Debentures, the Corporation will have the right to redeem all the remaining 2010 Debentures on the purchase date, together with accrued and unpaid interest to such date. Notice of such redemption must be given to the Debenture Trustee by the Corporation within 10 days following expiry of the right of the holders of the 2010 Debentures to require repurchase after the Change of Control under the 2010 Debentures and, as soon as possible thereafter, by the Debenture Trustee to the holders of the under the 2010 Debentures not tendered for purchase.

If a Change of Control under the 2010 Debentures occurs on or before April 30, 2016 in which 10% or more of the consideration for the common shares in the transaction or transactions constituting a Change of Control under the 2010 Debentures consists of: (i) cash; (ii) equity securities that are not traded or intended to be traded immediately following such transactions on a stock exchange; or (iii) other property that is not traded or intended to be traded immediately following such transactions on a stock exchange, then subject to regulatory approvals, during the period beginning ten trading days before the anticipated date on which the Change of Control under the 2010 Debentures becomes effective and ending on the 30th day after the Debenture Offer is delivered, holders of 2010 Debentures will be entitled to convert their 2010 Debentures at a new conversion price by using a calculation set forth in the 2010 Indenture.

The 2010 Indenture provides that an event of default in respect of the 2010 Debentures (an “Event of Default under the 2010 Debentures”) will occur if certain events described in the 2010 Indenture occur, including if any one or more of the following described events has occurred and is continuing with respect to the 2010 Debentures: (i) failure for 15 days to pay interest on the 2010 Debentures when due; (ii) failure to pay principal or premium, if any, on the 2010 Debentures, whether at maturity, upon redemption, by declaration or otherwise; or (iii) certain events of bankruptcy, insolvency or reorganization of the Corporation under bankruptcy or insolvency laws. If an Event of Default under the 2010 Debentures has occurred and is continuing, the Debenture Trustee may, in its discretion, and shall, upon the request of holders of not less than 25% in principal amount of the then outstanding 2010 Debentures, declare the principal of (and premium, if any) and interest on all outstanding 2010 Debentures to be immediately due and payable. In certain cases, the holders of a majority of the principal amount of 2010 Debentures then outstanding may, on behalf of the holders of all 2010 Debentures, waive any Event of Default under the 2010 Debentures and/or cancel any such declaration upon such terms as such holders shall prescribe.

The 2010 Indenture contains provisions to the effect that if an offer is made for the 2010 Debentures which is a take-over bid for 2010 Debentures within the meaning of the *Securities Act* (Québec) and not less than 90% of the 2010 Debentures (other than 2010 Debentures held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the 2010 Debentures held by 2010 Debentures holders who did not accept the offer on the terms offered by the offeror.

RISK FACTORS

Careful consideration should be given to the following risk factors:

Competition

Food distribution and marketing is highly competitive. Colabor competes with other food distributors and warehousing and distribution divisions of retail grocery chains. Some of these competitors have more significant operations within the marketplace, are well established suppliers to the markets that Colabor serves, may have a greater diversification of product lines and may have greater economic resources than those of Colabor. Accordingly, such competitors may be better able to withstand volatility in the food distribution industry while retaining significantly greater operating and financial flexibility than Colabor. In addition, consolidation in the industry, the presence of very large retail chains and mass merchandisers and heightened competition could create competitive pressures that reduce margins and adversely affect Colabor. There can be no assurance that Colabor will be able to compete successfully against its current or future competitors or that such competition will not have a material adverse effect on Colabor’s financial condition and results of operations.

Absence of Long-Term Agreements between Affiliated Wholesalers and their Customers

In accordance with general industry practice, the Affiliated Wholesalers do not normally enter into long-term agreements with their customers. As a result, customers may, without notice or penalty, terminate their relationship with Affiliated Wholesalers. In addition, even if customers should decide to continue their relationship with the Affiliated Wholesalers, there can be no guarantee that they will purchase the same volume of products as in the past or that they will pay the same price for those products as they have in the

past. Any loss of customers by Affiliated Wholesalers, or decrease in the volume purchased or price paid by them for products, could affect Colabor's sales and result in a material adverse effect on Colabor's financial condition and results of operations and the amount of cash available for distribution to unitholders. In the past, Affiliated Wholesalers, relying on their knowledge of their respective markets, have been able to differentiate themselves from their competitors by providing personalized services to their customers, in particular flexible delivery schedules and a product line tailored to their customers' needs. In management's view, there will be no change in this regard in the future.

Dependence on Affiliated Wholesalers and Cara

For the financial year ended December 31, 2011, sales to Cara (including franchisees of Cara) represented approximately 17.5% of Colabor's sales. The loss of Cara as customer, a decrease in purchase by Cara or a decrease in Cara's market share in the foodservice industry could have a material and adverse effect on Colabor's financial condition, results of operations and liquidity. This risk has been mitigated by the execution of a 10-year distribution agreement with Cara providing for a five-year renewal option and by acquisitions which have expanded Colabor's customer base.

Sales to Affiliated Wholesalers represented 85% of the Wholesale segment's sales for the year ended on December 31, 2011. The loss of Affiliated Wholesalers, net of recruiting other wholesale distributors, could have an adverse effect on Colabor's business, financial condition and operations. The risk has been mitigated by the execution of agreements to amend the affiliate agreements to provide for an initial ten-year period, renewal provisions for two additional terms of five years and also provide for the granting of a right of first refusal by the Affiliated Wholesalers to Colabor on their businesses and through the recent acquisitions of Bertrand, Edflex and RTD Distribution. Moreover, incentives are built in the contractual relationships existing between the Affiliated Wholesalers, Colabor and Colabor Investments to encourage the Affiliated Wholesalers to increase their purchases from Colabor.

Low Margin Business

The wholesale food distribution industry in which Colabor operates is characterized by low profit margins. As a result, Colabor's results of operations are sensitive to, and may be materially adversely impacted by, among other things, competitive pricing pressures, modification to suppliers selling programs, increased interest rates, inflation with respect to wages and energy costs, and deflation in food prices. There can be no assurance that one or more of such factors will not have a material adverse effect on Colabor's results of operations and financial condition.

Changes in Distribution and Retail Market

The industry in which Colabor operates has been changing over the last few years. Eating away from home and alternative format food stores, such as mass merchandisers, warehouse stores and supercenters, have taken market share from traditional supermarket operators, including small and medium-size independent grocers. In addition, suppliers are seeking to ensure that more of their promotional expenditures and allowances are directed to consumers rather than distributors or retailers in order to increase sales volumes. Furthermore, grouping of suppliers or change in the policy of individual suppliers could have an effect on the rebates that Colabor negotiates with suppliers. If the strategies Colabor has developed in response to these changing market conditions are not successful, Colabor's margins may decline, which could have a material adverse effect on the results of operations or financial conditions of Colabor.

Reliance on Purchasing Alliances

Colabor relies on buying groups to increase its purchasing power and secure competitive volume rebates from manufacturers and suppliers. There can be no assurance that Colabor will be able to maintain its relationship with such buying groups or that Colabor would be able to negotiate similar volume rebates by itself should such relationship be terminated. Any modifications to the relationship between Colabor and

buying groups could have a material adverse effect on Colabor's financial conditions and results of operations, and the amount of cash available for distribution to holders of common shares of Colabor.

