Superior Plus

ANNUAL INFORMATION FORM

For the fiscal year ended December 31, 2021

MARCH 7, 2022

2021 Annual Information Form

Superior operates and reports on two business segments through our subsidiary, Superior Plus LP:

- **U.S. Propane Distribution**
- **Canadian Propane Distribution**

References to "Energy Distribution" in this AIF encompass both the U.S. Propane Distribution and Canadian Propane Distribution operating segments because of the inherent similarities of the businesses. Both segments buy and sell propane and other liquid fuels and related products and distribute these products to the end users.

In this document

- we, us, our, company and Superior mean Superior Plus Corp. together with its subsidiaries.
- "AIF" and this document mean this annual information form.

All information is for the fiscal year ended December 31, 2021 but is current as of March 7, 2022, and all dollar amounts are in Canadian dollars, unless stated otherwise.

On April 9, 2021, Superior completed the sale of its Specialty Chemicals business to Birch Hill Equity Partners.

Headquartered in Toronto, we trade on the Toronto Stock Exchange ("TSX") under the symbol SPB and have approximately 176.0 million common shares outstanding. We have approximately 4,125 employees.

About this document

This annual information form describes our history, our businesses, the risks our businesses face and the market for our shares, among other things.

It includes statements and information about our expectations for the future. When we discuss our strategy, plans and future financial and operating performance, or other things that have not yet taken place, we are making statements that are considered forward-looking information or forward-looking statements under Canadian securities laws. You can read more about forward-looking information starting on page 58.

Sometimes we use Non-GAAP financial measures, which are financial terms that do not have a standardized meaning under generally accepted accounting principles. Refer to the "Non-GAAP Financial Measures" section on page 42 of our 2021 annual MD&A available on our profile on SEDAR at www.sedar.com for more information on how we calculate them.

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Where to find additional information

Additional information about us may be found under our profile on SEDAR (www.sedar.com). Our 2022 management information circular, which we expect to file on or about March 7, 2022, has more information about how we compensate our directors and officers, the Audit committee, who owns our securities and our corporate governance practices. Our financial statements and management's discussion and analysis have more financial information about us. These documents are all on our website (www.superiorplus.com) and under our profile on SEDAR (www.sedar.com).

If you would prefer to have printed copies, we will send them to you free of charge. Send your request to the Vice President, Capital Markets, at:

Superior Plus Corp.
Suite 401–200 Wellington Street West
Toronto, Ontario M5V 3C7
Telephone: (416) 345-8050
Toll-free: (866) 490-PLUS (7587)
Facsimile: (416) 340-6030
Website: www.superiorplus.com

About Superior Plus Corp.

Superior Plus Corp. is an energy distribution business incorporated under the Canada Business Corporations Act ("CBCA").

Our common shares trade on the TSX under the symbol SPB.

Registered head office

Superior Plus Corp., Superior General Partner Inc. and Superior Plus LP have the same registered head office:

Suite 401-200 Wellington Street West
Toronto, Ontario M5V 3C7

How we're structured

The table below describes our core structure. You will find a detailed organizational chart on the next page.

Superior Plus Corp.

- successor to Superior Plus Income Fund, a limited purpose, unincorporated trust formed under the laws of the Province of Alberta
- formed on December 31, 2008 when Superior Plus Income Fund was converted to a corporation under a court-approved plan of arrangement and renamed
- owns directly and indirectly 100% of Superior Plus LP:
  - owns 100% of Superior Plus LP Class A limited partnership units
  - owns 100% of Superior GP common shares.

Function

Is the publicly traded holding company of Superior Plus LP. Financed its investment in Superior Plus LP by issuing equity securities and convertible debentures. Receives income from its investment in Superior Plus LP.

Pays dividends to shareholders after paying its expenses.

Superior Plus LP

- limited partnership with Superior General Partner Inc. ("Superior GP") (as general partner) and Superior Plus Corp. (as limited partner)
- formed on September 17, 2006
- directly and indirectly wholly-owned by Superior:
  - Superior owns 100% of the Class A limited partnership units
  - Superior GP owns all the general partnership units.

Function

Operates two segments:

- U.S. Propane Distribution provides distribution, and related services for propane, and heating oil
- Canadian Propane Distribution provides distribution, wholesale procurement and related services for propane.

Superior General Partner Inc.

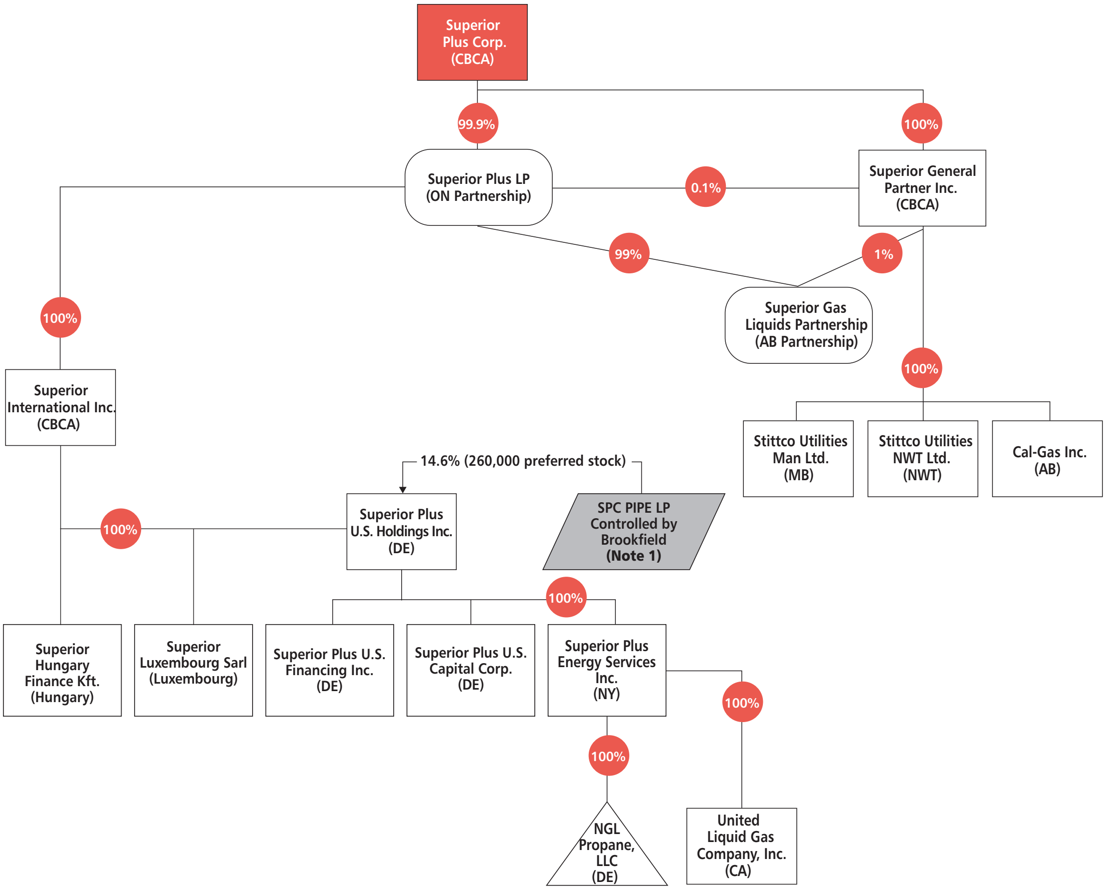
- wholly-owned subsidiary of Superior
- formed on January 1, 2009 through the amalgamation of Superior Plus Inc. and Superior Plus Administration Inc. under the CBCA
- owns all the general partnership units.

Function

Has exclusive authority to manage and make all decisions related to the business and affairs of Superior Plus LP under a limited partnership agreement between Superior GP (as general partner) and Superior Plus Corp. (as limited partner) signed on September 17, 2006 and amended and restated on December 31, 2008.

Must exercise its powers and discharge its duties honestly, in good faith and in the best interests of Superior Plus LP, exercising the care, diligence and skill of a reasonably prudent person in comparable circumstances.

Organization chart



Note 1: Each share of preferred stock is exchangeable into approximately 115.4 common shares of Superior, subject to adjustment and may also be exchanged for Series 1, Preferred Shares of Superior in certain limited circumstances. See "Our capital structure – Exchangeable preferred stock of Superior Plus U.S. Holdings Inc."

Major developments[1]

2019

April

- We bought the propane distribution assets of Phelps Sungas, Inc. and BMK of Geneva, Inc., an independent propane distributor in upstate New York for U.S.$18.7 million.

May

- Our Specialty Chemicals business announced that it would be closing the sodium chlorate production facility in Saskatoon, Saskatchewan before the end of the year.
- We extended our $750 million syndicated credit facility (with a $300 million accordion facility) to May 8, 2024. Read more about the facility on page 36.
- We acquired the shares of Sheldon Gas Company and Sheldon Oil Company (together, "Sheldon"), an independent propane distributor in Northern California for U.S.$15.8 million. We also acquired the remaining 51% equity interest in Sheldon United Terminals.

June

- We announced that we were considering the sale of our Specialty Chemicals business which operates under the tradename "ERCO Worldwide".

October

- We acquired the propane distribution assets of Five Star Propane LLC, an independent propane distributor in North Carolina, operating under the tradename "Red Springs Fuel Oil" for U.S.$0.9 million.
- We acquired the propane distribution assets of an independent distributor in Quebec and New Brunswick for $4.9 million.

December

- We acquired the propane distribution assets of Peninsula Oil Co. Inc., an independent propane distributor in Delaware for U.S.$12.1 million.

2020

January

- We bought a Southern California retail propane distribution company, operating under the tradename "Western Propane Service" for U.S.$22.7 million.
- We completed the strategic review of the Specialty Chemicals business and determined not to proceed with a sale of Specialty Chemicals business at the time. We also re-established the dividend reinvestment program to repay debt and fund our acquisition program.

June

- We suspended the dividend reinvestment program after the payment of the May dividend paid on June 15, 2020. Read more on page 35.

July

- Brookfield Asset Management Inc. ("Brookfield") through its Special Investments program completed its U.S.$260 million (C$353.8 million) equity investment in Superior through the newly created perpetual exchangeable Series 1 Preferred Stock of Superior Plus U.S. Holdings Inc. on a private placement basis (the "Brookfield Investment"). Read more about the Brookfield Investment on page 33.

August

- We acquired the assets of a retail propane distribution company, operating under the tradename "Champagne's Energy" for U.S.$27.2 million.

September

- We acquired the assets of a retail propane and heating oil distribution company, operating under the tradename "Rymes Propane and Oil" for U.S.$150.6 million.

October

- We acquired all of the equity interests of a South California propane distribution company, operating under the tradename "Central Coast Propane" for U.S.$12.9 million.
- We acquired the assets of a retail propane distribution company operating under the tradename "Petrol Home Services" for U.S.$6.1 million.

[1] Amounts disclosed in the Major Developments section for acquisitions and divestitures are the approximate amounts at the time the transaction was announced and may differ from amounts disclosed in our financial statements due to various adjustments.

2021

January

- We bought all the assets of a retail propane and distillate distribution company, operating under the tradename "Holden Oil" for U.S.$17.8 million.

February

- We bought the shares of a retail propane distribution company, operating under the tradename "Miller Propane" for $7.5 million.
- We bought the assets of a retail propane distribution company, operating under the tradename "Highlands Propane" for $15.0 million.

March

- On March 11, 2021, Superior Plus LP and Superior GP completed a private placement of U.S.$600 million of 4.5% senior unsecured notes with a maturity date of March 15, 2029 ("4.5% U.S. Notes"). Read more about the 4.5% U.S. Notes on page 38.
- We redeemed U.S.$350 million of 7.0% senior unsecured notes issued by Superior Plus LP and Superior GP using a portion of the proceeds from the private placement of the 4.5% U.S. Notes on March 11, 2021.

April

- We sold our Specialty Chemicals business to Birch Hill Equity Partners for total consideration of $725 million on April 9, 2021. Read more about the sale on page 41.
- We extended the maturity of our $750 million senior secured revolving credit facility (with a $300 million accordion facility) to May 8, 2026.
- We released our inaugural Sustainability Report on April 19, 2021.

May

- On May 18, 2021, Superior Plus LP completed a private placement of $500 million 4.25% senior unsecured notes with a maturity date of May 18, 2028 ("4.25% Notes"). Read more about the 4.25% Notes on page 37.
- We redeemed $400 million of 5.25% senior unsecured notes issued by Superior Plus LP and $370 million of 5.125% senior unsecured notes issued by Superior Plus LP using the net proceeds from the 4.25% Notes, borrowings under our credit facility, and cash on hand.

June

- We bought the retail propane distribution assets of Freeman Gas, operating under the tradename "Freeman Gas and Electric Co., Inc." for U.S.$170 million.

2021

July

- We bought the assets of a retail propane distribution company operating under the tradename "Williams Energy Group" for U.S.$39.0 million.
- We entered into an agreement to purchase the equity interests of Kamps, Propane Inc., High Country Propane, Inc., Pick Up Propane, Inc., Kiva Energy, Inc., Competitive Capital, Inc. and Propane Construction and Meter Services (collectively, "Kamps") for U.S.$240 million. Read more about the Kamps acquisition on page 16.

September

- We received a request for additional information from the United States Federal Trade Commission ("FTC") in connection with the acquisition of Kamps. Superior continues to work cooperatively with the regulatory authorities who are completing their review of the transaction.

December

- We bought the assets of a retail propane distribution company operating under the tradename "Hopkins Propane" for U.S.$16.2 million.
- We bought the assets of a retail propane distribution company operating under the tradename "Mountain Energy Gas" for U.S.$1.8 million.

2022

January

- We announced a partnership with Charbone Corporation to provide green hydrogen to commercial and industrial customers initially in Quebec, Canada.

About Superior Plus LP

Overview of the business

Superior Plus LP's goal is to generate stable cash flows and long-term value-based growth from its two reportable segments. In prior years, Superior included its Specialty Chemicals business as an operating segment, however, this segment was divested on April 9, 2021 and its net earnings have been reported as a discontinued operation in Superior's financials.

1. U.S. Propane Distribution (see page 17)

Buys, sells and distributes propane and other liquid fuels and related products in the U.S.

2. Canadian Propane Distribution (see page 21)

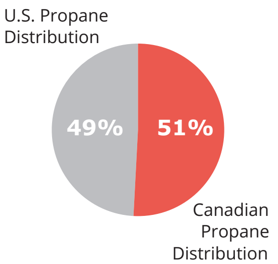
Buys, sells and distributes propane and other liquid fuels and related products in Canada and provides wholesale portfolio management services through Superior Gas Liquids ("**SGL**") in Canada and the U.S.

The U.S. Propane Distribution and Canadian Propane Distribution segments are collectively referred to in this AIF as the Energy Distribution business due to the similarities in each business.

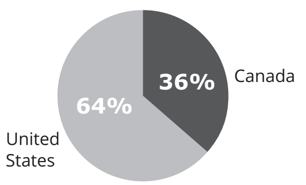
Head Office

Superior manages its portfolio of companies from its corporate office, which is responsible for carrying out strategy, allocating capital, making acquisitions and divestitures, managing risk and succession planning. The 38 employees at head office include executive management, treasury, legal, tax, financial reporting, business development, risk and compliance, investor relations, information technology, business transformation and corporate secretarial functions. Each business is managed by a strong, experienced team that is compensated to maintain and grow cash flow, achieve financial performance and to meet certain sustainability objectives.

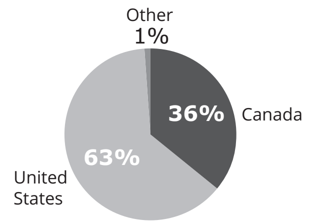
2021 Revenue by reportable segment[(1)]



2021 Revenue by country



2021 Assets by country



(1) Excludes the impact of intersegment revenues that are eliminated on consolidation.

Financial information

Financial information for the past two years, including information by reportable segment, is included in our management's discussion and analysis and financial statements for the year ended December 31, 2021. These are available on our website (www.superiorplus.com) and under our profile on SEDAR (www.sedar.com).

Our approach to governance and corporate social responsibility

Governance

We are committed to high standards of corporate governance. Our corporate governance practices meet the guidelines of the Canadian Securities Administrators, and we regularly review and update them as appropriate when regulations change or best practices evolve. In 2021, we maintained our ISS Governance QualityScore of 2 throughout the year.

Our corporate governance practices are designed to ensure we:

- » operate in a safe, reliable and environmentally responsible way
- » meet our obligations to all regulatory bodies, business partners, customers, stakeholders, employees and shareholders
- » manage our businesses effectively in the best interest of all stakeholders.

You can read more about our corporate governance practices in our management information circular dated March 7, 2022, which is available on our website (www.superiorplus.com) and under our profile on SEDAR (www.sedar.com).

Code of business conduct and ethics

Our Code of Business Conduct and Ethics (Code) reinforces our principles and values and guides behaviour to avoid any potential reputational harm, liability or financial loss.

The code covers several areas, including:

- » avoiding conflicts of interest
- » protecting our corporate assets and opportunities
- » keeping corporate information confidential
- » dealing fairly with our shareholders, employees, customers, suppliers and competitors
- » maintaining a positive work environment where employees treat each other with respect
- » protecting the health and safety of our employees, customers and communities in which we operate
- » conducting activities in an environmentally responsible manner
- » complying with laws, rules and regulations
- » reporting any illegal, unethical or inappropriate behaviour.