Management Information Systems

Colabor depends on its management information systems in each stage of the sale of its products, including entering the customer's order, determining availability of products, arranging the optimal delivery times and providing after sales service. Colabor will continue to improve its management information systems in order to become more efficient; however the implementation of major information technology projects carries with its various risks that must be mitigated by disciplined management and governance processes. In addition, its management information systems constitute the basis of its financial reporting. In the event that irreparable damage were caused to its information systems and databases or that any information contained in its management information systems was lost, such event could have a material adverse effect on Colabor's financial condition and results of operations.

Ability to Sustain and Manage Growth

A principal component of Colabor's strategy is to increase, internally or through acquisitions, its revenue base, both by expanding the range of products it offers and by servicing additional wholesale-distributors. Colabor may not be able to carry out this strategy which depends in part on the availability of suitable candidates at valuations accretive to Colabor and the availability of financing. In addition, Colabor may face competition for the acquisition of attractive wholesale-distributors, specialized distributors or commercial banners used by retailers from large integrated national chains and other consolidators in the food industry with greater financial resources. Furthermore, there can be no assurance that, if Colabor acquires what it considers to be a suitable candidate in accordance with its growth strategy, Colabor will be able to successfully integrate the operation of the acquired company into Colabor's operations on an accretive basis.

Consumer Discretionary Spending Risk

Colabor's business can be impacted by changes in consumer discretionary spending resulting from actual or consumers' perceived changes in the condition of a regional and/or the national economy. As a result, actual or consumers' perceived changes in regional or the national economy could negatively impact the Colabor's sales or margins and in turn have a material adverse effect on its results of operations and financial condition.

Consumer Preference

Colabor's business is dependent, in part, upon continued growth in consumer interest in the products it distributes. Notwithstanding the attributes of the products distributed by Colabor, changes in consumer preferences may affect demand for Colabor's products. Accordingly, even though Colabor continuously expands its product offering, there can be no assurance that the demand for the products distributed by Colabor can be sustained in the future. A decline in the marketability of the products distributed by Colabor could adversely affect Colabor's financial condition and results of operations and the amount of cash available for distribution to shareholders.

Adverse Publicity and Product Liability

The marketing and distribution of food products entails an inherent risk of product liability, product recall and resultant adverse publicity. Colabor could have to deal with product recalls due to sanitation issues encountered by certain of its manufacturers, such as, per example, the listeriosis problems during 2008. Such recalls can trigger a decrease in sales of certain types of products for a period of time and cause a drop in sales figures. However, Colabor has, at the present time, the necessary mechanisms in place to quickly trace contaminated products, return them to the manufacturer and recover the cost of these contaminated products from these manufacturers. Even though Colabor has implemented measures to ensure the safety of

its distribution process and the traceability of its products, there can be no assurances that such claims will not be asserted against Colabor, that Colabor will not be obligated to perform or participate in such a recall in the future or that such claims or obligations would not create adverse publicity that would have a material adverse effect on Colabor's ability to successfully market its products.

Integration of acquisitions

While some acquisition will be managed without any change, some could result in major streamlining. In the event that difficulties are encountered with such integrations, it could have a negative impact on Colabor's results.

Risk Factors Relating to the Arrangement

Colabor is or may be exposed to operational risk relating to obligations of the Corporation before the Arrangement, including with respect to intellectual property matters, clinical trial liability or environmental damage. The Fund has, through the conditions of the Arrangement Agreement and the terms and conditions of the divestiture agreement, attempted to ensure that the liabilities and obligations relating to the business of ConjuChem Biotechnologies Inc. before the Arrangement are transferred to and assumed by ConjuChem Biotechnologies Inc., and that Colabor is released from any such obligations. However, where such transfers or releases are not effective or are not obtained, Colabor will be subject to operational risks relating to obligations of ConjuChem Biotechnologies Inc. before the Arrangement. Should Colabor become liable for such matters, it could have a material adverse effect on the business, financial conditions and results of operation of Colabor.

Although the investigations were conducted and legal counsel was engaged to review the corporate, legal, financial, tax and business records of the Corporation before the Arrangement to identify third party credit/contractual risk and to structure the transaction to protect against such risks, there may be liabilities or risks that the Fund may not have uncovered in its due diligence investigations, or that may have an unanticipated material adverse effect on Colabor. These liabilities and risks could have, individually or in the aggregate, a material adverse effect on the business, financial condition and results of operations of Colabor.

Colabor has attempted to reduce the operational, third party credit/contractual risk and due diligence risk relating to the business of the Corporation before the Arrangement by obtaining, for the benefit of Colabor, the covenants under the indemnity agreement. Colabor believes that the protection afforded by the terms of the indemnity agreement reduces these risks to an acceptable level. However, this was based on the premise that ConjuChem Biotechnologies Inc. had the financial resources or necessary insurance coverage to meet their obligations under the indemnity agreement. Given that ConjuChem Biotechnologies Inc. is now bankrupt, Colabor could become liable for the liabilities of ConjuChem Biotechnologies Inc., which could have a material adverse effect on the business, financial conditions and results of operation of Colabor.

Colabor will file all required income tax returns and believes that the Corporation will be in full compliance with the provisions of the *Income Tax Act* and all applicable provincial legislation. It is expected that Colabor will benefit from the tax losses over the years to come as it is expected to have an equivalent of over \$130 million of tax losses. However, such returns are subject to reassessment by the relevant tax authority. In the event of a reassessment by the tax authorities and affecting a taxation year of Colabor, whether by re-characterization of certain expenditures, availability of the tax pools, including non-capital loss-carryforwards, scientific research and experimental development expenditures, investment tax credits or otherwise, it may be that such reassessment would have an impact on current and future taxes payable of Colabor and such impact may be material. Furthermore, Canadian federal or provincial income tax legislation may be amended, or its interpretation changed, retroactively or for the future, so as to alter fundamentally the availability of the tax pools to Colabor.

Health and Safety Matters

Colabor's operations are subject to extensive and increasingly stringent laws relating to employee health and safety matters. Although Colabor has not incurred significant capital or operating expenses to comply with health and safety laws, it is possible that changes to such laws, or more rigorous enforcement, could require Colabor to do so and have a material adverse effect on Colabor's financial condition and results of operations. Further, additional health and safety issues relating to matters that are currently not known to Colabor may result in unanticipated liabilities and expenditures and may adversely affect Colabor's financial condition and results of operations.

Critical Equipments

The operation of the Corporation's facilities is dependent on the continued operation of certain critical equipment, such as refrigerators, freezers and processing equipment and this equipment may incur downtime as a result of unanticipated failures. The Corporation may in the future experience facilities shutdowns, periods of reduced availability or unexpected interruptions in service to its clients as a result of such equipment failures, which could have a material adverse effect on its results of operations and financial condition.

Insufficiency or Unavailability of Insurance Coverage

Colabor maintains property, general liability and business interruption insurance and directors and officer's liability insurance. This insurance may not remain available at commercially reasonable rates, and the amount of its coverage may not be adequate to cover any liability Colabor incurs. Future increases in insurance costs, coupled with the increase in deductibles, may result in higher operating costs for Colabor. In addition, uninsured losses could adversely affect Colabor's financial condition and results of operations.

Availability of Future Financing

Colabor's principal sources of funds are cash generated from its operating activities and borrowing capacity remaining under the Credit Facilities and/or from future securities offerings. Management believes that these funds provide Colabor with sufficient liquidity and capital resources to meet its current and future financial obligations, as well as to provide funds for its financing requirements, capital expenditures and other needs for the foreseeable future. Despite management's expectations, however, Colabor may require additional equity or debt financing to meet its financing requirements. This financing may not be available when required or may not be available on commercially favourable terms or on terms that are otherwise satisfactory to Colabor.

Geographic Concentration and Dependence on Economic Conditions

Although conducted in the Provinces of Québec, Ontario and the Maritimes, the business of Colabor is concentrated in the Provinces of Québec and Ontario and, accordingly, Colabor is highly dependent on the general economic environment of these provinces. There can be no assurance that future economic conditions in the Provinces of Québec and Ontario or other economic conditions, cyclical trends, increases in interest rates and other factors will not adversely affect Colabor's results of operations or financial condition.

Reliance on Key Personnel

Colabor continued success will be substantially dependent on the continued services of a number of members of its senior management. The loss of the services of one or more of these key individuals could have a material adverse effect on Colabor's operations and business prospects.

Adverse Change in Labour Relations

As at December 31, 2011, Colabor's entities have approximately 1,500 employees, of which 800 are governed by collective bargaining agreements expiring between December 2012 and December 2016. Although management believes that the relationship with the employees is good, management cannot predict with any certainty which, if any, groups of employees who are not currently represented by a labour union may seek union representation in the future, or the outcome of any re-negotiation of current collective bargaining agreements. The negotiation of future collective bargaining agreements could divert management's attention, and the terms of those agreements may result in increased operating expenses and reduced net earnings. A work stoppage or other labour disturbance involving Colabor's entities employees could interfere with the operations and have a material adverse effect on Colabor's financial condition and results of operations.

Dilution of Existing Shareholders

The share capital of Colabor provides that the Corporation may issue an unlimited number of common and preferred shares for consideration, subject to applicable laws and on those terms and conditions as shall be established by the directors without the approval of the shareholders. Shareholders have no pre-emptive rights in connection with such further issues. Additional shares may be issued by Colabor in connection with the conversion of the 2010 Debentures.

Credit Facilities and Restrictive Covenants

Colabor has third party debt service obligations under the Credit Facilities. Colabor's debt ratio could have important consequences for the shareholders, including: (i) a portion of Colabor's cash flow from operations may be dedicated to the payment of the principal of and interest on its indebtedness, thereby reducing funds available for distribution as dividend; (ii) certain of Colabor's borrowings are at variable rates of interest, which exposes Colabor to the risk of increased interest rates. Colabor's ability to make as planned payments of principal and interest on, or to refinance, its indebtedness depends on its future operating performance and cash flow, which are subject to prevailing economic conditions, prevailing interest rate levels, and financial, competitive, business and other factors, many of which are beyond its control.

The Credit Facilities contain restrictive covenants that limit Colabor with respect to certain business matters. These place restrictions on, among other things, the ability of Colabor to incur additional debt, create liens, dispose of assets, consolidate, merge or acquire other businesses or make distributions, investments and capital expenditures and create subsidiaries. A failure to comply with the obligations in the agreements in respect of the Credit Facilities could result in an event of default which, if not cured or waived, could lead to acceleration of the relevant facilities. If the indebtedness under the Credit Facilities was to be accelerated, there can be no assurance that Colabor's assets would be sufficient to repay in full that indebtedness.

The Operating Facility has a five-year term until April 2016. Colabor may need to refinance the Operating Facility at the conclusion of its term, and there can be no assurance that Colabor will be able to do so or able to do so on terms as favourable as the Credit Facilities. If Colabor is unable to refinance the Credit Facilities or is only able to refinance the Credit Facilities on less favourable and/or more restrictive terms, this may have a material adverse effect on Colabor's financial position. In addition, the terms of any new credit facilities may be less favourable or more restrictive than the terms of the Credit Facilities, which may indirectly limit or negatively impact the ability of Colabor to pay dividends to shareholders.

Ownership Interest of Colabor Investments

Colabor Investments holds, as of March 21, 2012, common shares representing 22% of the outstanding common shares issued before the conversion of the debentures. This significant level of voting control may enable Colabor Investments to have a major impact on all matters requiring security holder approval. Pursuant to a covenant included in the agreement entered into as part of the conversion of the Fund in a corporation, Colabor Investments is entitled to present for appointment one candidate to be elected as a director of Colabor as long as it holds 15% of the issued and outstanding common shares.

The timing and receipt of any takeover or control premium by shareholders could depend on the determination of Colabor Investments as to when to sell its shares. This could delay or prevent a change of control that would be attractive to, and provide liquidity for, shareholders, and could limit the price that investors are willing to pay in the future for shares of Colabor.

DIVIDENDS AND DISTRIBUTIONS

Dividend Policy of Colabor

Following the conversion of the Fund, distributions to the shareholders of Colabor are now paid as dividends and the board of directors of Colabor has adopted a dividend policy equivalent, on an annual basis, to the distribution policy of the Fund before the conversion into a corporation.

Dividends are paid quarterly to shareholders of record on the last business day of each quarter with actual payment to be made to the shareholders on or about the 15th day of the following month, subject to any contractual restrictions on such dividends, including any agreements entered into with lenders of Colabor. Any decision to pay dividends on the common shares will be made by the board of directors of Colabor on the basis of Colabor's earnings, financial requirements and other conditions existing at such future time, and the board of directors of Colabor will have the discretion to modify the dividend policy from time to time. The payment of dividends will also be subject to the requirements of the CBCA, including satisfying the dividend solvency tests applicable to CBCA corporations.

The first dividends of Colabor were paid in January 2010 for the time period ranging from August 25, 2009 to December 31, 2009 for a total amount per share of \$0.3791. Then, on April 15, 2010, July 15, 2010, October 15, 2010, January 17, 2011, April 15, 2011, July 15, 2011, October 17, 2011 and January 16, 2012, Colabor paid respective dividends of \$0.2691 for each of the quarters.

In addition, the directors of the Colabor Management Inc., the general partner of Colabor LP, who are also the directors of the Corporation, have the power, subject to the restrictions contained in the limited partnership agreement of Colabor LP, to determine the amount and the frequency of distribution from Colabor LP to Colabor. The directors of the General Partner have implemented a policy relating to distribution of dividends which aims to allow Colabor to maintain its policy relating to dividends at any given time, subject to the contractual restrictions on the distribution of dividends under the credit agreements of Colabor LP. The directors of Colabor Management Inc., as the general partner of Colabor LP, have the power to modify from time to time, the policy relating to distribution of dividends.