Avoiding conflicts of interest

A conflict of interest is any relationship that prevents someone from acting objectively or in our best interests. We expect our employees, officers and directors to avoid situations where they might find themselves in a conflict of interest. However, if anyone believes a conflict of interest or perceived conflict of interest exists, they should report it right away:

- » employees should speak to their supervisor, the Vice President of Human Resources or the Senior Vice President and Chief Legal Officer
- » executive officers and directors should speak to the President and Chief Executive Officer, the Senior Vice President and Chief Legal Officer or the Chair of the Board.

The code applies to all directors, officers, employees and independent contractors, and every year they must certify that they have read and will abide by it. They must also certify that they have read and will abide by our other policies, including our communication and disclosure policy and practices, insider trading, anti-corruption, privacy, whistleblower, human rights, competition compliance and HS&E

policy. Reports of non-compliance with the code or policies are reported in accordance with our whistleblower policy for which the Audit committee has oversight responsibility.

Any employee or independent contractor who has a question about the code, a concern about a situation or suspects a breach of the code must report it immediately to their supervisor, the Vice President, Human Resources of their business or our Chief Legal Officer. Directors or officers who have questions or concerns should speak to the President and Chief Executive Officer, the Chair of the board or our Chief Legal Officer.

Whistleblower policy

An important part of fostering a culture of accountability is making sure that people have a way to raise concerns about fraud or other wrongdoing without fear of retaliation.

Our whistleblower policy establishes a framework for reporting and investigating concerns relating to questionable accounting, auditing, fraud or other inappropriate conduct which does not adhere to the standards set out in our Code or our other policies, including our human rights policy. It allows people to provide anonymous reports and protects the confidentiality of the information submitted. It is implemented by our Whistleblower committee, which includes senior executives from our risk and compliance, finance, legal and human resources departments. Reporting to our Audit committee, the Whistleblower committee manages our procedures for receiving, retaining and responding to any concerns.

We encourage anyone suspecting an incident of fraud or other wrongdoing to report it immediately, in one of two ways:

» by reporting to their immediate supervisor
» by calling our *ConfidenceLine* (1-800-661-9675) 24 hours a day, seven days a week, or online at www.superiorplus.confidenceline.net. Reports can be made anonymously, and the service supports calls in French, English or Spanish, and is administered by a third party.

The Vice President, Risk and Compliance receives all reports and refers them to the Whistleblower committee, which investigates and, after which, the Vice President, Risk and Compliance reports on the findings and recommendations to the Audit committee *in camera*.

There is no retaliation against someone who makes a report in good faith.

Corporate social responsibility

We recognize the value of acting as a socially responsible organization as it benefits other people, stakeholders, organizations and the regions in which we operate and carry on our business. We are committed to creating long-term shareholder value in a socially responsible and sustainable manner and continually strive to improve performance. You can read more about our approach to sustainability in our current Sustainability Report. We intend to publish another report in June 2022.

We are also evaluating opportunities to expand our product offerings by making available carbon-friendly portable energy products to our customers as part of the energy transition to lower carbon solutions. In this regard, on January 10, 2022, we announced our partnership with Charbone Corporation to provide green hydrogen to commercial and industrial customers in Quebec, Canada.

People

Human rights policy

In November 2018, the board adopted the human rights policy which reflects Superior's commitment to respect and promote human rights in our business operations and our relationships with our customers, suppliers and our workforce throughout the world. The policy is aligned with internationally recognized principles on human rights as set out in the United Nations' Universal Declaration of Human Rights and the International Labour Organization's Declaration of Fundamental Principles and Rights at Work. The policy demonstrates our commitment to the principles of respect for human rights, diversity and inclusion, freedom of association, collective bargaining, safe and healthy workplace and workplace security and the prohibition of forced labour, human trafficking and child labour.

We are committed to maintaining a culture that supports human rights and all employees are trained and educated on ethical standards, diversity and anti-harassment. Training and communication of the human rights policy is integrated into our learning management system and our new employee onboarding process. We ensure compliance with applicable privacy, employment and labour laws by continuous monitoring. Any employee who would like to confidentially report a potential violation of this policy can raise such concerns:

- with their direct HR supervisor, the Vice President, Human Resources or the Chief Legal Officer
- by calling our *ConfidenceLine* in accordance with our Whistleblower policy.

HS&E policy

Our health, safety & environment policy ("HS&E policy") promotes a culture focused on health, safety and the environment, and one that complies with leading best practices, including compliance with industry standards and applicable laws. Our objective is to minimize the impact of our operations on the environment and to provide safe and healthy working conditions for our employees, customers, contractors and the communities in which we operate. The board's Health, safety and environment committee monitors compliance with the HS&E policy through regular reporting.

COVID-19 response

The COVID-19 pandemic continued to impact Superior's business throughout 2021. Propane distribution and production were declared critical and essential infrastructure and products in Canada and the U.S. At Superior, we continued to ensure that our operating and business practices complied with the recommendations of local health authorities to protect the health and safety of our employees, our customers and local communities. In line with recommendations from local health authorities, enhanced operating procedures and protocols are in place to maintain our sites and facilities to even higher levels of cleanliness. Throughout 2021, all of Superior's facilities and locations continued to operate with modified operating procedures to ensure the safety of our employees, customers, suppliers and the communities in which we operate. Our employees have done an exceptional job ensuring our customers' homes and business are heated and they have the fuel to keep their businesses, organizations and vehicles operating. Employees who were absent due to being quarantined were covered through our various benefits programs and were given paid time off to get vaccinated.

We will continue to monitor developments and mitigate any evolving risks related to COVID-19 and comply with the measures and restrictions being announced by public health and government authorities. To date, Superior has not experienced any material operational disruptions to its facilities or other assets as a result of COVID-19. See "Risk Factors".

Leadership diversity and inclusion

We recognize the value and advantages of diverse ideas and are committed to increasing the presence of underrepresented groups within key areas of the organization. Having a diverse leadership team provides a richer experience and a broader perspective to decision-making.

We have deployed a company-wide strategy in each business, which includes diversity and inclusion training for all new and existing employees. We also integrated diversity into our talent strategies, such as leadership reviews, recruitment and advancement, development plans and key performance indicators.

We do not set targets for the level of representation of women or representation of the other designated groups, but management and the board evaluate internal and external candidates to assess their knowledge, experience, education and suitability for the position, while also considering factors that promote diversity. In 2021, 17% of our corporate and functional leadership positions were held by women and company-wide 21% of our corporate and senior management positions were held by women, reflecting a slight decline from 2020 which was a result of transfer of roles from the operations to the corporate office.

The following table reflects the diversity of our executive officers:

Category	**% of Executive Officers***
Female	21
Aboriginal Peoples	—
Persons with disabilities	—
Visible minorities	29

* *based on self-identification and 88% participation rate.*

Company diversity and inclusion initiatives

We recognize the value and advantages of diverse ideas and are committed to maintaining an environment where all groups of people are not only represented but have the opportunity to grow and contribute. One of our objectives is increasing the presence of all diversity groups within key areas of the organization. We have integrated diversity and inclusion in all people processes such as recruitment, development, talent plans, mentoring and succession. As well, we are leveraging our data analytics capabilities to identify and track metrics that measures the progress being made with such initiatives which are being deployed across the company.

Board diversity

In August 2018, we revised our board diversity policy to include measurable objectives, including a goal that at least 30% of the independent board members are female within 3-5 years from August 2018. In August 2019, we further revised our board diversity policy to specifically include consideration of individuals from additional designated groups that are defined in the *Employment Equity Act* (Canada), being Aboriginal Peoples, people with disabilities and members of visible minorities. In August, 2021, we renamed the board diversity policy as the board diversity and inclusion policy and on February 17, 2022, the board approved the Governance and nominating committee's recommendation to accelerate our target date for obtaining 30% of board members who self-identify as female from August 2023 to at or prior to Superior's 2023 annual general meeting. We have not yet adopted any targets or measurable objectives with respect to members of these additional designated groups as we have only started to collect the associated data through voluntary disclosures. Despite not having targets in all diversity categories at this time, the Board diversity policy does provide that the Governance and nominating committee in identifying candidates for appointment as board members will consider candidates on merit with regard to the benefits of diversity, in order to maintain an optimum mix of skills, knowledge, experience, education, age, race, ethnicity, geographic locations and representation of persons within the designated groups on the board. The Governance and nominating committee will monitor the implementation of the board diversity policy and will report on the progress made towards achieving the measurable objectives to the board and in our information circular. The Governance and nominating committee will continue to review the objectives set out in the board diversity policy and may recommend changes or additional measurable objectives.

The following table reflects the diversity of our board members:

Category	% of Board Members*
Female	22.2
Aboriginal Peoples	—
Persons with disabilities	—
Visible minorities	—

Indigenous relations

Superior Propane has been a trusted energy partner of Indigenous peoples and businesses across Canada since 1951. Our relations with Indigenous communities recognize the unique and defining features of Indigenous culture and markets.

Superior Propane works with more than one-third of the Indigenous communities across Canada, delivering enhanced value to communities and businesses, contributing to community and cultural initiatives and collaborating on major projects. We recognize the health and environmental benefits Indigenous communities experience with access to a clean and affordable energy source such as propane. We work with Indigenous communities as they transition towards reduced carbon emissions and a green economy. You can read more about our partnership with the Indigenous communities in our current Sustainability Report.

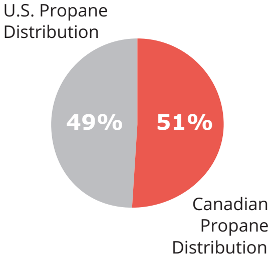
Our business consists of two reportable segments:

» **U.S. Propane Distribution (U.S. Propane)** – see page 17.

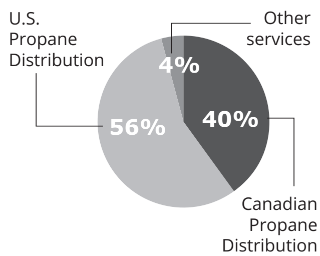
» **Canadian Propane Distribution** – see page 21.

The U.S. Propane Distribution segment distributes propane and other liquid fuels and related products in the U.S. The Canadian Propane Distribution segment distributes propane and other liquid fuels and related products in Canada and includes SGL, which manages the propane supply and primary distribution functions, risk management, and pricing for both the Canadian retail business (Superior Propane), as well as for wholesale customers located in Canada and the U.S. SGL has offices located in Alberta and Nevada.

2021 Revenue by reportable segment[1]



2021 Adjusted gross profit[2] **by service**



[1] Excludes the impact of intersegment revenues that are eliminated on consolidation.

[2] Adjusted gross profit is a Non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures" section on page 42 of Superior's 2021 annual MD&A available on SEDAR at www.sedar.com for more information on each Non-GAAP financial measure.

Products

Liquid fuels like propane and heating oil are efficient energy sources used primarily for heating, cooking and transportation.

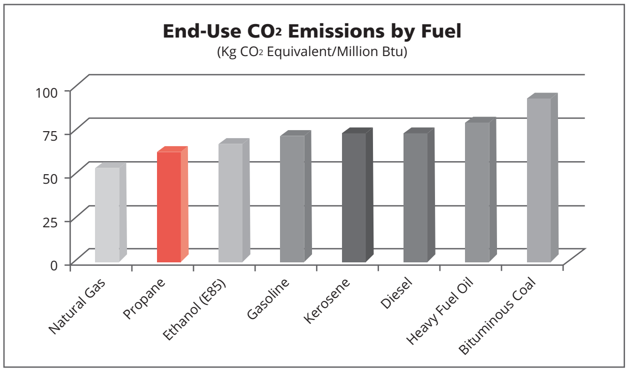
Propane

Propane is an attractive energy source because it is clean, versatile and efficient. It is extracted primarily from natural gas during production and processing but may also be extracted from crude oil during the refining process. Propane gas can be compressed at low pressures into liquid form. When the pressure is reduced, the liquid propane becomes a gas that is ignited and burned to create energy for many different uses. Propane is colourless and odourless, so an odourant is added to propane to make it detectable if there is a leak or release.

Canada produces approximately 15.0[1] billion litres of propane a year. Approximately 85% is extracted from natural gas during gas processing operations at field plants or at large straddle plants on major natural gas transportation systems. The remaining 15% is extracted from crude oil during the refining process.

[1] Statistics Canada: Table 25-10-0026-01 Supply and demand of natural gas liquids, annual 1.

The retail propane industry is mature, and makes up about 2% of total energy consumption in Canada. Propane competes with other energy sources like natural gas, fuel oil, electricity and wood for traditional uses. With the exception of natural gas, propane produces less carbon dioxide per unit of energy than these other energy sources[2] as illustrated by the chart below. Studies have found that propane can emit up to 26% fewer greenhouse gases than gasoline in vehicles, 38% fewer greenhouse gases than fuel oil in furnaces and half the carbon dioxide (CO_2) emissions of a charcoal barbecue[2].



Source: Canadian Propane Association

If natural gas is available, being the least expensive source of heating fuel, propane can be used as a portable or standby fuel for peak period requirements in industrial applications. If natural gas is not available, propane is a great alternative because it is portable and is similar to natural gas.

Of the propane produced in Canada every year, it is estimated that 42% is exported to the United States, mainly by truck and railcar and the remainder is used to satisfy domestic demand in Canada which is estimated at 5.34[1] billion litres per year. Demand for propane in both Canada and the United States includes commercial and residential, with residential consumption making up the majority. Highlights of the customer segments, including the primary use and key conditions impacting customer demand, are described in the chart below.

Residential/commercial

» typically used where natural gas is not readily available to heat buildings, water, and for cooking, refrigeration, laundry, off-grid electrical generation and residential fireplaces
» demand depends on weather conditions and energy conservation
» extremely competitive, especially as natural gas becomes more available in rural markets
» residential demand depends on cost and availability, while commercial demand varies with economic activity.

Wholesale

» includes the sale of bulk propane used in large quantities sourced direct from refinery to customer
» applications can range from mining, forestry or even utilities
» demand depends on weather conditions, cost and availability and economic activity.

Heating oil and other liquid fuels

Heating oil is a low viscosity, flammable, liquid petroleum product produced at crude oil refineries that is mostly used for space heating. It has two types of customers: residential and commercial.

Residential – Residential demand is very seasonal and highest in the northeastern United States, where 21% of households use heating oil for space heating and they represent about 81% of the U.S. households that use heating oil for space heating.

Commercial – Commercial customers from agriculture, construction, commercial heating and manufacturing use heating oil and motor fuels, including diesel and various grades of gasoline for farming, fleets and other enterprises. This market is sensitive to overall economic conditions, can depend on weather conditions and has some growth opportunities in non-weather related businesses.

(1) Statistics Canada Table: 25-10-0026-01 Supply and demand of natural gas liquids, annual 1.

(2) Source: Canadian Propane Association website.

Environment, safety and regulations

You can read more about our approach to environmental, social and governance issues in our current Sustainability Report, and about the risks of our businesses starting on page 40.

Acquisitions and expansions

The propane and refined fuel distribution industries are highly fragmented, and the Energy Distribution businesses are actively engaged in expanding their reach and services by acquiring businesses.

Freeman Gas and Electric Co., Inc. ("Freeman")

On June 16, 2021, we bought the assets of a retail propane distribution company based in South Carolina, operating under the tradename, Freeman Gas and Electric Co., Inc. for an aggregate purchase price of approximately U.S.$170 million, before adjustments.

Kamps Propane ("Kamps")

On July 14, 2021, we entered into an agreement to acquire 100% of the equity interests of Kamps Propane, Inc., High Country Propane, Inc., Pick Up Propane, Inc., Kiva Energy, Inc., Competitive Capital, Inc. and Propane Construction and Meter Services (the "Kamps Acquisition") for an aggregate purchase price of approximately U.S.$240 million before adjustments. Completion of the Kamps Acquisition is subject to the satisfaction of certain conditions, including the receipt of customary regulatory approvals.

On September 23, 2021, we received a request for additional information from the FTC in connection with the Kamps Acquisition. Kamps also received a similar request from the FTC. The requests were issued under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (HSR Act). Superior and Kamps have substantially complied with the requests and continue to work cooperatively with the regulatory authorities who are completing their review of the information that was provided.

Other acquisitions[1]

- On January 26, 2021, we acquired the assets of a retail propane and distillate distribution company, operating under the tradename "Holden Oil" for U.S.$17.8 million.
- On February 11, 2021, we bought the shares of a retail propane distribution company, operating under the tradename "Miller Propane" for $7.5 million.
- On February 11, 2021, we bought the assets of a retail propane distribution company, operating under the tradename "Highlands Propane" for $15.0 million.
- On July 7, 2021, we bought the assets of a retail propane distribution company, operating under the tradename "Williams Energy Group" for U.S.$39.0 million.
- On December 21, 2021, we bought the assets of a retail propane distribution company, operating under the tradename "Hopkins Propane" for U.S.$16.2 million.
- On December 21, 2021, we bought the assets of a retail propane distribution company, operating under the tradename "Mountain Energy Gas" for U.S.$1.8 million.