Distributions prior to the Conversion of the Fund

The following table shows the amount of distributions declared by the Fund prior to the conversion of the Fund in August 2009 in a corporation, from January 1, 2009.

<u>Month</u>	<u>Distribution (amount per Unit)</u>
January 2009	\$0.0897
February 2009	\$0.0897
March 2009	\$0.0897
April 2009	\$0.0897
May 2009	\$0.0897
June 2009	\$0.0897
July 2009	\$0.0897
August 2009 ⁽¹⁾	\$0.0694

⁽¹⁾The final distribution of the Fund was for the period of August 1 to August 24, 2009.

MARKET FOR SECURITIES

Colabor's common shares and debentures are listed on the Toronto Stock Exchange under the symbols "GCL", "GCL.DB" and "GCL.DB.A", respectively.

The following tables show the range of high and low prices as at the close of market of the common shares of Colabor, the 2007 Debentures and the 2010 Debentures and total monthly volumes of trades thereof on the Toronto Stock Exchange during the year ended December 31, 2011.

Shares

<u>Month</u>	<u>High</u>	<u>Low</u>	<u>Total Volume of Shares</u>
January 2011	\$12.20	\$11.87	1,299,000
February 2011	\$12.20	\$11.60	1,366,000
March 2011	\$12.73	\$11.61	1,796,000
April 2011	\$12.75	\$12.14	1,024,000
May 2011	\$12.58	\$10.08	3,523,000
June 2011	\$10.88	\$8.00	1,767,000
July 2011	\$9.83	\$8.53	1,273,000
August 2011	\$9.60	\$8.61	1,354,000
September 2011	\$9.77	\$8.75	782,000
October 2011	\$10.20	\$8.35	1,114,000
November 2011	\$10.24	\$9.62	760,000
December 2011	\$10.84	\$9.87	835,000

2007 Debentures⁽¹⁾

<u>Month</u>	<u>High</u>	<u>Low</u>	<u>Total Volume (2007 Debentures)</u>
January 2011	\$118.00	\$116.58	\$366,000
February 2011	\$118.70	\$113.91	\$700,000
March 2011	\$123.50	\$114.04	\$724,000
April 2011	\$124.00	\$120.10	\$598,000
May 2011	\$122.07	\$103.25	\$520,000
June 2011	\$106.67	\$98.35	\$2,007,000
July 2011	\$102.00	\$100.27	\$86,000

2007 Debentures⁽¹⁾

<u>Month</u>	<u>High</u>	<u>Low</u>	<u>Total Volume (2007 Debentures)</u>
August 2011	\$101.60	\$100.25	\$100,000
September 2011	\$101.00	\$100.00	\$261,000
October 2011	\$101.72	\$99.00	\$666,000
November 2011	\$101.50	\$100.85	\$479,000
December 2011	\$101.50	\$99.95	\$586,000

⁽¹⁾The 2007 Debentures were repaid at maturity on December 31, 2011.

2010 Debentures

<u>Month</u>	<u>High</u>	<u>Low</u>	<u>Total Volume (2010 Debentures)</u>
January 2011	\$103.50	\$101.75	\$192,000
February 2011	\$102.75	\$101.60	\$348,000
March 2011	\$102.00	\$96.05	\$479,000
April 2011	\$103.00	\$101.50	\$346,000
May 2011	\$102.25	\$100.50	\$393,000
June 2011	\$101.50	\$98.00	\$639,000
July 2011	\$103.00	\$100.00	\$294,000
August 2011	\$101.25	\$99.00	\$149,000
September 2011	\$100.00	\$95.00	\$410,000
October 2011	\$100.00	\$92.05	\$496,000
November 2011	\$100.00	\$98.00	\$404,000
December 2011	\$102.00	\$99.00	\$406,000

DIRECTORS AND MANAGEMENT

Directors

The board of directors of Colabor is comprised of five directors. On January 9, 2012, Mr. Gilles C. Lachance replaced Mr. Claude Gariépy as director upon the appointment of Mr. Gariépy as president and chief executive officer and of Mr. Lachance as special advisor to the president and chief executive officer of Colabor. The board is composed of a majority of “unrelated” (within the meaning of the corporate governance policies of the Toronto Stock Exchange) and “independent” (within the meaning of applicable securities laws) directors. All of the directors of Colabor are residents of Canada. The directors will hold office until the next annual meeting of the Corporation or until their successors are duly appointed or elected. The directors, their municipalities of residence, their principal occupations and the number of securities beneficially owned by them are set out below:

<u>Name and Municipality of Residence</u>	<u>Position with Colabor</u>	<u>Principal Occupation</u>	<u>Number of Securities Beneficially Owned</u>
Donald Dubé BAA ⁽¹⁾ Lac Baker (NB)	Director	Corporate Director	21,330 shares and \$20,000 of 2010 Debentures
Jacques Landreville ⁽²⁾ Brossard (QC)	Director	Corporate Director	8,000 shares
Richard Lord FCMA ⁽¹⁾⁽²⁾ Saint-Laurent (QC)	Director	President and Chief Executive Officer of Richelieu Hardware Ltd.	14,000 shares and \$30,000 of 2010 Debentures

<u>Name and Municipality of Residence</u>	<u>Position with Colabor</u>	<u>Principal Occupation</u>	<u>Number of Securities Beneficially Owned</u>
Robert Panet-Raymond MBA, ICD.D ⁽¹⁾⁽²⁾ Town of Mont-Royal (QC)	Director	Corporate Director	15,600 shares
Gilles C. Lachance MBA Boucherville (QC)	Director	Special advisor to the President and Chief Executive Officer	18,895 shares

(1) Member of the Audit Committee
(2) Member of the Corporate Governance and Human Resources Committee

Under the terms of an agreement entered into as part of the conversion of the Fund in a corporation, Colabor Investments has the right to propose for election as director one candidate as long as it holds, directly or indirectly, at least 15% of the issued and outstanding common shares of Colabor. Donald Dubé is the director designated by Colabor Investments. The Corporate Governance and Human Resources Committee of Colabor nominates the candidates for election of the remaining directors.

Biographies

The following are brief profiles of the directors:

Donald Dubé, BAA, was the President of Edfrex inc., a wholesale distributor with operations in the Atlantic Provinces mainly in the foodservice segment, from 1987 to 2011. From 1988 to 1999, he was the treasurer of Mouska Buying Group, now owned by Colabor LP. Mr. Dubé served on the board of directors of Colabor Investments from 1998 to 2005, was president of the Audit Committee of Colabor Investments from 1999 to 2004 and was, from June 2004 to June 2005, Chairman of Colabor Investments.

Jacques Landreville was the President and Chief Executive Officer of Uni-Select Inc. from 1991 to December 31, 2007 and is currently a corporate director. From 1987 to 1990, he held various positions ranging from general manager to president of different divisions of Culinar in Montréal, and between 1985 and 1987, he served as Executive Vice-President and General Manager of Lassonde Industries Inc. Mr. Landreville sits on the boards of Lassonde Industries Inc., Opmedic Group Inc. and GL&V Inc. He has also been a director of ADF Group, Rona Inc., Bestar Inc. and Livingston International Income Fund and Uni-Sélect Inc. over the course of the last five years.

Richard Lord, FCMA, has been President and Chief Executive Officer of Richelieu Hardware Ltd. since 1988, a distributor, importer and manufacturer of specialty hardware and complementary products. Mr. Lord sits on the board of BTB Real Estate Investment Trust Inc. (president of the Audit Committee) and 20-20 Technologies Inc. and is also a member of the Audit Committee of 20-20 Technologies Inc.

Robert Panet-Raymond, MBA, ICD.D, is a corporate director and adjunct professor at École Polytechnique de Montréal. From 1992 to 2004, he was Senior Vice-President and Market Leader, Eastern Canada, Commercial Banking for the Canadian Imperial Bank of Commerce. From 1985 to 1991, he was President and Chief Executive Officer and member of the Board of Les Rôtisseries St-Hubert Ltée. Mr. Panet-Raymond sits on the board of directors of the University of Montréal for which he also acts as Chairman of the Audit Committee and he is the former President of the Polytechnique Foundation. Mr. Panet-Raymond is also a director of Mercator Group Transport Corporation.

Gilles C. Lachance, MBA, was president of Colabor from 1998 until January 2012. He is currently special advisor to the President and Chief Executive Officer of Colabor. Prior to joining Colabor in 1998, Mr. Lachance held various executive positions with businesses, including with Groupe Jean Coutu (PJC) Inc. as Vice-President, Operations and Marketing from 1981 to 1986 and as Operations and Marketing Manager from 1979 to 1981, Les Rôtisseries St-Hubert Ltée as President and Chief Executive Officer from 1991 to 1992 and Vice-President and General Manager from 1986 to 1991 and L'Auberge des Gouverneurs as President and Chief Executive Officer from 1992 to 1993. Mr. Lachance holds a master and bachelor's

degree in biology which he obtained from the University of Sherbrooke in 1975 and a MBA from the University of Sherbrooke, in 1977.

Corporate Governance of Colabor

Colabor has appointed a Corporate Governance and Human Resources Committee comprised of four independent members as well as an Audit Committee composed of three independent members.

Audit Committee

Charter of the Audit Committee

The Charter of the Audit Committee is set out in Schedule A to this Annual Information Form.

Composition of the Audit Committee

The Audit Committee is composed of three directors, namely Robert Panet-Raymond (Chairman), Donald Dubé and Richard Lord. Each member of the Audit Committee is independent and financially literate as defined under Multilateral Instrument 52-110 – *Audit Committee*.

Relevant Education and Experience of the Audit Committee Members

In addition to each member's general business experience, the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member is set forth in their respective biographies above under "Biographies".

Audit Fees

During the years ended December 31, 2010 and December 31, 2011 Colabor, and the Fund, prior to the conversion of Colabor in a corporation, retained its principal accountant, Raymond Chabot Grant Thornton LLP, to provide services in the categories and for the approximate amounts that follow:

	<u>2010</u> (\$)	<u>2011</u> (\$)
• Audit fees	271,100	291,000
• Audit-related fees	290,750	416,385
• Tax fees	48,860	29,270
• All other fees	42,000	34,639
• Total	652,710	771,294

The Audit Committee has determined that Raymond Chabot Grant Thornton LLP's provision of non-audit services was compatible with maintaining Raymond Chabot Grant Thornton LLP independence.

The nature of each category of fees is described below.

Audit Fees: Audit fees were paid for audit services.

Audit-related Fees: Audit-related fees were paid for assurance and related services that are reasonably related to the performance of the audit or review of the annual financial statements and are not reported under the audit fees item above. These services consisted primarily of accounting consultations and special audits in connection with strategic transactions.

Tax Fees: Tax fees were paid for tax compliance services and tax advice and planning, including the review of tax returns and assistance with questions regarding tax audits, long term incentive plans, capital structure and corporate transactions.

All other Fees: Fees disclosed in the table above under the item “All other fees” were paid for products and services other than the audit fees, audit-related fees and tax fees described above. These services consisted primarily of operational consulting support services.

Pre-approval Policies and Procedures

The Audit Committee has adopted a policy that provides that the auditors may, in addition to audit services, also render other services provided, however, that all such services are pre-approved by the Audit Committee. The Vice-President and Chief Financial Officer may also engage the auditors of Colabor to perform non-audit services provided, however, that the Audit Committee is informed at a subsequent meeting.

Officers of Colabor

The following table shows the name, municipality of residence, positions with Colabor and number of common shares beneficially owned by each of the officers:

<u>Name and Municipality of Residence</u>	<u>Position(s)</u>	<u>Number of common shares Beneficially Owned⁽¹⁾</u>
Claude Gariépy Lorraine (Québec)	President and Chief Executive Officer	13 653
Michel Loignon, CA Boucherville (Québec)	Vice-President and Chief Financial Officer	55,915
Jack Battersby London (Ontario)	President, Summit Division	--
Marko Potvin Sainte-Julie (Québec)	Vice-President, Corporate Purchasing	30,912 and \$10,000 of 2010 Debentures
Michel Delisle Lachenaie (Québec)	Vice-President, Information Technology	36,997
Louise Laforce Longueuil (Québec)	Vice-President, Human Resources	2,153 and \$5,000 of 2010 Debentures
Geneviève Brouillette Montréal (Québec)	Vice-President and General Manager, Boucherville Redistribution and Norref	--
Denis Pascal Longueuil (Québec)	Vice-President and General Manager, Bertrand Division	--

⁽¹⁾ as of March 21, 2012

Biographies

The following are brief profiles of the main executive officers of Colabor:

Claude Gariépy, President and Chief Executive Officer — Prior to joining Colabor in January 2012, Mr. Gariépy had been Executive Vice-President and Chief Executive Officer of Familiprix since 2003. Familiprix is a corporation specialized in the distribution and sales of pharmaceutical and para-pharmaceutical products for the retail market. Mr. Gariépy has held various management positions for

important Canadian food chains. In 2006, he received a Hermès Award granted by the Faculty of Business Administration of the Laval University in recognition of its career achievements.

Michel Loignon, Vice-President and Chief Financial Officer — Mr. Loignon joined Colabor in 1998 as Vice-President, Finance. Mr. Loignon has over 30 years of experience in finance and operations with various manufacturing and distribution businesses such as Westburne/Nedco, where he held the position of Controller from 1979 to 1981, Le Groupe Ro-Na Dismat Inc., as Director of Finance from 1986 to 1988 and Deputy to the President from 1988 to 1990 and Héroux Inc., as Controller from 1993 to 1994. Mr. Loignon holds a licence in business administration which he obtained from Laval University in 1974, and has been a member of the Institute of Chartered Accountants of Québec since 1976.

Jack Battersby – President, Summit Division — Mr. Battersby joined Summit Food Service Distributors inc. in 1976 as General Manager and was promoted to President of the company in 1980. In 1988, Mr. Battersby became a senior shareholder of Summit Food Service Distributors inc. until Cara purchased the company in 1991. Mr. Battersby was a member of the Cara Operations Senior Management Team from 1991 to 2007. Mr. Battersby sits on the board of Associated Food Distributors.