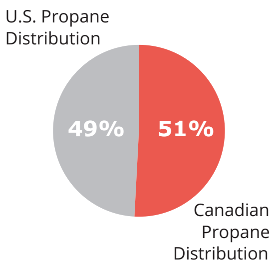
[1] Amounts disclosed in the Other acquisitions section are the approximate amounts at the time the transaction was announced and may differ from amounts disclosed in our financial statements due to various adjustments.

1. U.S. Propane

Tradenames[1]	Superior Plus Propane Downeast Energy Eastern Propane Rymes Propane and Oil Central Coast Propane Griffith Energy Holden Oil Earhart Propane Virginia Propane Champagne's Energy Freeman Gas and Electric, Co. Osterman Propane Atlantic Propane Western Propane Williams Energy Group
Products	Propane, liquid fuels
Market	United States
Locations	486 (owned and leased) » 180 service centres » 264 terminals, bulk plants and secondary offices
Vehicles	2,381
Head office	Valley Forge, Pennsylvania
Employees	2,411
Founded	2009

(1) Key tradenames are listed in the chart. U.S. Propane carries on business under an additional 41 tradenames not listed above.

2021 Revenue by reportable segment[(1)]



(1) Excludes the impact of intersegment revenues that are eliminated on consolidation.

U.S. Propane distributes propane gas and liquid fuels like heating oil in the Northeast, Atlantic, Southeast, and Midwest regions, along with California, in the United States. It also installs, maintains and repairs, propane and heating oil equipment.

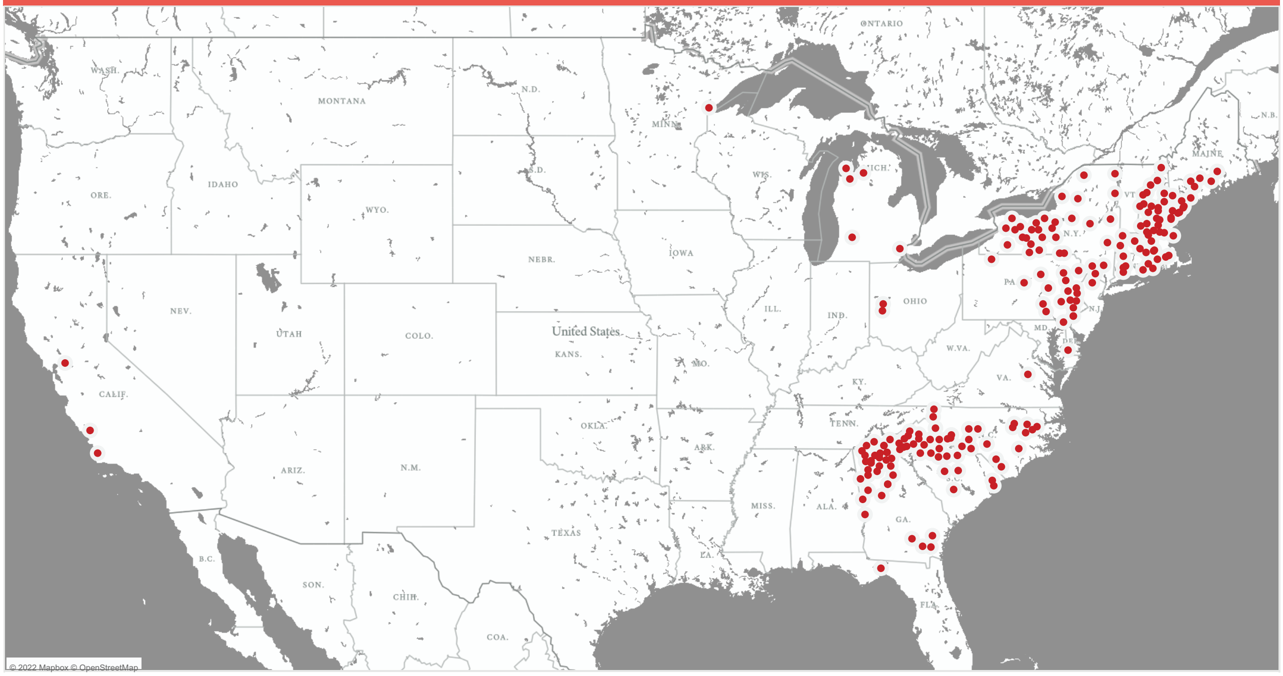
Customers

U.S. Propane's approximately 700,000 customers are a diverse group of retail and commercial propane and heating oil/distillate customers, including residential, agricultural and construction companies, municipalities and schools.

Customer mix by sales volume	
Residential	54%
Commercial	44%
Wholesale	2%

Operating structure

U.S. PROPANE OPERATIONS[1]



(1) Excluding satellite locations.

U.S. Propane has an industry-leading operating infrastructure. It has third-party propane supply points strategically located across 313 bulk plants, which are in key markets and have, in aggregate, approximately 18.3 million gallons of storage capacity. U.S. Propane also has third-party storage agreements that enhance its market reach and distribution capacity, as well as ownership of three rail terminals.

U.S. Propane uses an energy specific reporting system to track inventory in real time, coordinate deliveries and manage accounts.

U.S. Propane's operations are divided into six regions that are overseen by general managers who are responsible for satellite operations, customers and the overall profitability of their geographic business units.

Employees

43 (or 1.8%) of U.S. Propane's employees are unionized under two agreements that expire on September 30, 2022 and March 31, 2023, respectively and a third that expired on March 31, 2021, but continues year-to-year unless there is written notice of termination served with 60-days' prior notice. Collective bargaining agreements are renegotiated in the normal course of business.

Product sourcing

Propane gas is purchased in bulk and shipped to over 21 states across the East Coast, Midwest and California. U.S. Propane is supplied by 26 different companies, with no single supplier providing more than 18% of total volume. Product is supplied using rail and pipeline.

Volumes are primarily bought on a market related index. Spot volumes are also purchased to meet the balance of seasonal demand.

Transportation and storage

U.S. Propane has primary and secondary transport needs:

» *Primary* – transporting propane and heating oil from regional supply points to its satellite locations or directly to large volume customers

» *Secondary* – shipping propane and heating oil from its satellite locations to its customers.

U.S. Propane uses 25 different third party carriers or common carriers, as well as U.S. Propane owned and leased large volume tractor trailers to meet its primary transportation needs.

U.S. Propane also uses a fleet of trucks for secondary transportation. It owns about 79% of the fleet, and leases the balance under financing leases. Propane is delivered in pressurized cylinders and bulk volumes. Heating oil is also delivered in bulk volumes. U.S. Propane employs full-time, part-time and seasonal drivers who make deliveries during the peak winter demand periods. The trucks are maintained by in-house mechanics and third party vendors.

The fleet	Number	Capacity
Pressurized propane delivery trucks	824	2,400 to 3,500 gallons
Refined fuel delivery trucks	322	9,000 to 12,500 gallons
Service vehicles	406	—
Utility vehicles	698	—
Tractors	61	—
Refined fuel trailers	70	9,000 to 12,500 gallons
Total	2,381	

Competition and pricing

The propane market in the United States is highly competitive and fragmented. Pricing is largely based on a margin above product and transportation costs. Profit margins can be affected by a time lag between changes in market pricing and customer price adjustments. If market prices increase, retail gross margins tend to decrease in the short term while customer pricing is adjusted as such costs are typically passed onto customers. However, when market prices decrease, retail gross margins and profitability tend to increase.

Reliance on heating oil for space heating is highest in the Northeastern United States, however U.S. Propane loses approximately 9.6% of its heating oil customers every year because:

» heating oil demand in the northeast is declining by about 3.5% annually (based on ten-year performance) which not only has a direct impact as customers switch to other fuel sources (typically electricity or natural gas) but also results in more intense competition between remaining suppliers in a shrinking market

» U.S. Propane is exiting lower margin customer segments, such as commercial distillates, to focus on residential propane markets, a key driver of long-term growth.

U.S. Propane has been moderately successful in converting heating oil customers to propane. Large fuel distribution companies with a recognizable brand that sell more than one type of fuel and have a reputation for good service have been somewhat successful in keeping their customers by offering attractive prices for switching from heating oil. The pace of conversions has slowed in recent years because of the lower cost difference between heating oil and propane.

Marketing

Sales and customer service are primarily managed locally, complemented by centralized inside sales, digital marketing support and customer service phone teams. Local employees play a critical role in the onboarding of new customers and ongoing satisfaction of the customers we serve.

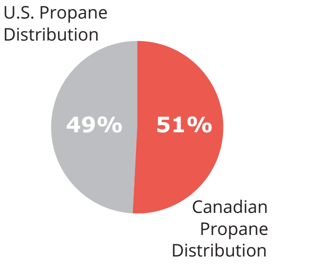
U.S. Propane's 2022 annual marketing initiatives include:

- establishing growth targets for residential and commercial propane large tank accounts
- improving retention of high-value customer segments by using analytics more effectively and increasing customer touchpoints and satisfaction
- supporting residential and commercial acquisition and sales efforts with year-round digital marketing campaigns (paid search, social, online chat, web, etc.)
- continuing to enhance customer digital and self-serve tools, including online portals, websites and mobile apps to attract and retain customers.

2. Canadian Propane Distribution

Tradenames	Caledon Propane Canwest Propane Highlands Propane Miller Propane	Superior Propane Pomerleau Gaz Propane Stittco Energy	Superior Gas Liquids Superior Gas Liquids USA United Pacific Energy
Products	Propane, lubricants, equipment		
Markets	Canada, United States		
Locations	218: 37 market offices, 181 satellite locations and storage yards		
Vehicles	1,055 (owned and leased)		
Head office	Mississauga, Ontario		
Employees	1,676		
Founded	1951		

2021 Revenue by reportable segment[(1)]



(1) Excludes the impact of intersegment revenues that are eliminated on consolidation.

Canadian Propane Distribution is Canada's largest national propane retailer. It:

- distributes and sells propane, and propane-consuming equipment
- rents tanks, cylinders and other equipment
- supplies, installs and repairs equipment
- offers equipment warranties and maintenance programs.

Canadian Propane Distribution includes SGL, a division that manages the propane supply and primary distribution functions, risk management and pricing for both the Canadian retail business (Superior Propane), as well as for their wholesale customers located in Canada and the United States. You can read more about SGL starting on page 24.

Customers

Canadian Propane Distribution has approximately 190,000 customer locations, serving residential, wholesale, commercial, agricultural, industrial and automotive customer markets. No one customer represented more than 10% of its total revenue or delivered volume in 2021. About 66% of the total portable annual fuel volume is sold during the winter heating season, usually from October to March.

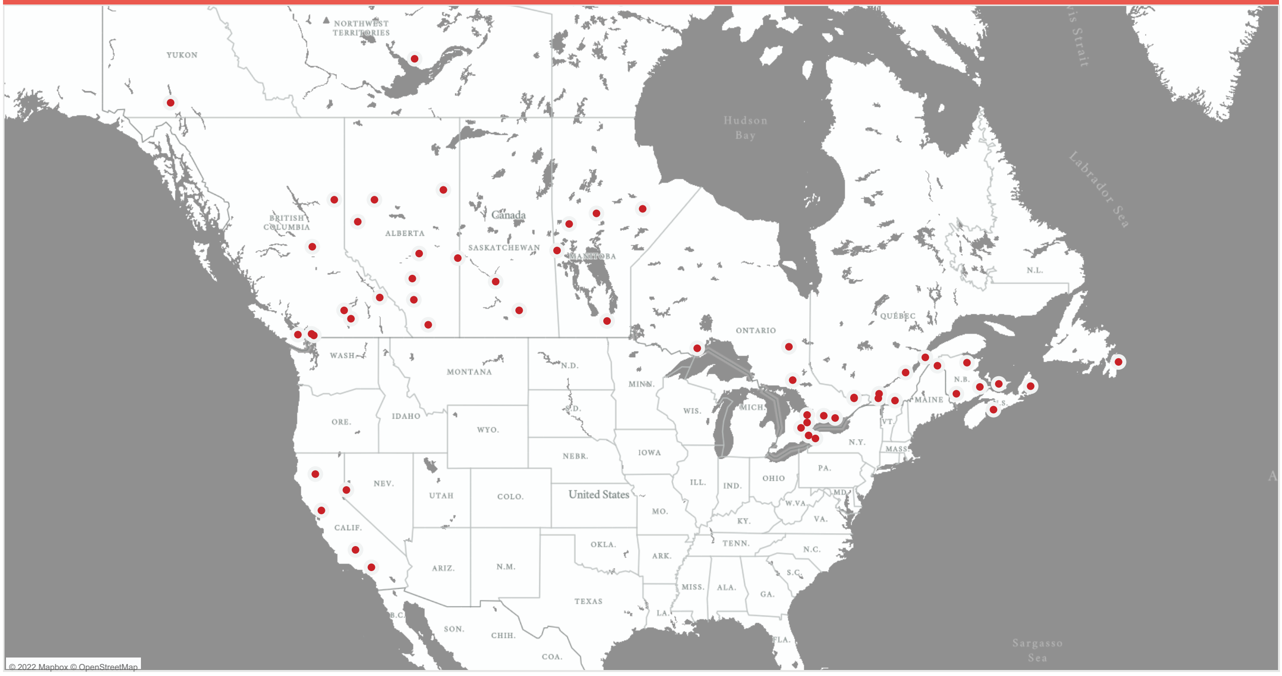
Customer mix by sales volume[(1)]

Commercial	41%
Residential	9%
Wholesale	50%

(1) Excludes intersegment transactions.

Operating structure

CANADIAN PROPANE DISTRIBUTION OPERATIONS[1]



(1) Excluding satellite locations. Includes SGL locations in California and Nevada which fall under the Canadian Propane Distribution segment.

Canadian Propane Distribution's business structure balances a strong local presence with the efficiencies of a national operation. It has a head office, three customer experience centres and a customer care centre. It uses an energy-specific reporting system to track inventory in real time, coordinate deliveries and manage accounts. Its operations (excluding SGL) are divided into six geographical regions that are in turn divided into market areas or districts.

The head office manages propane and supply transportation, information systems, health and safety, finance, marketing, sales and human resources. The customer experience centres – located in Calgary, Alberta, Guelph, Ontario and Ste. Catherine, Quebec – handle customer interactions from initial contact through to service and delivery coordination. The Quebec location also supports the customer care centre. The customer care centre, which is in Thunder Bay, Ontario manages the billing, credit and collection services.

Each geographical region is led by a general manager responsible for multiple market areas, overseeing satellite operations, customers, administration and the overall profitability of the region. The regions also provide leadership, service coordination and administrative support.

The market areas typically span 75 to 150 kilometres and have a market manager, fuel delivery truck drivers and service technicians. Market offices are usually on two to five acre parcels of land in rural, industrial or commercial areas and include propane storage tanks, a cylinder dock, enough space to store a working supply of customer tanks and cylinders, parking for trucks and a warehouse for rental equipment, appliance, materials and supplies inventories.

Employees

Approximately 307 or 18% of Canadian Propane Distribution's employees are unionized through provincial or regional certifications in British Columbia, the Yukon and Quebec. There are three union agreements, with two agreements having expiry dates ending on December 17, 2023 and one agreement having an expiry date of December 31, 2024. Collective bargaining agreements are renegotiated in the normal course of business.

Product sourcing

The Canadian Propane Distribution business buys its retail propane from 51 propane producers and suppliers across Canada under contracts with SGL, as supplier. You can read about the contracts on page 25.

Transportation and storage

Canadian Propane Distribution has primary and secondary transport needs:

» *Primary* – transporting propane from regional supply points to satellite locations, storage yards and directly to large volume customers

» *Secondary* – shipping propane, refined fuels and lubricants from its satellite locations and storage yards to its customers.

Transport trailers and pressurized railcars are its primary modes of transportation. The trailers, which can take between 35,000 to 65,000 litres per trailer, are managed by third-party carriers. Approximately 28% is transported by railcars that can take approximately 115,000 litres per car. You can read more about the railcars, which are managed by SGL, on page 25.

Satellite locations and storage yards are its secondary modes of transport and are close to customers to minimize distribution costs. This also makes it easier to deliver to customers during peak demand in the winter, when poor road conditions can make distribution difficult.

Canadian Propane Distribution has a fleet of trucks to meet its local delivery needs. Superior GP owns 73% of the vehicles and 27% are leased under financing leases. Propane is delivered in pressurized cylinders and bulk volumes. Canadian Propane Distribution employs full-time and part-time drivers as well as seasonal drivers who make deliveries during the peak winter demand periods.

The fleet	Number	Capacity
Pressurized bulk delivery trucks	457	6,500 to 30,000 litres
Cylinder trucks	78	boxes that are 12 to 26 feet
Tractors	32	—
Pressurized trailers	77	25,000 to 68,000 litres
Flatdeck trailers	19	—
Crane trucks	90	—
Service vehicles	302	—
Total	1,055	

Competition and pricing

The highly fragmented Canadian retail propane industry has about 200 local and regional propane retailers. While the market data is very difficult to validate, we estimate that Canadian Propane Distribution has greater than 35% share of the national propane retail demand market.