Marko Potvin, Vice-President, Corporate Purchasing — Mr. Potvin joined Colabor in 1993 as Director Purchasing and Merchandising, was Director of Operations from 1997 to 1998 and became Vice-President, Purchases in 1998. Mr. Potvin has 20 years of experience in the food services and retail industries. Prior to joining Colabor, Mr. Potvin was Director, Marketing with Steinberg from 1990 to 1992 and Chief Banner from 1989 to 1990. From 1981 to 1989, Mr. Potvin held various positions in purchasing and merchandizing with Aligro Inc.

Michel Delisle — Vice-President, Information Technology — Mr. Delisle joined Colabor in 1993 as responsible of information technology systems and was President of Gestion Informatique Colabor Inc. from 2000 to June 2005. As of closing of the initial public offering, Mr. Delisle joined Colabor as Vice-President — Information Technology. From 1986 to 1993, Mr. Delisle was employed by Mitech Computer Systems Inc., a software development company. Mr. Delisle holds a technical diploma in computer sciences from Cégep Ahuntsic.

Louise Laforce — Vice-President, Human Resources — Mrs. Laforce joined Colabor in 2008 as Vice President, Human Resources. Mrs. Laforce has 25 years of experience in human resources at the national and international level in among different sectors, telecoms, information technology and services. From 2000 to 2007, she was a major director of Human Resources and Services at Rogers Communications Inc. She was also Director of Human Resources and Communications at TIW from 1998 to 2000. From 1996 until 1998, she was Director Human Resources at Hewlett-Packard for Eastern Canada and from 1992 to 1996, she was Director Development Human Resources at Mediacom and National Services Chief Officer, Remuneration and Benefits, at Culinar from 1988 to 1992. Mrs. Laforce holds, since 1999, an MBA from Sherbrooke University and a Bachelor Degree in Industrial Psychology obtained in 1983 from McGill University.

Geneviève Brouillette - Vice-President and General Manager, Boucherville Redistribution and Norref — Ms. Brouillette joined Colabor in 2009 as Vice-President General Manager of the Boucherville Division. She has more than 25 years experience in finance and general management. Ms. Brouillette has held management positions in the food industry with Groupe St-Hubert Inc. and Kraft Canada, and also with Readers Digest. Ms. Brouillette holds the professional title of Chartered Accountant (C.A.)

Denis Pascal – Vice-President and General Manager, Bertrand Division – Mr. Pascal joined Colabor in January 2012 as Vice-President and General Manager of the Bertrand Division. Mr. Pascal gained experience in the food industry by holding numerous management positions with a reputed food distributor. Recently, Mr. Pascal was manager of the retail market for Groupe Archambault, a division of Quebecor Media.

As at March 21, 2012, the directors and officers of Colabor, as a group, beneficially owned, directly or indirectly, or exercised control or direction over \$65,000 of 2010 Debentures and over 216,855 common shares representing 0.94% of the issued and outstanding common shares of the Corporation.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To Colabor's knowledge, no director or officer or security holder of Colabor holding a sufficient number of securities of Colabor to affect materially the control of Colabor, or a personal holding company of any such persons, is or has been, within the 10 years preceding the date of this Annual Information Form, (a) a director or executive officer, including a chief executive officer or chief financial officer of any company that (i) while that person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied that relevant company access to any exemption under Canadian securities legislation, for a period of more than 30 consecutive days, (ii) was the subject of a cease trade order, similar order or order that denied the relevant company access to any exemption under Canadian securities legislation, for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director or an executive officer and which resulted from an event that occurred while that person was acting as director or executive officer; (iii) while that person was acting in that capacity or, within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with the creditors or had a receiver or receiver manager or trustee appointed to hold its assets; or (iv) has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold their assets.

To Colabor's knowledge, no director or officer, and no securityholder holding a sufficient number of securities of Colabor has been subject to (i) any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement with a Canadian securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interests

Except as disclosed elsewhere herein, no director or officer of Colabor has any substantial interest, direct or indirect, in any material transaction since the commencement of the last financial year of Colabor.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Colabor and each of its subsidiaries or corporate entities are not or were not party to legal proceedings, and their property is not and was not the subject of material legal proceedings, during the year ended December 31, 2011. Colabor is not aware of any material legal proceedings outstanding, threatened or pending as of the date hereof by or against Colabor or its subsidiaries.

Colabor or its subsidiaries are not and were not subject to, during the year ended December 31, 2011: (a) penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority; (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision; and (c) settlement agreements entered into with a court relating to Canadian securities legislation or with a Canadian securities regulatory authority.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the common shares of the Corporation is Computershare Investor Services Inc., at its principal transfer office in Montréal, Québec. The Debenture Trustee for 2010

Debentures is Computershare Trust Company of Canada, at its principal transfer office in Montréal, Québec.

MATERIAL CONTRACTS

Particulars of the material contracts entered into by the Fund, Colabor and Colabor LP during the previous years or that are still in effect are set out at page 85 of the prospectus (final) of the Fund dated June 17, 2005 and page 50 of the short form prospectus (final) of the Fund dated December 21, 2006 under the heading “Material Contracts”, which sections are hereby incorporated by reference into this Annual Information Form. The documents are available at www.sedar.com. Other material contracts entered into by Colabor and its subsidiaries include the following and are available on SEDAR at www.sedar.com:

- “Arrangement Agreement”, entered into by the Corporation, the Fund, 4503996 Canada Inc. and 4523482 Canada Inc. on July 9, 2009; and
- Trust Indenture between Colabor and the Debenture Trustee providing for the issue of the 2010 Debentures dated as of April 27, 2010; and
- Underwriting Agreement between Colabor, Colabor LP, National Bank Financial Inc., Scotia Capital Inc., TD Securities Inc., BMO Nesbitt Burns Inc. and Laurentian Bank Securities Inc. with respect to the offering of the 2010 Debentures dated as of April 13, 2010.

INTEREST OF EXPERTS

Raymond Chabot Grant Thornton LLP are independent in accordance with auditor’s rules of professional conduct of the *Ordre des comptables agréés du Québec*.

ADDITIONAL INFORMATION

Additional information relating to Colabor may be found on SEDAR at www.sedar.com.

Additional information, including directors’ and officers’ remuneration and indebtedness, principal shareholders of Colabor’s securities and securities authorized for issuance under equity compensation plans is contained in Colabor’s information circular for its most recent annual meeting of shareholders of Colabor. Additional financial information is provided in Colabor’s financial statements and management’s discussion and analysis for the year ended December 31, 2011.

SCHEDULE A



COLABOR GROUP INC.

AUDIT COMMITTEE CHARTER

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COLABOR GROUP INC.

AUDIT COMMITTEE CHARTER

1. INTERPRETATION

“Colabor Group” means collectively, Colabor Group Inc. and its Related Entities.

“Committee” means the Audit Committee of Colabor Group.

“Committees” means the Audit Committee of Colabor Group and the Corporate Governance and Human Resources Committee.

“Board of Directors” or “Board” means the board of directors of Colabor Group.