Propane distribution is a local, relationship-based business, and competition is driven by price and level of service. Pricing is managed at the corporate, regional and local market level. It's mostly based on a margin above product and transportation costs which are typically passed onto customers but is also affected by the local costs of other fuels. Profit margins can be affected by a time lag between changes in wholesale pricing and customer price adjustments. If wholesale prices increase, retail gross margins tend to decrease in the short term while customer pricing is adjusted.

Customers typically consider the following factors before deciding to buy:

» supply, including reliability and long-term availability
» price and capital cost
» convenience, including portability, storage requirements and available space
» equipment efficiency
» a supplier's local presence and service reputation.

Marketing

The marketing focus is on enhancing the brand, retaining and acquiring customers and demonstrating the benefits of propane over electricity, natural gas and heating oil.

In 2021, Canadian Propane Distribution continued to focus on online marketing efforts and digital advantage. Online subscriptions and activity on mySUPERIOR™ residential and business portals and mobile app continues to grow allowing customers to track propane consumption, order fuel and pay bills online.

Adoption and promotion of SMART Tank™ wireless tank sensors continue to grow allowing improvement in delivery efficiencies and overall customer experience. Wireless sensors are standard with new customer sign-ups and plans to increase the roll-out of wireless sensors to existing customers continue.

Superior Gas Liquids (SGL)

SGL is a niche business.

An intermediary between natural gas liquids producers and retail customers in Canada and the United States, SGL balances a producer's need for predictable volumes and variable pricing with a retail customer's need for variable volumes and predictable pricing. It creates profits by maintaining a consistent supply for small and medium propane retailers throughout North America while effectively managing pricing relationships with producers in Alberta, Ontario, California, Kansas and Texas.

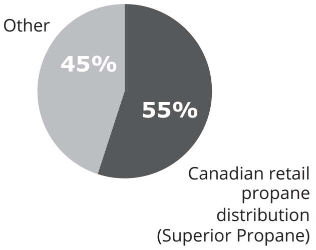
It also optimizes storage, supply requirements, pipeline deliveries, railcar and truck transportation sales.

SGL is based in Calgary, Alberta and also has an office in Reno, Nevada. It has 77 employees, none of whom are unionized.

Customers

SGL sold 2.13 billion litres of natural gas liquids to approximately 145 counterparties in 2021. SGL's largest customer is our Canadian retail propane distribution business, Superior Propane, which represented 55% of its annual sales.

Customer mix by sales volume



Product sourcing

SGL has access to a readily available supply of propane because of the substantial propane surplus in Canada, and the well established relationships it has with its principal suppliers.

It buys retail propane from about 51 propane producers and suppliers across Canada, California, Kansas and Texas typically under multi-year contracts based on industry posted prices at the time of delivery. Some contracts allow monthly supply volumes to go up or down based on changing demand requirements. The current contracts end in 2022 to 2025. New supply contracts are negotiated in the ordinary course of business and typically range from a term of one to three years.

Five companies supply an aggregate of 65.6% of its annual propane needs:

- Plains Midstream Canada ULC
- Gibson Energy Infrastructure
- Chevron Products Company, a division of Chevron USA Inc.
- PBF Holding Company LLC
- Pembina Infrastructure and Logistics LP.

SGL will also sometimes enter into short-term forward purchase and sale agreements to take advantage of opportunities that meet the needs of its customers.

Transportation and storage

Propane is delivered to supply points that are near to customer demand.

SGL ships by truck and rail. About 28% of the rail needs are met by approximately 323 railcars that are leased under agreements with terms ranging from six months to four years. The rest of the railcars are provided by the propane suppliers under their annual supply contracts.

SGL has 113 million litres of leased underground storage capacity in Michigan, Utah, Oregon, Alberta and Ontario. The storage lease agreements expire between March 31, 2022 and March 31, 2023. SGL negotiates extensions in the ordinary course of business. It will only enter into long-term storage contracts if it is economically advantageous to do so.

Competition

The wholesale natural gas liquids market is very competitive with companies trying to expand their presence in a market that has had little growth in demand. Increased competition has reduced volatility in the market, resulting in shrinking margins. Continuous innovation, a wider variety of pricing structures and superior customer service should allow SGL to remain competitive.

How we are governed

Our board of directors currently has ten members, however only nine board members are standing for re-election at our annual meeting to be held on May 10, 2022. Nine of the current members are independent, as defined by National Instrument 58-101 – Disclosure of Corporate Governance Practices, National Policy 58-201 – Disclosure Standards, and National Instrument 52-110 – Audit Committees ("NI 52-110"). Mr. Desjardins is not independent because he is our President and Chief Executive Officer.

The board has four standing committees:

» audit

» governance and nominating

» human resources and compensation

» health, safety and environment.

In 2021, the board formally established an ad-hoc Information Technology (IT) committee to oversee the development and implementation of our IT strategic plan.

All of the committees are entirely made up of independent directors.

Directors are elected at our annual general meeting of shareholders and serve until the next year's annual meeting of shareholders or until a successor is elected or appointed.

Our directors and executive officers collectively own 903,406 or about 0.51% of our outstanding common shares. The number of common shares that each director owns is listed in the table below.

You can read more about our directors and our approach to governance in our information circular dated March 7, 2022, which is available on our website (www.superiorplus.com) and on our profile on SEDAR (www.sedar.com).

Directors

	Board committees	Principal occupation or employment in the last five years
Catherine M. Best Alberta, Canada » director since 2007 » owns 7,000 common shares	Audit Governance and nominating (chair)	Corporate director and consultant 2000 to 2008 – Executive Vice President, Risk Management and Chief Financial Officer, Calgary Health Region 2008 to 2009 – Interim Chief Financial Officer of Alberta Health Services.
Eugene V. N. Bissell Pennsylvania, USA » director since 2014 » owns 15,972 common shares	Audit Health, safety and environment (chair)	Corporate director 2000 to 2012 – President, Chief Executive Officer and director, AmeriGas Propane LP, a Master Limited Partnership traded on the New York Stock Exchange and a subsidiary of UGI Corp., a distributor and marketer of energy products, including natural gas, propane, butane and electricity.
Richard C. Bradeen Québec, Canada » director since May 2015 » owns 10,000 common shares	Audit (chair) Human resources and compensation IT	Corporate director and consultant 2009 to 2013 – Senior Vice President, Strategy, Mergers & Acquisitions, Pension Investments, Corporate Audit Services and Risk Assessment, Bombardier Inc., a leading worldwide manufacturer of planes and trains.
Luc Desjardins Ontario, Canada » director since 2011 » owns 511,414 common shares	None	President and Chief Executive Officer, Superior Plus Corp. Prior to 2011 – Operating partner, The Sterling Group LP, a private equity firm in the U.S.

	Board committees	Principal occupation or employment in the last five years
Randall J. Findlay[(1)] Alberta, Canada » director since 2007[(2)] » owns 20,000 common shares	Audit Governance and nominating	Corporate director 2001 to 2012 – President and co-founder, Provident Energy Trust, an open-ended energy income trust that owns and manages an oil and gas production business and a natural gas liquids midstream services and marketing business.
Patrick E. Gottschalk Arizona, USA » director since 2017 » owns 50,000 common shares	Audit Health, safety and environment	Corporate director 2012 to 2016 – Business President, Dow Chemical Company, an American chemical and plastics manufacturer and a leading supplier of chemicals, plastics, synthetic fibres, and agricultural products.
Douglas J. Harrison Ontario, Canada » director since 2015 » owns 17,600 common shares	Health, safety and environment Human resources and compensation (chair) IT (chair)	Corporate director and consultant 2013 to 2018 – President and Chief Executive Officer, VersaCold Logistics Services, Canada's largest supplier of temperature sensitive supply chain and logistics services.
Mary B. Jordan British Columbia, Canada » director since May 2014 » owns 5,000 common shares	Human resources and compensation Governance and nominating IT	Corporate director 2006 to 2008 – Executive Vice President, Human Resources & Internal Communications, Laidlaw International, Inc., a provider of school, intercity bus and other transportation services.
Angelo R. Rufino New York, USA » director since 2020[(3)] » owns nil common shares	Audit	Managing Partner, Head of Americas, Brookfield Special Investments Prior to 2014 – Brigade Capital Management, Senior Investment Professional.
David P. Smith (board chair) Ontario, Canada » director since 1998[(4)] » owns 95,653 common shares	Human resources and compensation Governance and nominating	Corporate director Formerly, Managing Partner, Enterprise Capital Management Inc., a privately owned investment manager.

(1) Mr. Findlay is retiring from the board this year and is not standing for re-election at our upcoming annual general meeting of shareholders, in accordance with our mandatory retirement policy for directors.

(2) Mr. Findlay was a director of Spyglass Resources Corp. (and its predecessor). Listed on the TSX, Spyglass was an oil and gas company based in western Canada. It was placed into receivership by a syndicate of its lenders on November 26, 2015, and was subsequently sold to private interests. Mr. Findlay sat on the board from March 12, 2012 to May 13, 2015.

(3) Brookfield representative. Brookfield's affiliate owns 260,000 shares of exchangeable preferred stock of our U.S. subsidiary, which are exchangeable for 30,002,837 common shares. See "Our capital structure – Exchangeable preferred stock of Superior Plus U.S. Holdings Inc."

(4) Mr. Smith was a director of CASA Energy Services Corp., a private Calgary-based energy services firm. CASA was insolvent when Mr. Smith was elected as a director and chairman of the board, and his role was to help stabilize the business and achieve the best results for its stakeholders. On May 21, 2015, a proposal was filed with the Office of the Superintendent of Bankruptcy Canada to reorganize CASA, which the Alberta Court of Queen's Bench approved on June 26, 2015.

Executive officers

	Principal occupation and employment in the past five years
Luc Desjardins Ontario, Canada	President and Chief Executive Officer, Superior Plus Corp. since 2011 Prior to 2011 – Operating partner, The Sterling Group LP, a private equity firm in the U.S.
Beth Summers Ontario, Canada	Executive Vice President and Chief Financial Officer, Superior Plus Corp. since 2015 2014 to 2015 – Senior Vice President and Chief Financial Officer, Ontario Power Generation 2009 to 2014 – Chief Financial Officer, Just Energy Group Inc.
Darren Hribar Ontario, Canada	Senior Vice President and Chief Legal Officer, Superior Plus Corp. since 2015 Prior to 2015 – Partner, Norton Rose Fulbright Canada, LLP
Andy Peyton Pennsylvania, USA	President, U.S. Propane since 2016 Prior to 2016 – Vice President, Corporate Development of AmeriGas Partners LP
Rick Carron Alberta, Canada	President, Superior Propane since 2021 2019 to 2021 – Senior Vice President, Sales and Operations, Superior Propane 2011 to 2019 – Vice President, Sales, Superior Propane
Shawn Vammen Alberta, Canada	Senior Vice President, Superior Gas Liquids since 2014 2010 to 2014 – Vice President, Supply and Marketing, Superior Gas Liquids 2008 to 2010 – various senior positions at Superior Gas Liquids
Inder Minhas Ontario, Canada	Senior Vice President, Mergers and Acquisitions since 2019 2015 to 2019 – Vice President, Finance

About the Audit committee

The Audit committee assists the board in fulfilling its financial reporting and control responsibilities to our stakeholders. It oversees the external auditor and meets *in camera*, without management present, with the external auditor at each regularly scheduled meeting. The Audit committee also oversees internal controls and management information systems, risk management and internal audit. It assesses and reports to the board on how we manage our financial risk and transactions or circumstances that could materially affect our financial profile. The Audit committee also pre-approves all non-audit services to be provided by the external auditors to the company, or in the case of *de minimus* non-audit services, approves such non-audit services prior to the completion of the audit.

You can read more about the Audit committee and its activities in our management information circular dated March 7, 2022, which is available on our website (www.superiorplus.com) and on SEDAR (www.sedar.com).

Mandate

See Appendix A for a copy of the Audit committee mandate. You can also find a copy on our website (www.superiorplus.com) and on our profile on SEDAR (www.sedar.com).

Committee composition

The table below lists the six members of the Audit committee, and their relevant education and experience.

They are all independent and financially literate (as defined by NI 52-110).

	Relevant education and experience
Richard C. Bradeen B.Com, CPA, CA	Richard Bradeen is a corporate director and consultant. Mr. Bradeen is a chartered accountant with over 36 years of experience. He was the Senior Vice President, Strategy, Mergers & Acquisitions, Pension Investments, Corporate Audit Services and Risk Assessment at Bombardier Inc. from 2009 to 2013. He started his career at Bombardier in 1997 as Vice President, Acquisitions and held increasingly senior roles. Prior to that, Mr. Bradeen served as a partner and a member of the Partnership Board of Directors of Ernst & Young. He joined Ernst & Young in 1978 and held increasingly senior roles over a 19-year period, including that of President, Corporate Finance Group in Toronto.
Catherine M. Best B.I.D, FCPA, FCA, ICD.D	Catherine Best is a corporate director and consultant. While Executive Vice President, Risk Management and Chief Financial Officer for the Calgary Health Region and Interim Chief Financial Officer of Alberta Health Services, she was responsible for all finance functions, including financial operations, budgeting, forecasting and planning, business support for operating and corporate portfolios, performance reporting, business planning and treasury management. Ms. Best was a chartered accountant at Ernst & Young, an accounting firm, for nineteen years, the last ten years as Corporate Audit Partner.
Eugene V. N. Bissell BA, MBA	Eugene Bissell is a corporate director. He was the President and Chief Executive Officer of AmeriGas Propane LP from 2000 until his retirement in 2012. Mr. Bissell has over 19 years of public company board experience and broad career experience gained over more than 30 years in CEO and various other senior management positions in the propane and industrial gas sectors, including in areas of strategic planning, risk management, sales and operational management, corporate development, as well as large scale acquisition negotiation and integration.

	Relevant education and experience
Randall J. Findlay[(1)] BASc, P.Eng, ICD.D	Randall Findlay is a corporate director. Mr. Findlay was President and co-founder of Provident Energy Trust and a member of its board of directors from 2001 to 2012. He has served as a director of a number of public and private companies and is currently the Chair of Pembina Pipeline. He is on the board of Hull Child and Family Services Foundation.
Patrick E. Gottschalk BSChE, MBA	Mr. Gottschalk is a corporate director. Mr. Gottschalk served as Business President of Dow Chemical Company's (Dow Chemical) coatings, monomer and plastic additives business from 2012 to 2016. Mr. Gottschalk served in positions with increasing responsibility within Dow Chemical since 2001. Prior to that, he held various roles at Union Carbide Corporation in the M&A, commercial and business integration areas. In addition to deep business and financial acumen, Mr. Gottschalk brings significant experience in operations, business development and integrating companies after mergers and acquisitions.
Angelo R. Rufino BA, MBA	Mr. Rufino is a Managing Partner in Brookfield's Private Equity Group where he serves as the Head of Americas for the Brookfield Special Investments business. Mr. Rufino has a broad range of experience in investments and capital markets through progressive positions at Brigade Capital Management, where he was a senior investment professional responsible for the firm's investments in autos, industrials, transportation and services with a focus on distressed credit and special situations across the high yield, leveraged loan and equity markets as well as positions in investment banking at JPMorgan Chase and as a securities examiner at the U.S. Securities and Exchange Commission.

(1) Mr. Findlay is retiring from the board this year and is not standing for re-election at our upcoming annual general meeting of shareholders, in accordance with our mandatory retirement policy for directors.

Auditor

Ernst & Young LLP (E&Y) was appointed by the board as our auditor effective February 14, 2018. E&Y is independent in the context of the CPA Code of Professional Conduct of the Professional Chartered Accountants of Ontario.

E&Y audit fees

The table lists below the services E&Y provided and the fees we paid E&Y for the period January 1, 2020 to December 31, 2020 and for the period January 1, 2021 to December 31, 2021 and do not take into consideration the fiscal year to which the services relate.

	2021	2020
Audit fees » fees for audit and review of Superior Group financial statements and Superior Plus LP's annual financial statements » services provided in connection with statutory and regulatory filings » fees in connection with prospectus related services.	$ 2,414,500	$ 2,808,000
Audit-related fees » fees for assurance and due diligence services, specified procedures, pension plan audits, accounting consultations and audits in connection with acquisitions, attest services that are not required by statute or regulation and consultation concerning financial accounting and reporting standards.	$ 90,000	$ 304,000
Tax fees » fees for tax compliance, tax advice and tax planning.	$ —	$ —
All other fees » fees requiring approval from the Audit committee.	$ 11,125	$ 13,942
Total Fees	$ 2,515,625	$ 3,125,942

Our capital structure

Our objectives when managing capital are to:

- maintain a flexible capital structure to preserve our ability to meet our financial obligations, including potential obligations from acquisitions
- safeguard our assets while maximizing the growth of our businesses and returns to shareholders.

Our capital structure includes:

- shareholders' equity (common and preferred shares)
- long-term debt (revolving credit and notes).

Shareholders' equity

Common shares

We can issue an unlimited number of common shares. There were 176,041,687 common shares outstanding as of March 7, 2022.

If you hold common shares, you are entitled to:

- receive any dividends that are declared by our board of directors
- vote at any meeting of common shareholders – each share you own entitles you to one vote
- receive your pro rata share of any property or assets if the company is liquidated, dissolved or wound up, after owners of preferred shares have received their portion.

Market for common shares and trading activities

Our common shares trade on the TSX under the symbol SPB. The table below shows the high, low and closing prices and volume for our common shares on the TSX in 2021.

2021	High	Low	Close	Volume
January	$ 12.33	$ 11.97	$ 12.10	11,336,985
February	$ 13.35	$ 12.06	$ 13.24	14,461,097
March	$ 14.26	$ 13.20	$ 14.22	11,949,764
April	$ 15.09	$ 14.15	$ 15.02	8,462,320
May	$ 15.35	$ 14.64	$ 15.24	13,798,796
June	$ 15.49	$ 14.96	$ 15.27	7,225,485
July	$ 15.68	$ 15.06	$ 15.68	7,549,284
August	$ 14.99	$ 14.18	$ 14.84	8,145,564
September	$ 13.60	$ 13.34	$ 13.53	12,899,078
October	$ 13.83	$ 13.18	$ 13.77	8,065,173
November	$ 13.62	$ 13.27	$ 13.33	11,980,486
December	$ 13.05	$ 12.63	$ 13.00	11,791,490
2021	**$ 15.68**	**$ 11.97**	**$ 13.00**	**127,665,522**

Exchangeable preferred stock of Superior Plus U.S. Holdings Inc.

On July 13, 2020, in connection with the Brookfield Investment we issued 260,000 shares of Series 1 Preferred Stock (the "Preferred Stock") of our Delaware subsidiary Superior Plus U.S. Holdings Inc. to an affiliate of Brookfield (the "Brookfield Investor") for U.S.$260 million.

Holders of the Preferred Stock are entitled to:

- a cumulative dividend of 7.25% per annum through to the end of Superior's second fiscal quarter in 2027 after which time the rate increases as described below
- exchange each share of Preferred Stock into common shares of Superior at approximately U.S.S$8.67 per share (the "Exchange Price") calculated by dividing the liquation preference of the Preferred Stock of U.S.$1,000 per share (plus any accrued and unpaid dividends) by the Exchange Price (being approximately 115.4 common shares for each share of Preferred Stock or 30,002,837 common shares in aggregate), subject to adjustment and to certain thresholds
- participate, on an as-exchanged basis, in any dividends paid by Superior on its common shares in excess of $0.06 per common share per month
- vote on an as-exchanged basis with holders of common shares of Superior by instructing the trustee that holds the Special Voting Shares (as defined below) in accordance with the terms of a Voting Trust Agreement between Superior Plus U.S. Holdings Inc., Superior, SPC PIPE L.P. and Computershare dated July 13, 2020 (the "Voting Trust Agreement")
- in the event of any liquidation, winding up or dissolution of Superior, receive prior, and in preference to, any distribution to the holders of common shares of Superior, an amount equal to the greater of the liquidation preference per share and a premium of up to 0.4 times the liquidation preference then in effect plus accrued and unpaid dividends or the amount receivable had the shares of Preferred Stock been exchanged for common shares immediately prior to the liquidation event.

Superior has the option to redeem all, but not less than all, of the Preferred Stock after June 13, 2027, at U.S.$1,000 per share plus accrued and unpaid dividends. If Superior does not redeem the Preferred Stock, the dividend rate increases by 0.75% per annum for the subsequent four years to a maximum of 10.25%. Superior also has the option to cause the exchange of all of the Preferred Stock into common shares of Superior on or after June 13, 2023, if the volume-weighted average price of the common shares during the then preceding 30 consecutive trading day period, converted to U.S. dollars at the applicable exchange rate, is greater than 145% of the Exchange Price.

In the event of a liquidation, winding-up or dissolution of Superior Plus U.S. Holdings Inc., where there is no concurrent liquidation, winding-up or dissolution of Superior, Superior will automatically exchange each share of Preferred Stock for one Parent Preferred Share (defined below) of Superior pursuant to the terms of an Exchange and Support Agreement among Superior, Superior Plus U.S. Holdings Inc. and SPC PIPE L.P. dated July 13, 2020 (the "Exchange Agreement").

In connection with the Brookfield Investment, we also entered into an investor rights agreement with the Brookfield Investor providing for, among other things, registration rights, participation rights, certain standstill and transfer restrictions and director nomination rights. Pursuant to this agreement, the Brookfield Investor has agreed to certain restrictions that prohibit it from selling Preferred Stock, Parent Preferred Shares or common shares of Superior if such transfer: (i) would cause the acquirer to own in excess of 18% of Superior's common shares on an as-exchanged or as-converted basis, as the case may be; or (ii) is to a competitor of Superior.

Additional information regarding the Brookfield Investment, including the complete terms and conditions of the Preferred Stock and the Special Voting Shares (defined below) and copies of the material agreements, is available on our profile on SEDAR (www.sedar.com).

Preferred shares

We can issue an unlimited number of preferred shares in one or more series.

The board determines the rights, restrictions, conditions and limitations of each class of preferred shares.

Series 1, Special Voting Preferred Shares

We can issue an unlimited number of Series 1, Special Voting Preferred shares (the "Special Voting Shares") subject to the terms of the Voting Trust Agreement. There were 30,002,837 Special Voting Shares outstanding as of March 7, 2022, being equal to the number of common shares of Superior that the Preferred Stock may be exchanged for as of such date.

The holder of the Special Voting Shares is:

- entitled to vote at any meeting of common shareholders – the Special Voting Shares entitle the holders thereof to one vote per Special Voting Share on all matters submitted to a vote to the common shareholders, voting together as a class, subject to certain exceptions and in accordance with the terms of the Voting Trust Agreement
- not entitled to receive dividends.

The holders of shares of Preferred Stock are entitled to instruct the trustee that holds the outstanding Special Voting Shares with respect to the voting of such shares on a proportionate basis pursuant to the terms of the Voting Trust Agreement.

All Special Voting Shares are issued at, and are redeemable for, the nominal amount of $0.00001 per share.

Series 2, Preferred Shares

We can issue 260,000 Series 2, Preferred shares ("Parent Preferred Shares") in accordance with the terms and conditions of the Exchange Agreement. There were no Series 2, Preferred shares outstanding as of March 7, 2022.

The Parent Preferred Shares will only be issued in the event of a liquidation, winding-up or dissolution of Superior Plus U.S. Holdings Inc. where there is no concurrent liquidation, winding-up or dissolution of Superior, the Parent Preferred Shares are intended to be economically equivalent to the Preferred Stock in terms of dividends, redemption and liquidation preference and will be convertible into common shares on an equivalent basis as the Preferred Stock. The complete terms and conditions of the Parent Preferred Shares are available on our profile on SEDAR (www.sedar.com).

Dividends

Our dividend policy balances sustainable dividends with cash flow from operations, our financial condition and leverage, our working capital requirements, and our ability to act on investment opportunities. The policy is consistent with the rules set out in the CBCA.

Dividends are declared by our board of directors. The board sets the amount and determines when they are paid. Under the terms of our long-term credit facility (see page 36), we cannot pay dividends to our shareholders if we default on our credit agreement, or if paying dividends would cause us to default. See "Long Term Debt – Credit Facility – Financial Covenants". Additionally, under the terms of our notes, the amount of dividends we can pay our shareholders is capped. See "Long-term Debt – Senior Unsecured Notes."

All dividends are eligible dividends, as defined by the Income Tax Act. This means that individual common shareholders will benefit from the Income Tax Act's enhanced gross-up and dividend tax credit mechanism.

Holders of Preferred Stock are entitled to receive, if, as and when declared by the board of directors of Superior Plus U.S. Holdings Inc., dividends on the Preferred Stock on the same schedule as dividends are paid on the common shares of Superior, but no less frequently than quarterly. See "Exchangeable preferred stock of Superior Plus U.S. Holdings Inc." on page 33 for further details.

Distributions from Superior Plus LP

Superior GP's board of directors determines the amount and frequency of distributions from Superior Plus LP to Superior. It has approved a distribution policy (which it can modify) that allows Superior to maintain its dividend policy, subject to any contractual restrictions on distributions, including agreements entered into with lenders to Superior Plus LP or its affiliates.

Cash dividends

Superior Plus Corp.

All common shareholders of record on the last business day of the month receive dividends on or about the 15th day of the next month. The table below shows the dividends per common share for the last three years ended December 31.

		2019		2020		2021
Monthly cash dividends	$	0.06	$	0.06	$	0.06
Annual distribution	$	0.72	$	0.72	$	0.72

Superior Plus U.S. Holdings Inc.

Holders of the Preferred Stock are entitled to a cumulative dividend of 7.25% per annum on the same schedule as dividends are paid on the common shares of Superior. The table below shows the dividends per share of Preferred Stock for the last three years ended December 31.

		2019		2020[(1)]		2021
Monthly cash dividends	U.S.$	nil	U.S.$	6.0416	U.S.$	6.0416
Annual distribution	U.S.$	nil	U.S.$	72.50	U.S.$	72.50

(1) The Preferred Stock was issued on July 13, 2020.

Dividend reinvestment program

We have a dividend reinvestment program that lets shareholders use their dividends to purchase common shares at a 4% discount to the market price (the average closing price of the common shares on the TSX for the five-day trading period ending on the business day before the dividend payment date).

The program was active for four periods:

» January 2007 to December 2008
» May 2010 to April 2013
» December 2015 to September 2016
» February 2020 to May 2020.

The board suspended the program after payment of the May dividend on June 15, 2020, as there was no need for additional funding subsequent to the Brookfield Investment. The proceeds from the dividend reinvestment program were used to reduce debt, fund retail propane acquisitions and for other general corporate purposes.

The program can be re-activated at the discretion of the board, subject to regulatory approval.

Shareholder rights plan

Our shareholder rights plan was established by an agreement between Superior and Computershare dated February 16, 2012 and was most recently amended and restated on May 8, 2018. The plan is designed to make sure, to the extent possible, that all shareholders are treated fairly and equally if there is an acquisition of a controlling position in our common shares by any person or group of persons acting together.

The plan was adopted by shareholders at the annual and special meeting of shareholders held May 2, 2012, and was last reconfirmed at the annual and special meeting of shareholders on May 12, 2021. No amendment or restatement was required of the shareholder rights plan agreement in 2021 in connection with its renewal. You can find a copy of the amended and restated shareholder rights plan on our website at superiorplus.com. It is also available under our profile on SEDAR (www.sedar.com).

Long-term debt

Long-term debt includes:

» a credit facility

» senior unsecured notes (4.25% Notes and 4.5% U.S. Notes).

Credit facility

$1.05 billion (including the accordion feature) revolving credit facility offered by a syndicate of lenders that matures on May 8, 2026.

Financial covenants

The credit facility has the following financial covenants that restrict our ability to incur more long-term debt and pay dividends to Superior and our shareholders:

» our consolidated secured debt to "Consolidated EBITDA" (as defined in the credit agreement) ratio cannot be more than 3.0 to 1.0 (but is increased to 3.5 times for a period of four fiscal quarters following a material acquisition)

» our consolidated debt (excluding convertible unsecured subordinated debentures) to Consolidated EBITDA coverage ratio cannot be more than 5.0 to 1.0

» distributions (including dividends to Superior and its shareholders)

- distributions can be made where our consolidated secured debt to "Consolidated EBITDA" (as defined in the credit agreement) ratio is not more than 2.5 to 1.0 and our consolidated debt (excluding convertible unsecured subordinated debentures) to Consolidated EBITDA coverage ratio is not more than 4.5 to 1.0, in each case, on a trailing twelve month rolling basis and on a proforma basis after giving effect to such distributions; or
- if the financial ratios in the immediately preceding bullet cannot be met, distributions cannot exceed non-adjusted EBITDA less non-adjusted interest expense, paid in cash and current cash taxes, plus $50.0 million on a trailing twelve month rolling basis.

We cannot pay dividends if there is a default under our credit facility, or if paying the dividend would result in a default under our credit facility, in each case, while such default remains uncured.

Ratios for the last three years ended December 31

Our ratios meet the terms of our credit facility.

	2019	2020	2021
Consolidated secured debt to Consolidated EBITDA ratio	1.2 times	1.0 times	1.0 times
Consolidated debt to Consolidated EBITDA ratio	3.7 times	3.5 times	4.0 times

The foregoing description of the credit facility and certain provisions of the credit agreement governing such credit facility is not intended to be a complete recitation of the terms of such credit agreement. We refer you to the full text of the credit agreement, a copy of which is available on SEDAR (www.sedar.com).

Senior unsecured notes

The subsequent description of the 4.25% Notes and 4.5% U.S. Notes and certain provisions of the trust indentures pertaining to such notes is not intended to be a complete recitation of the terms of such notes and the trust indentures that govern them.

We refer you to the full text of the notes and the trust indentures that govern them, copies of which are available on SEDAR (www.sedar.com).

4.25% Notes

$500 million of 4.25% senior unsecured notes issued at par by Superior Plus LP on May 18, 2021, with a maturity date of May 18, 2028

The 4.25% Notes bear interest at 4.25% per year, paid semi-annually in arrears on May 18 and November 18.

Under the terms of the trust indenture, on any one or more occasions, Superior Plus LP can:

- use the net cash proceeds of one or more common share offerings any time before May 18, 2024, to redeem up to 40% of the total principal amount of the 4.25% Notes at a price of 104.250% of the principal amount of the 4.25% Notes, plus accrued and unpaid interest, if at least 60% of the principal amount of the initial 4.25% Notes remain outstanding after the redemption and the redemption occurs 180 days after the closing of the related common share offering
- redeem all or part of the outstanding 4.25% Notes any time before May 18, 2024, at a price equal to 100% of the principal amount, plus accrued and unpaid interest, plus a make-whole premium
- redeem all or part of the outstanding 4.25% Notes plus accrued and unpaid interest on or after May 18, 2024, at the prescribed redemption price plus accrued and unpaid interest. The prescribed redemption price is as follows (beginning on May 18 of each of the following years): 2024 (102.125%), 2025 (101.063%) and 2026 and thereafter (100%).

Change of control

If there is a change of control, Superior Plus LP is required to offer to buy the 4.25% Notes from each noteholder at a cash price that equals 101% of the aggregate principal amount plus accrued and unpaid interest under the terms of the trust indenture (subject to certain exceptions).

Terms that restrict additional debt and disqualified or preferred stock

Under the terms of the trust indenture, Superior Plus LP and its restricted subsidiaries cannot incur or guarantee additional debt or issue preferred or disqualified stock unless its fixed charge coverage ratio for the most recently completed four quarters is not less than 2.0 to 1.0 on a proforma basis, or a permitted exception is available including (among others):

- a credit facilities basket equal to the greater of (i) $1,050 million, and (ii) an amount that does not cause the senior secured leverage ratio to exceed 3.0 times to 1.0
- on December 31, 2021, the fixed charge coverage ratio was 3.9 times to 1.

Terms that govern dividends

Under the restricted payment covenant in the trust indenture, we can pay dividends to our common shareholders or repurchase our common shares if the total of all dividends paid or shares repurchased in the previous four quarters is not more than our "Consolidated EBITDA" (as defined in the trust indenture) less our consolidated interest expense and cash income taxes for such period, and the senior secured leverage ratio does not exceed 3.0 times to 1.0 (or we otherwise utilize our restricted payment builder basket, if available).

4.5% U.S. Notes

U.S.$600 million of 4.5% senior unsecured notes issued at par by Superior Plus LP and Superior GP on March 11, 2021, with a maturity date of March 15, 2029

The 4.5% U.S. Notes bear interest at 4.5% per year, paid semi-annually in arrears on March 15 and September 15.

Under the terms of the trust indenture, on any one or more occasions, Superior Plus LP and Superior GP can:

» use the net cash proceeds of one or more common share offerings any time before March 15, 2024, to redeem up to 35% of the total principal amount of the 4.5% U.S. Notes at a price of 104.500% of the principal amount of the 4.5% U.S. Notes, plus accrued and unpaid interest, if at least 65% of the 4.5% U.S. Notes remain outstanding after the redemption and the redemption occurs 180 days after the closing of the related common share offering

» redeem all or part of the outstanding 4.5% U.S. Notes any time before March 15, 2024, at a price equal to 100% of the principal amount, plus accrued and unpaid interest, plus a make-whole premium

» redeem all or part of the outstanding 4.5% U.S. Notes on or after March 15, 2024, at the prescribed redemption price plus accrued and unpaid interest. The prescribed redemption price is as follows (beginning on March 15 of each of the following years): 2024 (102.250%), 2025 (101.500%), 2026 (100.750%) and 2027 and thereafter (100%).

Change of control

If there is a change of control, Superior Plus LP and Superior GP are required to offer to buy the 4.5% U.S. Notes from each noteholder at a cash price that equals 101% of the aggregate principal amount plus accrued and unpaid interest under the terms of the trust indenture (subject to certain exceptions).

Terms that restrict additional debt and preferred and disqualified stock

Under the terms of the trust indenture, neither we nor our restricted subsidiaries can incur or guarantee additional debt, or issue any disqualified or preferred stock unless the fixed charge coverage ratio for the most recently completed four quarters is not less than 2.0 to 1.0 on a proforma basis or a permitted exception is available, including (among others):

» a credit facilities basket equal to the greater of (i) U.S.$1,050 million, and (ii) an amount that does not cause the senior secured leverage ratio to exceed 3.0 times to 1.0.