“Related Entity” means a subsidiary, company or affiliate of Colabor Group which participates, directly or indirectly, in the business activities carried out by Colabor Group.

“Financially Literate” means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the consolidated financial statements of Colabor Group.

“Independent Director” means a director who has no direct or indirect relationship with Colabor Group or with a Related Entity, which could be reasonably expected to interfere with the exercise of an independent judgment regarding the best interests of Colabor Group. Save exceptions, is not an Independent Director the person who:

- a) is or has been within the last three years, an employee or executive officer of Colabor Group or a Related Entity;
- b) is a member of the immediate family of an individual who is or has been, within the last three years, an executive officer of Colabor Group or a Related Entity;
- c) is or has been (or whose immediate family member is or has been), within the last three years, an executive officer, a partner or an employee of a material service provider of Colabor Group or a Related Entity (including the external auditors);
- d) is or has been (or whose immediate family member is or has been), within the last three years, an executive officer of an entity if any of the current executive officers of Colabor Group or a Related Entity serves or served at the same time on the entity’s Compensation Committee;
- e) has a relationship with Colabor Group or a Related Entity under which he or she may directly or indirectly accept any consulting, advisory or other fees from Colabor Group or a Related Entity, except for any compensation as a member of the Board of Directors or as a member of a committee of the Board of Directors of Colabor Group or a Related Entity;

- f) received (or whose immediate family member received) more than \$75,000 in direct compensation from Colabor Group or a Related Entity during any 12 month period within the last three years; or
- g) is a natural person who controls Colabor Group or a Related Entity;
- h) is an affiliate of Colabor Group or a Related Entity; or
- i) is a natural person who is both a director and an employee of Colabor Group or a Related Entity.

“Chairman” means the Chairman of the Committee.

2. OBJECTIVES

The Committee shall assist the Board of Directors in fulfilling its oversight responsibilities regarding the business of Colabor Group, more specifically regarding accounting and financial reporting practices of Colabor Group, the audit methods used by Colabor Group and the establishment of disclosure controls and procedures and internal control over financial reporting, evaluation of the effectiveness of disclosure controls and procedures and internal control over financial reporting.

The Committee shall also review all of the risks related to the activities of Colabor Group and the mitigation measures put in place regarding these risks.

In the performance of its duties, the Committee shall maintain a constructive and active relationship with the Board of Directors, the executive officers of Colabor Group and the external auditors.

Although the Committee has the responsibilities and powers set out in this Charter, the Committee does not have the obligation to plan or conduct the audit of the financial statements of Colabor Group nor to decide whether the financial statements of Colabor Group are complete and accurate. This task is incumbent on the executive officers of Colabor Group and the external auditors. Nor does the Committee have the obligation to conduct investigations, resolve disputes between the executive officers of Colabor Group and the external auditors, or ensure compliance with laws and regulations, except if such obligations are expressly stipulated in this Charter.

The Committee Charter set out in this document does not limit the scope of any right or power conferred on the Board in the directors’ mandate.

3. COMPOSITION

- 3.1 The Committee shall be composed of not less than 3 members, all of which are Independent Directors.
- 3.2 All Committee members shall be Financially Literate.
- 3.3 The Board of Directors shall appoint the Chairman. If the Chairman is absent from a Committee meeting, the members present shall choose one of their number to act as Chairman for the purposes of this specific meeting.

4. MEETINGS AND PROCEDURES

- 4.1 The meetings shall be called by the Chairman at least once per quarter, prior to the disclosure of the quarterly financial statements of Colabor Group.

- 4.2 Special meetings may be called by the Chairman, the external auditors, the chairman of the Board of Directors or the Vice-President and Chief Financial Officer of Colabor Group.
- 4.3 The quorum of the Committee shall be composed of not less than the majority of the Committee members then in office.
- 4.4 Notice of each meeting shall be given to each Committee member and to the directors, the executive officers of Colabor Group and the external auditors of Colabor Group, who all shall have the right to attend the meetings. However, the Committee may decide to hold a meeting in the absence of any person who is not a Committee member.
- 4.5 The external auditors and the executive officers of Colabor Group shall periodically have the possibility of meeting separately with the Committee.
- 4.6 The Committee may invite the persons it considers useful to invite, including the executive officers of Colabor Group, to attend the meetings and participate in the discussions concerning the Committee's business. The Committee hires independent external advisers if it is considered necessary or desirable for its ends. However, the Committee cannot delegate its responsibilities, except as expressly provided in this charter. The hiring of external consultants, in the performance of the duties described in this Charter, shall not be subject to review by the Corporate Governance and Human Resources Committee.
- 4.7 The Committee members, whenever possible, shall take the necessary steps to attend the Committee meetings and to look in advance into the matters and documents discussed thereat.
- 4.8 The Committee shall appoint a secretary. The secretary shall attend the meetings, during which he or she shall take minutes. The minutes shall be made available to the directors for consultation and are approved by the Committee before being included in the registers or records of Colabor Group.
- 4.9 The Committee shall submit periodically a report to the Board on its activities, including the nature of its deliberations and the related recommendations.
- 4.10 The Committee, in the performance of its duties, may consult any relevant register or record of Colabor Group.
- 4.11 The Committee members shall receive, in this capacity, the compensation that the Board establishes from time to time.

5. RESPONSIBILITIES AND DUTIES

- 5.1 Disclosure controls and procedures
 - 5.1.1 The Committee shall review the following information and issue recommendations to the Board of Directors thereon, before such information is presented to the public:
 - a) the interim unaudited financial statements;
 - b) the audited annual financial statements, in conjunction with the report of the external auditors;

- c) all public disclosure documents containing audited or unaudited financial information, including any prospectus, the annual information form, management's discussion and analysis of Colabor Group, and any related press release, including earnings forecasts; and
 - d) the compliance of certification by the executive officers of Colabor Group of the financial reports with applicable legislation and of certification relating to disclosure controls and procedures and internal control over financial reporting.
- 5.1.2 The Committee shall review any report which accompanies the published financial statements (to the extent such a report discusses financial condition or operating results) to ensure consistency of disclosure of information with the financial statements themselves.
- 5.1.3 In its review of financial statements:
- a) the Committee shall obtain explanations from the executive officers of Colabor Group of all significant variances between comparative reporting periods and explanations from the executive officers of Colabor Group for each item which vary from expected or budgeted amounts as well as from previous reporting periods;
 - b) the Committee shall review, among other things, unusual or extraordinary items, transactions with related parties (including the Related Entities), and adequacy of disclosures, asset and liability book values, tax status and related reserves, and any qualifications contained in the letters of representation and business risks, uncertainties, commitments and contingent liabilities;
 - c) the Committee shall review the appropriateness of the significant accounting principles and practices of Colabor Group, including acceptable alternatives, and the appropriateness of any significant changes in accounting principles and practices.
- 5.1.4 The Committee shall ensure that all financial information which can be publicly disclosed, but which is not expressly contemplated in this Charter, is subject to sufficient review measures.
- 5.2 Accounting practices and Internal control over financial reporting
- 5.2.1 The Committee shall review and assess the compliance of accounting policies and practices concerning financial reporting based on the standards applicable in this regard.
- 5.2.2 The Committee shall review with the executive officers of Colabor Group and with the external auditors any proposed change in major accounting policies, the presentation and impact of significant risks and uncertainties, and estimates and appraisals of the executive officers of Colabor Group that may be material to financial reporting.
- 5.2.3 The Committee shall question the executive officers of Colabor Group and the external auditors regarding significant financial reporting issues and the method to solve such issues.