Terms that govern dividends

Under the restricted payment covenant in the trust indenture, we can pay dividends to our common shareholders or purchase our common shares if the total of all dividends paid or common shares purchased in the previous four quarters is not more than our "Consolidated EBITDA" (as defined in the trust indenture) less our consolidated interest expense and cash income taxes for such period, and the senior secured leverage ratio does not exceed 3.0 times to 1.0 (or we otherwise utilize our restricted payment builder basket, if available).

Credit ratings

Credit ratings are a way to assess a company's credit risk. They are not a comment on the market price of a security or its suitability for an individual investor and are not recommendations to buy, hold or sell our securities.

We pay customary rating fees to rating agencies DBRS Limited ("DBRS"), Standard & Poor's ("S&P") and Moody's Investor Service ("Moody's") and provide them with confidential, in-depth information to support the credit rating process. During the last two years, no payments were made to the aforementioned credit rating organisations in respect of any other services provided to Superior.

The rating agencies can change or withdraw these ratings if they believe circumstances warrant.

The table below shows the DBRS, S&P and Moody's rating for our corporate credit and our 4.25% Notes and 4.5% U.S. Notes as of March 7, 2022:

	Corporate credit	**Unsecured 4.25% Notes and 4.5% U.S. Notes**
DBRS 10 categories ranging from AAA to D. High and low indicate relative standing credit within rating category.	BB (high)	BB[1]
	BB is the fifth highest of 10 rating categories. It means the investment is speculative and non-investment grade. The capacity for the payment of financial obligations is uncertain and companies that are BB are vulnerable to future events.	
Moody's 9 categories ranging from Aaa to C.	Ba2	Ba3[2]
	Ba is the fifth highest of 9 rating categories. Obligations that are rated Ba are considered to be speculative and non-investment grade. Companies that are Ba rated are considered to have substantial credit risk.	
S&P 10 categories ranging from AAA to D.	BB-	BB-
	BB is the fifth highest of 10 rating categories. It means the investment is less vulnerable to non-payment than other lower-rated companies. However, there are major ongoing uncertainties and exposure to adverse business, financial or economic conditions that could affect a company's capacity to meet its financial obligations.	

(1) Applicable only to 4.25% Notes.

(2) Applicable only to 4.5% U.S. Notes.

Risks associated with our business

There are risks in every business.

The nature of our business means we face many kinds of risks – some that relate to our business in general, and others that apply to specific operations. These risks could have a significant impact on our business, earnings, cash flows, financial condition, results of operations or prospects.

This section describes the risks that we believe are most material to our business. This is not a complete list of the potential risks we face – there may be others we are not aware of, or risks we feel are not material today that could become material in the future. We have comprehensive systems and procedures in place to manage these risks, but there is no assurance that we will be successful in preventing the harm that any of these risks could cause.

Forward-looking information

This AIF, the documents it incorporates by reference and other documents that form part of our public disclosure record include statements with forward-looking information. Actual events and results could be materially different from the forward-looking information in these statements, because of the risks and uncertainties associated with our business. See page 58 for more information about forward-looking information.

Please also see the risk discussion in our 2021 Management Discussion & Analysis.

Types of risk

Financial and corporate 40
Operational 45
Legal 53

Financial and corporate risks

Recent acquisitions and divestitures

When we sign an agreement to buy assets or businesses, the vendors make certain representations, warranties and provide indemnities up to certain limits and/or subject to certain thresholds.

We always conduct due diligence before completing any acquisition, but there are circumstances such as those listed below when we could become liable for the liabilities of the companies we acquire, which could have an adverse effect on our company:

- the representations and warranties are inaccurate or have limited application
- liabilities are discovered that exceed these limits or are not covered by the representations, warranties or indemnities
- certain liabilities are not identified in the agreements
- insurance coverage we may have obtained does not cover the liabilities or the liabilities exceed the coverage
- the vendors or insurers default in their obligations.

There may also be liabilities or risks not discovered in our due diligence investigations that could have an adverse effect on our company.

We also enter into agreements to sell certain assets or businesses. We may not be able to successfully divest assets at acceptable prices or within the timeline envisaged due to market conditions or credit risk, resulting in increased pressure on our cash position and potential impairments. We may be held liable for past acts, failures to act or liabilities that are different from those foreseen or for breaches of representations and warranties we have made to the buyer(s). We may also face liabilities if a purchaser fails to honour all of its commitments. Accordingly, if we are unable to divest assets at acceptable prices or within our envisaged timeframe, or we are responsible for liabilities relating to the transaction after closing, this could have an adverse effect on our earnings, cash flows and financial condition. To the extent we have purchased insurance coverage such coverage may not cover our obligations, such obligations may exceed the coverage or the insurer may default in its obligations under the insurance.

We complete a number of acquisitions during each year. We remain subject to the following risks associated with these transactions:

Integrating successfully: Integrating multiple acquisitions' operations, depending on their size, is a complex, time consuming and costly process. Not completing all components of the integration in a timely manner could have a material adverse effect on our business, results of operations, cash flows or financial position. The difficulties of integrating acquisitions include:

» coordinating geographically disparate operations, different systems and facilities
» adapting to additional regulatory and other legal requirements in new U.S. jurisdictions
» integrating corporate, technological and administrative functions and employment and compensation policies and practices
» diverting management's attention from other business concerns including other growth initiatives
» controlling costs to achieve the integration benefits
» management of employee cultures of the combined organizations
» potential customer attrition.

The integration process could interrupt or slow down our business activities. Members of the management team may be required to devote considerable time to the integration process, which will reduce the time they have to manage the business. If management is not able to effectively manage the integration process, or if any business activities are interrupted as a result of the integration process, there could be a negative effect on our business.

Demands on management: Our acquisition of a number of businesses has placed significant demands on our managerial, operational and financial personnel and systems. No assurance can be given that our systems, procedures, personnel and controls are adequate to support the expansion of our operations. Our future operating results will be affected by the ability of our officers and key employees to manage changing business conditions and to implement and improve our operational and financial controls and reporting systems.

Disposition of Specialty Chemicals

On April 9, 2021, we sold our Specialty Chemicals business segment pursuant to a purchase and sale agreement dated February 18, 2021 among Superior Plus LP, Superior General Partner Inc., Superior International Inc. and Superior Plus U.S. Holdings Inc. as sellers and EW Chemical Holdings LP, EW Chemicals Holdings Inc., and EW Chemical (U.S.) Holdings Inc., as buyers, (the "Specialty Chemicals PSA") for total consideration of $725 million, of which $600 million was payable in cash at closing (subject to closing adjustments) and $125 million was satisfied through the issuance by one of the buyers of an unsecured promissory note dated April 9, 2021 (the "Vendor Note"). The Vendor Note bears interest at a rate of 6% compounded annually, which interest may be accrued and paid on maturity. The principal amount of the Vendor Note and accrued and unpaid interest will be due on October 9, 2026.

A portion of the consideration payable to us is subject to an earn-out adjustment, and will not be paid to us for several years in accordance with the terms of the Specialty Chemicals PSA and the Vendor Note. As a result, the consideration that we may ultimately receive is subject to adjustment based upon the future performance of the Specialty Chemicals business, which is now controlled by the buyers, and subject to potential disputes with the buyers as to the calculation of such adjustments. In addition, the buyers' obligations under the Vendor Note (and any additional promissory notes issued for the earn-out adjustment) are subordinated in right of payment to the buyers' senior secured lenders. Pursuant to the terms of such senior secured debt, there are circumstances in which the buyers will be prohibited from making payments to us under the Vendor Note and our ability to exercise our remedies in those circumstances will be subject to a standstill period in favour of the buyers' senior secured lenders. A deterioration in the buyers' available liquidity, results of operations or access to third party capital or the insolvency of the buyers may make it impossible for the buyers to repay all or a portion of the Vendor Note at maturity.

Under the terms of the Specialty Chemicals PSA, we also remain liable for certain pre-closing liabilities of the Specialty Chemicals business, including certain environmental and pre-closing tax matters. While the terms of the Specialty Chemicals PSA seek to limit our known liabilities to the buyers, the nature and size of certain liabilities may be unknown to us, and may be significant. In addition, we may be required to indemnify the buyers for any of these liabilities under the Specialty Chemicals PSA. The subsequent discovery or quantification of material liabilities of the Specialty Chemicals business that we remain liable for, or may be required to indemnify the buyers for, could have a material adverse effect on our business, financial condition or future prospects. We have also made certain representations and warranties and provided certain indemnities to the buyers and received certain indemnities from the buyers. As a result, we may still be held liable for past acts, failures to act or liabilities relating to the Specialty Chemicals business that are different from those foreseen by us when entering into the transaction. In addition, there is no assurance that the buyers will not default on their indemnification obligations to us, which may result in financial loss to us.

Access to capital

Our credit facilities and Superior Plus LP's senior unsecured notes contain covenants that require Superior Plus LP to meet certain financial tests that restrict, among other things, our ability or the ability of Superior Plus LP to incur additional debt, dispose of assets or pay dividends/distributions in certain circumstances.

Superior Plus LP pays out a substantial amount of its available cash flow, which means it can only make capital expenditures to fund growth opportunities when other sources of financing are available. Lack of access to additional financing could limit its future growth and, over time, have a material adverse effect on the amount of cash available for dividends to our shareholders.

If external sources of capital, including public and private markets, become limited or unavailable, we and Superior Plus LP may not be able to make the necessary capital investments to maintain or expand the business, make necessary principal payments under the term credit facility or repay other indebtedness.

Growth through acquisitions

Superior Plus LP has built its business through organic growth, and most notably in recent years, through acquisitions. There can be no assurance that it will continue to find appropriate acquisition targets, or that it will be able to buy those targets on economically acceptable terms. Competition for acquisition targets in propane distribution businesses has increased over recent years, resulting in increased costs to acquire such assets and businesses. Continued competition for acquisition targets may result in further increases in prices for assets and businesses, which would have a negative impact on our ability to source suitable targets at economically attractive prices to grow our business.

Dividends and distributions

We depend entirely on the operations and assets of Superior Plus LP. Our ability to make dividend payments to our shareholders depends on Superior Plus LP's ability to make distributions from its outstanding limited partnership units, and on its operations.

Our credit facilities and senior unsecured notes contain covenants that require certain financial tests to be met and that restrict, among other things, our ability or the ability of Superior Plus LP to incur additional debt, issue preferred or disqualified stock, dispose of assets or pay dividends/distributions in certain circumstances. These restrictions may preclude Superior Plus LP from returning capital or making distributions on the limited partnership units. See Long-term Debt on page 36 for a description of our credit facility and senior unsecured notes.

There can be no assurance of the amount of cash Superior Plus LP will generate or distribute, and therefore of the funds available for dividends to our shareholders. The actual amount distributed from the limited partnership units will depend on many factors, including without limitation, the performance of Superior Plus LP's operating businesses, the effect of acquisitions or dispositions on Superior Plus LP, and other factors that may be beyond our control or the control of Superior Plus LP. In the event significant sustaining capital expenditures are required by Superior Plus LP or the profitability of Superior Plus LP declines, there would be a decrease in the amount of cash available for dividends to our shareholders and the decrease could be material.

Our dividend policy is subject to change at the discretion of our board. Superior Plus LP's distribution policy is subject to the discretion of the board of Superior GP. Both policies are limited by contractual agreements including agreements with lenders to us and our affiliates, and by restrictions under corporate law. See "Dividends" on page 34 and Credit facility – Financial covenants on page 36 for more information.

Income taxes

We cannot be certain that the income tax laws where we operate will not change, or be administered or interpreted in a way that has an adverse effect on us or our shareholders.

We or our business segments file tax reports with the following agencies:

- the CRA and varying provincial tax agencies
- the U.S. Internal Revenue Service and varying state and local tax agencies
- the Hungarian Tax Authorities
- the Luxembourg Tax Authorities.

We cannot be certain that these agencies will agree with how we calculate our taxable income, or guarantee that the agencies will not make changes to their administrative practices that have an adverse effect on us or our shareholders.

Interest rates

We have some exposure to floating interest rates through a combination of floating interest rate borrowings and the use of derivatives. A significant portion of our sales are also affected by general economic trends: when the economy is strong, interest rates increase and so does sales demand from our customers, increasing our ability to pay higher interest costs. The opposite is also true. There is a relationship between interest rates, the level of economic activity, and our ability to pay higher or lower interest rates. Higher interest rates can also increase borrowing costs, however, which will have an adverse effect.

Foreign exchange

A significant portion of our net cash flows are in U.S. dollars. Changes in Canadian/U.S. dollar exchange rates can have an impact on our profitability.

We manage U.S. Propane's exposure by entering into hedge contracts with external third parties and internally with our other businesses. U.S. Propane is exposed to fluctuations in foreign currency exchange rates. The hedges are intended to cover a portion of the revenue in order to allow the unhedged portion to match the foreign cost component of the hedge contract. It is not possible to completely offset the effects of changing foreign currency values, which leaves some residual exposure that may impact our financial results. You can read more about how we manage our foreign exchange risk in our management's discussion and analysis for the year ended December 31, 2021, which is available on our website (www.superiorplus.com) and on SEDAR (www.sedar.com).

Catastrophic events, natural disasters, severe weather and disease

Our business may be negatively impacted to varying degrees by a number of events that are beyond our control, including cyber-attacks, unauthorized access, energy blackouts, pandemics, terrorist attacks, acts of war, earthquakes, hurricanes, tornados, fires, floods, ice storms or other natural or manmade catastrophes. While we engage in emergency preparedness, including business continuity planning, to mitigate risks, such events can evolve very rapidly and their impacts can be difficult to predict. As such, there can be no assurance that in the event of such a catastrophe our operations and ability to carry on business will not be disrupted. The occurrence of such events may not release us from performing our obligations to third parties. A catastrophic event, or fear of any of the foregoing, could adversely impact us by causing operating or supply chain delays and disruptions, labour shortages, expansion project delays and facility shutdowns, which could have a negative impact on our ability to conduct our business and increase our costs. In addition, liquidity and volatility, credit availability and market and financial conditions generally could change at any time as a result. Any of these events in isolation or in combination could have a material negative impact on our financial condition, operating results and cash flows.

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", resulted in governments worldwide enacting various emergency measures from time to time to combat the spread of the virus. These measures, which have included the implementation of travel bans, self-imposed quarantine periods and social distancing, caused material disruption to business operations, supply chains and customer activity and demand globally. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 pandemic is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to predict what additional measures and restrictions may be imposed by governmental authorities and the time periods during which those measures and restrictions will apply. In addition, it is not possible to reliably estimate the impact of the COVID-19 pandemic on the financial results and condition of Superior and its operating subsidiaries in future periods.

On February 24, 2022, Russia launched a military attack on Ukraine. Since then, a number of countries have imposed economic sanctions on Russia and certain commodity prices including the price of oil and gas, have increased significantly. It is not possible to predict the implications from this conflict but it may continue to have an effect on financial markets, commodity prices and international relations, any of which could have an adverse effect on our business.

Transportation and logistics disruptions

Our businesses rely on rail, trucking, and other transportation modes to deliver product and/or receive materials and goods across Canada and the U.S. in order to service customer demand. Due to the integrated nature of North America's freight transportation infrastructure, Superior's operations may be negatively affected by service disruptions with their transportation provider or disruptions with transportation links such as trucks, ports and other railroads that interchange with and are relied upon by us or our transportation provider(s). A significant prolonged service disruption of one or more of these entities or transportation links could have an adverse effect on our ability to carry on business and service customer demand and on our results of operations. Service disruptions can be caused by, but are not limited to, severe weather and natural disasters such as extreme cold or heat, flooding, droughts, fires, hurricanes and earthquakes as well as labour disruptions and political disruptions, which include protests and intentional blockades and acts of terrorism. Spikes in demand caused by weather or other factors can stress the supply chain, disrupt transportation logistics and negatively impact our ability to obtain additional quantities of propane and other fuels. In addition, transportation providers (rail and truck) in some circumstances have limited ability to provide additional resources in times of extreme peak demand or during other events such as during portions of the pandemic when they experienced high levels of employee absenteeism, which may have a negative impact on our business at a time that is critical to our customers. Any of these factors may have a negative effect on our results of operations or financial position.

Availability of qualified personnel

We may experience challenges attracting and retaining an appropriate level of employees to conduct our business due to competition and labour force demographics. Changes in employee demographics, training requirements and the availability of qualified personnel, particularly service and delivery truck drivers, may negatively impact Superior's ability to service its customers and may result in increased costs to attract and retain such employees. Driver shortages are exacerbated during periods of economic expansion or in tight labour markets, where alternative employment opportunities, including in other industries such as construction and manufacturing, may offer better compensation or more attractive benefits or working conditions, are plentiful and freight demand increases. We also employ driver hiring and training standards, which could further reduce the pool of available drivers from which we can hire. If we are unable to continue to attract and retain a sufficient number of drivers, we may be forced to, among other things, adjust our compensation packages, increase the use of temporary or part-time employees or operate with fewer drivers and face difficulty servicing customers on a timely basis. Any of these factors could adversely affect our results of operations or our financial position.

Issuing shares

If our board of directors decides to issue additional common shares, preferred shares or securities convertible into common shares, our existing shareholders may suffer significant dilution.