5.2.4 The Committee shall review general accounting trends and issues of accounting policies, standards and practices which affect or may affect Colabor Group.

5.3 Disclosure controls and procedures and internal control over financial reporting

5.3.1 The Committee shall review and monitor the procedures, programs and policies of establishment of disclosure controls and procedures and internal control over financial reporting and assess the adequacy and effectiveness of disclosure controls and procedures and internal control over financial reporting relating to the accounting and financial reporting systems, with particular emphasis on controls making use of computerized systems.

5.3.2 The Committee shall review:

- a) the evaluation of internal controls by the external auditors, together with the response of the executive officers of Colabor Group thereon;
- b) the relationship between the executive officers of Colabor Group and the external auditors;
- c) jointly with the Corporate Governance and Human Resources Committee, and based on the recommendations of the President and Chief Executive Officer of Colabor Group, the appointment of the Vice-President and Chief Financial Officer and the other principal financial executives involved in the financial reporting process;
- d) any decisions related to the need for internal auditing, including whether this function should be outsourced and, in such case, approving the service provider, which shall not be the external auditors' firm; and
- e) internal control procedures to ensure compliance with the law and avoidance of conflicts of interest.

5.4 External Auditors

5.4.1 The Committee shall recommend to the Board of Directors the appointment of the external auditors, who shall report directly and in priority to the Committee.

5.4.2 The Committee shall receive periodic reports from the external auditors regarding the external auditors' independence, discuss such reports with the external auditors and, if so determined by the Committee, recommend that the Board of Directors take appropriate actions to ensure the independence of the external auditors. In this regard, the Committee may study the possibility of rotating earlier than as required by the applicable regulatory requirements the lead audit partner or audit partner responsible for reviewing the audit after a number of years. The Committee shall also consider establishing hiring policies for employees or former employees of its external auditors.

5.4.3 The Committee shall take appropriate actions to ensure that the external auditors are satisfied with the quality of the accounting principles of Colabor Group and that the accounting estimates and appraisals made by the executive officers of Colabor Group reflect an appropriate application of generally accepted accounting principles.

- 5.4.4 The Committee shall hold private discussions on a regular basis with the external auditors of Colabor Group to review, among other matters, the quality of financial personnel, the level of cooperation received from the executive officers of Colabor Group, any unresolved material disagreements or disputes and the effectiveness of the work of the internal audit.
- 5.4.5 The Committee shall review the terms of the external auditors' engagement and the appropriateness and reasonableness of the proposed audit fees as well as the compensation of any advisors whose services are retained by the Committee.
- 5.4.6 The Committee shall approve beforehand all non-audit services which shall be provided by the external auditors or their affiliates, together with the fees for such services, and consider the impact of these services on the independence of the external auditors. Finally, the Committee shall determine which non-audit services the external auditors are prohibited from providing.
- 5.4.7 The Committee may delegate to one of its members the power to approve a non-audit engagement of the external auditors. The Committee member to which such power is delegated shall report to the Committee any engagement he or she has approved at the Committee meeting that follows the awarding of the engagement.
- 5.4.8 The Committee shall review all issues related to the change of external auditors, including the information required to be disclosed under regulations and the planned steps for an orderly transition.
- 5.4.9 The Committee shall review all reportable events, including disagreements, unresolved issues and consultations on a routine basis whether or not a change of auditors is contemplated.

5.5 Audit Procedures

- 5.5.1 The Committee shall review the audit plan of Colabor Group and shall inquire as to the extent to which the planned audit scope can allow to detect weaknesses in internal control or fraud or other illegal acts. The audit plan should be reviewed with the external auditors and with the executive officers of Colabor Group, and the Committee should recommend to the Board of Directors the scope of the external audit as stated in the audit plan.
- 5.5.2 The Committee shall review any problems experienced by the external auditors in performing the audit, including any restrictions imposed by the executive officers of Colabor Group or significant accounting issues on which there was a disagreement with the executive officers of Colabor Group.
- 5.5.3 The Committee shall review the post-audit letter or the letter from the executive officers of Colabor Group containing the recommendations of the external auditors and the response of the executive officers of Colabor Group thereon, and the subsequent follow-up on any identified weakness.

5.6 Complaints and Denunciations

- 5.6.1 The Committee shall put in place procedures to receive and process complaints or concerns communicated to Colabor Group or the directors regarding accounting or auditing matters including the anonymous submission by employees of concerns respecting accounting or auditing matters.

- 5.6.2 The Committee shall review such litigations, claims, transactions or other contingencies as the external auditors or any executive officer of Colabor Group may bring to its attention.

5.7 Risk Management

- 5.7.1 The Committee shall review the principal risks faced by Colabor Group, weighted according to their probability of occurrence and the materiality of the consequences of their occurrence, and shall ensure that appropriate mitigation measures are in place.
- 5.7.2 The Committee shall review annually the risk management programs of Colabor Group and the detailed recovery plans in the event of a computer disaster or other event. This review shall include a review of the insurance coverage of Colabor Group.
- 5.7.3 The Committee shall review the policy on use of derivatives and monitor the related risks.
- 5.7.4 The Committee shall review the transactions with the Related Entities or other related persons, taking into account the relevant regulations of the competent securities regulatory authorities.
- 5.7.5 The Committee shall review business risks that could affect the ability of Colabor Group to achieve its strategic plan.

5.8 Other Responsibilities

- 5.8.1 The Committee shall review uncertainties, commitments, and contingent liabilities material to financial reporting.
- 5.8.2 The Committee shall review the effectiveness of the control systems used by Colabor Group in connection with financial reporting and other identified business risks.
- 5.8.3 The Committee shall review incidents of fraud, illegal acts, conflicts of interest and related entity or other party transactions. The executive officers of Colabor Group shall warn the Committee promptly of any incident of fraud brought to their attention concerning Colabor Group, regardless of the amounts involved.
- 5.8.4 The Committee shall review material valuation issues.
- 5.8.5 The Committee shall review the quality and accuracy of computerized accounting systems, the adequacy of the protections against damage and disruption, and the security of confidential information disclosed through accounting reporting systems.
- 5.8.6 The Committee shall review material matters relating to the audit of Related Entities.
- 5.8.7 The Committee shall review cases where the executive officers of Colabor Group have sought accounting advices on a specific issue from an accounting firm other than the one appointed as external auditors.

5.8.8 The Committee shall review any legal matters that could have a significant impact on the financial statements.

5.8.9 The Committee shall consider other matters of a financial nature it feels are important to its mandate or as directed by the Board of Directors.

5.9 Review of the Mandate

5.9.1 The Board of Directors shall review the Committee Charter and reassess its sufficiency and the necessity of updating it on an annual basis.