Political uncertainties

Unforeseen political events or political uncertainty in markets where we own and operate assets, sell our products and may look to for further growth of our businesses may create economic uncertainty that has a negative impact on our financial performance. An uncertain political environment may arise from frequent changes in governments and related governmental priorities and policies, political conflict or the implementation, or threat, of protectionist measures. In addition, political outcomes in the markets in which we operate may also result in legal uncertainty and potentially divergent national, state and/or provincial laws and regulations, which can contribute to general economic uncertainty. Such uncertainty could cause disruptions to our businesses, including affecting the business of and/or our relationships with our customers and suppliers. Disruptions and uncertainties could adversely affect our financial condition, operating results and cash flows.

Limited liability

We hold a 99.9% limited partnership interest in Superior Plus LP. As a limited partner of a limited partnership existing under the laws of the Province of Ontario, our liability for indebtedness, claims and other liabilities of Superior Plus LP is limited to our investment in the partnership.

We could lose our limited liability in certain circumstances. For example, directly assuming active management of Superior Plus LP would jeopardize our limited liability.

Operational risks

Demand, supply and pricing

Propane represents approximately 2% of the overall Canadian energy market and is used in a wide range of applications, including residential, commercial, industrial, agricultural and automotive uses. Propane is an efficient and portable fuel composed of carbon and hydrogen atoms that is a derivative of natural gas processing and oil refining. Fluctuations in the cost of propane encourage customers to reduce fuel consumption and to invest in more energy efficient equipment, reducing demand for certain uses. There are various federal and provincial carbon pricing requirements and initiatives that will bring visibility to cleaner fuels. Propane is positioned well against heating oil, diesel and other distillates. These government-led initiatives, if underpinned by incentives, could facilitate increased activity around residential conversions to propane, auto propane growth and potentially an increased use of propane for power generation.

SGL's supply is currently purchased from approximately 51 propane producers and suppliers in Canada and the United States. If SGL were unable to obtain the required supply from these producers, it could have an adverse effect on it and the Canadian Propane Distribution business and U.S. Propane Distribution business. The retail propane business is a "margin-based" business where the level of profitability is largely dependent on the difference between retail sales prices and wholesale product costs. Changes in propane supply costs are normally passed through to customers. Delays in passing on supply costs to customers can have an adverse effect on profitability.

In the northeastern United States, approximately 5% of households use propane and another 21% use heating oil as their primary space heating fuel. Heating oil is a low viscosity, flammable, liquid petroleum product produced at crude oil refineries as a part of the distillate fuel oil product family. Residential space heating is the primary use for propane and heating oil, making the demand highly seasonal.

The northeastern United States has traditionally relied on heating oil as a household fuel source, but demand has gradually declined over the past 20 years as propane and natural gas fuels have become more readily available. Residential space heating is the primary use for propane and heating oil, making the demand highly seasonal. U.S. Propane experiences an approximate 9% decline in its heating oil customers annually. This is partially impacted by the decline in demand for heating oil in the northeastern United States, which is declining at a modest rate of approximately 3%. U.S. Propane is a "margin-based" business where the level of profitability is largely dependent on the difference between retail sales prices and wholesale product costs. Changes in supply costs are normally passed through to customers, but timing lags may result in positive or negative gross margin fluctuations.

SGL sources its fixed-price term propane sales commitments by entering into various physical and financial propane purchase and sale contracts for similar terms and volumes to create an effective fixed-price cost of supply. SGL transacts with approximately 70 propane counterparties. There can be no assurance that any of these counterparties will not default on any of its obligations to SGL, requiring SGL to find another source to meet its supply commitment. A default could have a material adverse effect on our company. To minimize its exposure to this risk, SGL evaluates the financial condition of each counterparty and establishes credit limits.

Volume variability, weather conditions and economic demand

Weather, general economic conditions and the volatility in the cost of propane affect propane market volumes. Weather influences the demand for propane primarily for home and facility heating uses and also for agricultural applications, such as crop drying.

In the U.S., propane demand has been stable in the northeastern states, while there have been historical declines across the remainder of the country. Overall, we anticipate our demand will remain relatively stable due to the proportion of propane delivered in the Northeast.

Approximately 69% of our businesses' annual portable fuel volume is distributed during the October to March winter heating season. We offer customers fixed-price contracts throughout the year, supported by purchasing arrangements with SGL. Volatility in the cost of propane influences demand for propane as high prices erode demand for propane and customers undertake conservation or energy efficient actions, or seek lower cost energy alternatives. Conversely, low prices tend to make customers less price sensitive and less focused on their amount of consumption.

Harsh weather can create conditions that exacerbate demand for propane, impede the transportation and delivery of propane, or restrict the ability for our businesses to obtain propane from their suppliers. These conditions may also increase the businesses' operating costs and may reduce customers' demand for propane, any of which may have an adverse effect on the businesses.

Due to the nature of SGL's supply arrangements, storage contracts and available hedging strategies, in periods of declining prices and low demand, SGL may be faced with a mismatch in the timing of inventory sales and prevailing market prices.

Demand from end-use heating applications is relatively predictable. However, weather and general economic conditions affect distillates and propane market volumes. Weather influences the immediate demand, primarily for heating, while longer-term demand declines due to economic conditions as customers trend towards conservation and supplement heating with alternative sources such as wood pellets.

Competition

Propane is sold in competition with other energy sources such as fuel oil, electricity and natural gas, some of which are less costly on an energy equivalent basis. While propane is usually more cost effective than electricity, electricity is a major competitor in most areas. Fuel oil is also used as a residential, commercial and industrial source of heat and, in general, is less costly on an equivalent energy basis, although the operating efficiencies, environmental and air quality factors of propane help make it competitive with fuel oil. Except for certain industrial and commercial applications, propane is generally not competitive with natural gas in areas where natural gas already exists. Other alternative energy sources such as compressed natural gas, methanol and ethanol are available or could be further developed and could have an impact on the propane industry and our businesses in the future. The trend towards increased conservation measures and technological advances in energy efficiency may have a detrimental effect on propane demand and our businesses' sales. Increases in the cost of propane encourage customers to reduce fuel consumption and to invest in more energy efficient equipment, reducing demand. Propane commodity prices are affected by crude oil and natural gas commodity prices.

Automotive propane demand depends on propane pricing, the market's acceptance of propane conversion options and the availability of infrastructure. Canadian Propane Distribution has strategic partnerships with companies focused on after-market conversion technologies. This segment has been impacted by the development of more fuel efficient and complicated engines, which increase the cost of converting engines to propane and reduce the savings per kilometre driven.

Although the Canadian Propane Distribution business is the largest provider of propane in Canada, it faces intense competition in each region of the country where it carries on business from a variety of competitors. In addition to competition from other energy sources, the Canadian Propane Distribution business competes with approximately 200 other retail marketers. Propane retailing is a local, relationship-based business, in which propane competes for market share based on price and level of service. The industry is mature, with limited growth potential and relatively low barriers to entry. The Canadian Propane Distribution business' ability to remain an industry leader depends on its ability to provide reliable service at competitive selling prices. There can be no assurance that the Canadian Propane Distribution business will be able to compete successfully against its current or future competitors or that competition will not have a material adverse effect on our results of operations and financial condition, and on the amount of cash available for dividends to shareholders.

U.S. Propane's competition is both highly variable and hyper-localized for a given market. Competition ranges from large full-service, multi-state marketers to smaller, local independent marketers, often with just a single location. Marketers primarily compete based upon price and service and tend to operate in close proximity to customers, typically within a 35-mile marketing radius from a central depot, to lower delivery costs and provide prompt service.

Among U.S. Propane's largest competitors, pricing tends to be competitive and generally based upon a reasonable markup of overall cost of fuel, delivery, and service. U.S. Propane is well positioned to compete with these competitors given its volume, terminal and bulk storage facilities, and attractive customer density footprint. U.S. Propane also competes with its other smaller regional and local suppliers, who generally have fewer than 3,000 residential customers and do not have sufficient volume or infrastructure to achieve the cost efficiencies that U.S. Propane is able to achieve.

Competition also arises from suppliers of alternative sources of energy, such as natural gas and electricity. The rate of conversion from the use of home heating oil is primarily affected by the viability of natural gas or electricity, fuel prices, and the cost of replacing the home's existing oil-fired heating system.

Health, safety and environment

Our businesses' commodities create greenhouse gases. The regulatory landscape related to greenhouse gases could change based on ongoing discussions in various political and environmental forums.

Slight quantities of propane may be released during transfer operations. The storage and transfer of propane has limited impact on soil or groundwater given that a release of propane will disperse, in most circumstances, into the atmosphere rather than contaminating soil or water.

The Canadian Propane Distribution business has established a comprehensive program directed at environmental, health and safety protection to mitigate risk. This program consists of safety and environmental policies and procedures, codes of practice, periodic self-audits, employee training, quarterly and annual reporting and emergency prevention and response.

The Canadian Propane Distribution business' operations are subject to the risks associated with handling, storing and transporting propane in bulk. The potential exists for accidents to occur or equipment to fail, which could result in the release of propane, which could potentially result in a fire or explosion causing damage to facilities, death or injury and liabilities to third parties. Any environmental, health or safety-related incidents may result in regulatory or legal action, which could potentially result in adverse consequences such as fines, damages, increased costs, legal actions, other sanctions and negative publicity that could have an adverse effect on our business.

U.S. Propane's safety practices and regulatory compliance are an important part of its business, which is managed through a centralized safety and environment system. This program consists of safety and environmental policies and procedures, codes of practice, periodic self-audits, employee training, quarterly and annual reporting and emergency prevention and response. U.S. Propane's operations are subject to the risks associated with the handling, storage and transporting of refined fuels in bulk. The potential exists for accidents to occur or equipment to fail, which could result in the release of these substances potentially leading to a fire or explosion, causing damage to facilities, death or injury and liabilities to third parties. Any environmental, health or safety-related incidents may result in regulatory or legal action, which could result in adverse consequences such as fines, damages, increased costs, legal actions, other sanctions and negative publicity that could have an adverse effect on our business.

The storage and delivery of refined fuels pose the potential for spills that could impact the soils and water of storage facilities and customer properties. U.S. Propane-operated bulk storage areas and loading/unloading points have secondary containment to prevent spills from reaching soil or groundwater. Customer locations are inspected by drivers and technicians during visits to identify potential hazards and necessary corrections are performed before product is delivered. A release that could impact soil or groundwater is required to be reported to the appropriate government agencies; clean-up operations are conducted by internal and third-party technicians.

In Canada and the United States, regulators responsible for the safe handling of hazardous materials continue to review, revise and implement new safety standards to enhance public safety. New safety standards have the potential for a significant cost to implement and maintain depending on their nature and complexity. If at any time the appropriate regulatory authorities deem any of the facilities unsafe, they may order that the facilities be shut down.

Regulatory environment and legislative change

Our businesses are subject to extensive federal, provincial, state and local laws and regulations, including those relating to the protection of the environment, waste management, discharge of hazardous materials and the characteristics and composition of refined products. Certain of these laws and regulations may also require assessment or remediation efforts at Canadian Propane Distribution's and U.S. Propane's facilities and at third-party sites.

Environmental laws that apply to Canadian Propane Distribution and U.S. Propane are subject to frequent change and often become more stringent over time. Compliance with current and future environmental laws and regulations may require significant expenditures, increasing the overall cost of operating the business. Failure to comply with these laws and regulations could also result in substantial fines or penalties against us or orders that could limit our operations and have an adverse effect on our company.

U.S. Propane is based in the United States and operates in the United States. These operations could be affected by changes to laws, rules or policies that may either be more favourable to competing energy sources or increase costs or otherwise negatively affect the operations of U.S. Propane in comparison to these competing energy sources, which could have an adverse effect on our company. Our reliance on these markets means that we are subject to downturns in the U.S. economy, weather patterns in the U.S., U.S. regulatory changes, protectionist actions by U.S. legislators and other political developments, all of which could have an adverse impact on our financial results.

Climate change

Climate change and the contribution of greenhouse gas ("GHG") emissions continues to be a key concern at the international, national, provincial, state and local levels. Both Canada and the United States are signatories to the United Nations Framework Convention on Climate Change ("UNFCCC"), which was entered into in order to work towards stabilizing atmospheric GHG emissions at a level to prevent "dangerous anthropogenic interference with the climate system". Canada has also ratified the Paris Agreement, an international agreement within the UNFCCC to address climate change, and the United States rejoined this agreement in February 2021.

Provinces in Canada have adopted a range of laws to put a price on, or otherwise regulate, GHG emissions. In addition, the Canadian federal government has implemented a regime that puts a price on certain GHG emissions in provinces and territories that do not have an adequate GHG emissions pricing regime, as determined by the federal government. Among other things, this regime imposes a regulatory charge on certain GHG emitting fuels – including propane sold in such provinces and territories. Under the current regime, such charge will increase annually until at least 2022, and there is a proposal for further increases until at least 2030. The Canadian federal government has also proposed new regulations that would require covered producers and importers of liquid fossil fuels to reduce the lifecycle carbon intensity of those fuels over time. In the U.S., both Houses of the United States Congress also have considered laws to reduce emissions of GHGs. Although Congress has not yet enacted comprehensive U.S. federal carbon pricing legislation, the current executive branch has proposed and implemented various measures to require reductions in GHG emissions and to promote low carbon technologies. For instance, the current U.S. federal administration has issued several executive orders focused on addressing climate change. One such order issued in December 2021 targets 100 percent zero-emission vehicle acquisitions by the federal government by 2035 and net-zero emissions from federal procurement by no later than 2050, among other things. In addition, a number of U.S. states and municipalities have implemented laws and policies related to climate change, including reducing the emission of GHGs and the carbon intensity of certain fossil fuels. Such laws and policies in Canada and the United States continue to evolve.

Climate change and laws to reduce GHG emissions, as well as other actions related to climate change and GHG emission reductions, could impact our business in a number of different ways. For example, GHG emission reduction requirements may require us and/or our suppliers to incur increased capital and operating costs, which would likely impact our product prices and consumer demand. In addition, such increased costs may not be possible to be passed along to certain of our customers who have fixed price contracts with us. Likewise, GHG emission pricing requirements (including annual increases to existing requirements) will make our products more expensive for the end-users and may impact consumer demand. In addition to cost consequences, consumer demand for propane and heating oil may also diminish due to a desire for lower carbon intensive alternatives to these products (such as natural gas or renewable energy) and a decreased need for propane and heating oil due to increased energy efficient products and/or buildings. While we cannot currently predict the impact of GHG emission reduction and pricing activities as well as any unrelated change in demand for propane and heating oil, the culmination of these factors is expected to result in a decline of consumption of petroleum products over time, which would have an adverse effect on our business.

Another possible consequence of climate change is changing weather patterns and unpredictable weather events. Among other things, increased volatility in seasonal temperatures may occur. It is difficult to predict how the market for the fuels we distribute would be affected by increased temperature volatility. However, if there is an overall trend of warmer temperatures, it would likely have an adverse effect on the heating component of our Energy Distribution business. In addition, climate change may result in more harsh weather conditions. As described above, harsh weather can create conditions that exacerbate demand for propane, impede the transportation and delivery of propane, or restrict the ability of the Energy Distribution businesses to obtain propane from their suppliers. These conditions may also increase the Energy Distribution businesses' operating costs and may reduce customers' demand for propane, any of which may have an adverse effect on our businesses.

A number of factors (including those described above) may affect our reputation and certain investors' sentiments towards investing in our industry. As a result of climate change-related concerns, some institutional and public investors have announced that they are no longer willing to fund or invest in oil and gas producers or other companies involved in the transportation or distribution of hydrocarbon products or that they are reducing the amount of such investment over time. Any reduction in the investor base willing to invest in our suppliers may impact the availability and cost of obtaining propane over time and could have an adverse effect on our business. Any reduction in the investor base willing to invest in our industry, and, more specifically, us, may result in limiting our access to capital, increasing the cost of capital and decreasing the price and liquidity of our securities.

We continue to monitor these complex factors related to climate change and GHG emissions reductions in an effort to assess the potential impacts on each of our businesses and to mitigate negative impacts where possible.

Climate change and sustainability

One of our strategic priorities, as outlined in our inaugural sustainability report published in 2021, is to conduct our business and create long-term shareholder value in a socially responsible and sustainable manner. In order to do so, we may commit to certain strategies and long-term targets and will need to respond to changing market conditions and may incur additional capital and operating costs that could have an impact on our profitability. We have already announced that we intend to pursue opportunities in the low carbon and renewable portable energy space by leveraging our customer base and distribution and logistics expertise. In addition to increased expenses, these additional initiatives may require additional management time and attention which may reduce the time we have to manage the existing business. Competition for some of these low carbon and renewable energy opportunities may be significant and there is no guarantee we will be successful in developing such opportunities or, even if we are, the returns from such opportunities may be lower than anticipated. Superior's ability to implement its sustainability efforts will be compared against its peers. Our sustainability performance and the perception by our key stakeholders may have an impact on our reputation and attractiveness as an investment and on our ability to raise capital to operate and grow our business. Additionally, continued focus by key stakeholders on climate change and reduction of fossil fuels may have a negative impact on our attractiveness as an investment and may result in a reduced ability to raise capital or result in increased costs to do so which will have a negative effect on our business.

Reliance on third parties

Superior Plus LP has contracts with third parties that represent a significant source of revenue, and with others that are important suppliers. Third parties include: Plains Midstream Canada ULC, Gibson Energy Infrastructure, Chevron Products Company, a division of Chevron USA Inc., PBF Holding Company LLC and Pembina Infrastructure and Logistics LP. Superior Plus LP takes steps to mitigate these risks, but a failure of any of these companies to fulfill their commitments, meet their contractual obligations or if they are otherwise unable to perform as expected, could have a material adverse effect on Superior Plus LP's business, financial condition or operations, even if the failure constitutes a breach of contract.

Information technology and cybersecurity

We use several information technology systems to manage our business and operate our facilities. The reliability and security of these systems plays a key role in maintaining service excellence for employees, customers and suppliers. Our information technology systems and those of our third-party vendors have been the target of cyber-security attacks in the past. If we are unable to protect our information technology systems against future service interruption, misappropriation of data, or breaches of security resulting from cyber-security attacks or other events, or if we encounter other unforeseen difficulties in the design, implementation or operation of our information technology systems, or if our third-party vendors or service providers experience compromises to their information technology systems, our operations could be disrupted, our business and reputation may suffer, and our internal controls could be adversely affected. In the ordinary course of business, we rely on information technology systems, including the Internet and third-party hosted services, to support a variety of business processes and activities and to store sensitive data, including our business information and that of our suppliers and business partners and personal information of our customers and employees. In addition, we rely on our information technology systems to process financial information and results of operations for internal reporting purposes and to comply with financial reporting, legal, and tax requirements.

Cyber-security incidents have recently increased in both frequency and magnitude and have involved malicious software and attempts to gain unauthorized access to data and systems, including ransomware attacks where a target's access to its information systems is blocked until a ransom has been paid. Despite our security measures, our technologies, systems, and networks have been and may continue to be the target of cyber-security attacks or information security breaches that could result in the unauthorized release, misuse, loss or destruction of proprietary and other information, or other disruption of our business operations. We may be unable to detect, identify or prevent future attacks, and even if detected, we may be unable to remediate our systems given the techniques being used by threat actors to circumvent controls and to remove or obfuscate forensic evidence. Attacks and incidents may also result from human error (i.e. phishing campaigns or social engineering) or from malfeasance by employees or contractors. Similarly, our third-party vendors or service providers have been impacted by cyber-security attacks and incidents and are subject to many if not all of the same risks and disruptions as described above.

If the functionality of our information technology systems or those of our third-party service providers is interrupted or fails and cannot be restored, our ability to operate our facilities and maintain our service standards could be compromised which could have a material adverse effect on our business. Any other misappropriation of data, or breaches of security could lead to investigations and fines or penalties, litigation, increased costs for compliance and for remediation or rebuilding of our systems which could have a material adverse effect on our business, financial condition, results of operations and reputation. In addition, the effectiveness of our internal controls could be adversely affected if we encounter unforeseen problems with respect to the operation of our information technology systems. Also, as cyber incidents increase in frequency and magnitude, we may be unable to obtain cyber-security insurance in amounts and on terms we view as adequate to mitigate these risks or the costs of such insurance may be prohibitive.

Fixed-price offerings

Canadian Propane Distribution offers its customers various fixed-price propane programs. In order to mitigate the price risk from offering these services, Canadian Propane Distribution, through SGL, uses either its physical inventory positions or forward commodity transactions with various third parties having terms and volumes substantially the same as its customers' contracts. In periods of high propane price volatility, the fixed-price programs create exposure to over- or under-supply positions as the demand from customers may significantly exceed or fall short of supply procured. In addition, if propane prices decline significantly subsequent to customers signing up for a fixed-price program, there is a risk that customers will default on their commitments. Fixed-price offerings make up approximately 19% of the Canadian Propane Distribution business and SGL's delivered volumes. See Note 18 to the Financial Statements for fixed-price propane purchase and sale commitment amounts.

U.S. Propane offers its customers some limited fixed-price and capped-price programs. In order to mitigate the price risk from offering these services, U.S. Propane uses call options and physical positions, supplemented by forward commodity transactions with various third parties having terms and volumes substantially the same as its customers' contracts. In periods of high commodity prices, volatility in the fixed-price programs create exposure to over- or under-supply positions as the demand from customers may significantly exceed or fall short of supply procured. In addition, if commodity prices decline significantly subsequent to customers signing up for a fixed-price program, there is a risk that customers will default on their commitments. Fixed-price offerings make up approximately 21% of U.S. Propane's flowing volumes. See Note 18 to the Financial Statements for refined fuel purchase and sale commitment amounts.

SGL primarily purchases and sells propane, as well as butane and other refined fuel products, to meet its estimated commitments to its wholesale customers based upon, among other things, the historical consumption of propane by its customers. Depending on a number of factors, including weather, pricing, customer attrition and economic conditions, customer consumption may vary from the volume purchased. This variance may require SGL to purchase or sell its products at market prices that may have a material adverse effect on our financial results. To mitigate potential balancing risk, SGL closely monitors its balancing position and leases storage facilities to secure supply for its customers, in an effort to minimize imbalances.

SGL's supply contracts for its customers are exposed to fluctuations in commodity prices. SGL typically enters into derivative instruments or secures physical product to match its customer commitments. However, from time to time and subject to certain internal limits, SGL purchases commodities such as propane or butane in advance of entering into customer supply contracts for such product or enters into customer supply contracts prior to securing a matching supply commitment or derivative and is exposed to commodity price risk where customer commitments and supply do not match. SGL may suffer losses if it is required to sell excess supply or purchase additional supply in the spot market where the underlying commodity price moves against SGL. SGL may also enter into contracts at one location but be required to deliver to another location, which may have a negative financial impact on SGL. Such losses or negative financial impact could have a material adverse effect on SGL's financial results.

Customer payment

Superior Plus LP depends in part on the viability of its customers for collections of trade accounts receivable and notes receivable. There can be no assurance that its customers will not experience financial difficulties in the future or that they will be able to collect all of their trade accounts receivable or notes receivable.

Employee retention

Our success, and the success of our operational segments, depends heavily on the skills and expertise of our employees. Failing to attract and keep experienced management, qualified professionals and support staff could:

- lower our profitability
- limit our ability to take on new customers or meet our customer obligations
- increase the amount we have to pay to our employees.

Labour relations

As of December 31, 2021, approximately 43 or 1.8% of U.S. Propane's employees are unionized. Employees are unionized under two agreements that expire on September 30, 2022 and March 31, 2023, respectively, and a third that expired on March 31, 2021, but continues year-to-year unless there is written notice of termination served with 60-days' prior notice.

As of December 31, 2021, approximately 307 or 18% of Canadian Propane Distribution's employees are unionized through three provincial or regional certifications in British Columbia, Yukon and Québec. Expiry dates range from December 17, 2023 to December 31, 2024. While labour disruptions are not expected, there is always risk associated with the collective agreement negotiation process that could have an adverse impact on our company.

If non-unionized employees become subject to collective agreements, the terms of any new collective agreements would have implications for the affected operations, and those implications could be material.

Legal risks

Legal proceedings

Superior Plus LP and its subsidiaries are currently involved in legal proceedings (see page 57). We cannot predict the outcome with certainty, but do not believe that an adverse decision would have a material adverse effect on our financial condition. We have significant operations in Canada and the United States and may be exposed to litigation or legal proceedings in these jurisdictions. If a court finds that we or any of our subsidiaries have failed to comply with laws or regulations and there is a significant judgment that results in a significant fine or penalty, there could be an adverse effect on our company.

We are involved in legal proceedings relating to our terminated arrangement with Canexus Corporation.

On October 6, 2015, we entered into an agreement to acquire all of the issued and outstanding common shares of Canexus Corporation by way of a court approved plan of arrangement. On June 30, 2016, we notified Canexus Corporation that (a) we had terminated the agreement effective June 30, 2016 because it had breached the arrangement agreement, (b) failed to remedy the breach, and (c) that we were seeking a $25-million termination fee.

On July 12, 2016, we began a legal proceeding in the Court of Queen's Bench of Alberta to recover the $25 million termination fee from Canexus Corporation, and filed a statement of defense to Canexus Corporation's claim (filed on July 5, 2016) for a reverse termination fee of $25 million from Superior.

The trial of this matter took place in October and November 2021 followed by written and oral arguments which were completed on February 9, 2022. We currently expect a decision in the matter at some point in the second half of 2022.

We cannot predict the outcome with certainty, but do not believe that an adverse decision would have a material adverse effect on our financial condition.

Insurance coverage

Our operations are subject to all of the risks and hazards inherent in the propane storage and distribution, including explosions, fires and accidents, including road and highway accidents involving our trucks. Any such events could result in substantial losses due to breaches of contractual commitments, personal injury and/or loss of life, damage to and destruction of property and equipment and pollution or other environmental damage. These risks may also result in curtailment or suspension of our operations. A natural disaster or other hazard affecting the areas in which we operate could have a material adverse effect on our operations. We are not fully insured against all risks inherent in our business. In addition, we are not insured against all environmental accidents that might occur, some of which may result in toxic tort claims. If a significant accident or event occurs for which we are not fully insured, it could result in a material adverse effect on our business, financial condition and results of operations. Furthermore, we may not be able to maintain or obtain insurance of the type and amount we desire at reasonable rates. As a result of market conditions, premiums and deductibles for certain of our insurance policies, including as an example premiums and deductibles for cyber security insurance which have seen dramatic price increases in recent months and more favourable terms for insurers, may substantially increase and terms and conditions become less favourable for us. In some instances, certain insurance could become unavailable or available only for reduced amounts of coverage.

Legal and other information

Transfer agent and registrar

Computershare Trust Company of Canada is our transfer agent and registrar for all our publicly listed securities at its principal offices in Montreal, Toronto, Calgary and Vancouver in Canada.

Conflicts of interest

Conflicts of interest can arise when a director or officer of Superior is also a director, officer or has similar responsibilities in another company that competes with Superior. Under the rules set out in the CBCA, directors and officers have a duty to act honestly and in good faith with a view to act in the best interests of the corporation. Our directors follow the rules set out in the CBCA so that where the board is voting on a material transaction or material contract that a director has an interest in, the director must disclose their interest and refrain from voting. We take extra steps to avoid any real or perceived conflicts of interest. At the start of each board meeting, the Chair asks directors if there are any independence or conflict of interest issues that may affect the director's ability to exercise independent judgment. This is to ensure that directors consider transactions, agreements and other matters without compromise.

Interest of management and others in material transactions

Except as set out below, none of our directors, executive officers or shareholders who beneficially own or exercise control over more than 10% of our outstanding common shares, or anyone associated or affiliated with any one of them, has, or has had in the last three years, a direct or indirect material interest in any transaction or proposed transaction that has materially affected or would materially affect the company.

- On July 13, 2020, we completed the Brookfield Investment and Mr. Rufino, who was arm's-length to Superior prior to the investment, was appointed to our board as Brookfield's nominee in connection therewith. See "Major Developments", "Our Capital Structure" and "Material Contracts" in this annual information form. Additional information regarding the Brookfield Investment, including a material change report and copies of the material agreements, is available on our profile on SEDAR (www.sedar.com).

Intellectual property

Superior GP owns all the right, title and interest in Superior Propane (Superieur in French), Superior Gas Liquids, mySuperior, mySuperiorPro, Canwest Propane, United Pacific Energy, Stittco Energy, Pomerleau Gaz Propane and Caledon Propane trademarks, related design and other tradenames, registered or acquired at various times over the years and relating to specific programs or services Canadian Propane Distribution provides, or to its marketing activities.

Owning these trademarks means that Superior GP and/or Superior Plus LP own the names, designs, logos and technology associated with its businesses that are recognizable to the public or to industry internationally. Each trademark lasts from 10 to 15 years after it is registered and can be renewed for another 10 to 15 years, depending on where it was registered.

We use various works protected by intellectual property rights, which we own or for which we have been granted rights to use. These include copyrights in content, programs, software and applications (including the mySuperior and mySuperiorPro platforms), domain names, patents or patent applications for inventions owned or produced by us and our employees. In particular, the mySuperior and mySuperiorPro brands play a key role in product positioning. Our branding is straightforward and directly supports our strategy of delivering a better customer experience.

Material contracts

In 2021, we entered into the following material contracts (not including those that we entered into as part of the ordinary course of business), full copies of which are available on our profile on SEDAR (www.sedar.com):

- The Specialty Chemicals PSA dated February 18, 2021 pursuant to which we sold the assets and entities that made up the Specialty Chemicals business segment and the Vendor Note dated April 9, 2021 that we received in connection therewith
- 4.5% Note Indenture – the trust indenture among Superior Plus LP and Superior GP, as co-issuers, Computershare Trust Company, N.A., as U.S. indenture trustee and Computershare Trust Company of Canada, as Canadian indenture trustee, dated March 11, 2021, under which Superior Plus LP and Superior GP issued the 4.5% Notes and may issue other notes from time to time
- Second amended and restated credit agreement dated April 9, 2021 among Superior Plus LP and Superior Plus U.S. Financing Inc., as co-borrowers, The Bank of Nova Scotia, as the administrative agent, and the financial institutions party thereto, as lenders
- 4.25% Note Indenture – the trust indenture among Superior Plus LP, as issuer, and Computershare Trust Company of Canada, as indenture trustee, dated May 18, 2021, under which Superior Plus LP issued the 4.25% Notes.

Material contracts (not including those that we entered into as part of the ordinary course of business) that we entered into before 2021, full copies of which are available on our profile on SEDAR (www.sedar.com), that are still in effect are:

- Securities Subscription Agreement among Brookfield BBP Canada Holdings Inc., Superior Plus U.S. Holdings Inc. and Superior dated June 8, 2020, whereby Brookfield BBP Canada Holdings Inc. subscribed for shares of Preferred Stock of Superior Plus U.S. Holdings Inc.
- Amending Agreement among Brookfield BBP Canada Holdings Inc., Superior and Superior Plus U.S. Holdings Inc. dated July 12, 2020, to the Securities Subscription Agreement dated June 8, 2020
- Assignment and Assumption Agreement among Brookfield BBP Canada Holdings Inc., SPC PIPE L.P., Superior and Superior Plus U.S. Holdings Inc. dated July 12, 2020, whereby Brookfield BBP Canada Holdings Inc. assigned its rights, interests and obligations under the Securities Subscription Agreement to SPC PIPE L.P.
- Investor Rights Agreement among SPC PIPE L.P., Superior and Superior Plus U.S. Holdings Inc. dated July 13, 2020, providing for, among other things, registration rights, participation rights, certain standstill and transfer restrictions and director nomination rights
- Exchange and Support Agreement among Superior, Superior Plus U.S. Holdings Inc., SPC PIPE L.P., and any person that becomes a holder of Series 1, Preferred Shares of Superior Plus U.S. Holdings Inc. dated July 13, 2020
- Subordinated Guarantee Agreement between SPC PIPE L.P. and Superior dated July 13, 2020
- Voting Trust Agreement between Superior Plus U.S. Holdings Inc., Superior and SPC PIPE L.P. and Computershare dated July 13, 2020, to provide for the rights of Computershare to exercise the voting rights of holders of shares of Preferred Stock
- Membership interest purchase agreement dated May 30, 2018, among NGL Energy Partners LP, NGL Energy Operating, LLC and Superior Plus Energy Services Inc.
- Amended and restated shareholder rights plan agreement between Superior and Computershare, dated February 16, 2012, as amended and restated on March 30, 2012, May 1, 2015 and May 8, 2018
- Amended and restated limited partnership agreement dated December 31, 2008, between Superior Plus Corp. and Superior Plus Inc.

- Indemnity agreement dated December 31, 2008, between Superior Plus Corp. and New Ballard (the corporation created to carry on the business of Ballard Power Systems Inc. when Superior Plus Income Fund was converted to a corporation and renamed Superior Plus Corp.)
- Consent agreement between the Commissioner of Competition, Superior Plus Corp. and Superior Plus LP dated September 27, 2017
- Share purchase agreement dated July 4, 2016, between Construction Products Acquisition, LLC, Superior Plus LP and Superior Plus U.S. Holdings Inc.
- Option purchase agreement dated February 13, 2017, under which Superior Plus LP agreed to acquire (or have its designate acquire) an irrevocable option to buy all of the issued and outstanding shares and units of the entities that carried on Canwest's retail propane business (the Canwest securities)
- Option agreement dated March 1, 2017, under which Superior Plus LP acquired the option to buy the Canwest securities from Gibson in exchange for $412 million, subject to certain adjustments.

Legal proceedings

Termination fee

We are involved in legal proceedings relating to our terminated arrangement with Canexus Corporation.

On October 6, 2015, we entered into an agreement to acquire all of the issued and outstanding common shares of Canexus Corporation by way of a court approved plan of arrangement. On June 30, 2016, we notified Canexus Corporation that (a) we had terminated the agreement effective June 30, 2016 because it had breached the arrangement agreement, (b) failed to remedy the breach, and (c) that we were seeking a $25-million termination fee.

On July 12, 2016, we began a legal proceeding in the Court of Queen's Bench of Alberta to recover the $25 million termination fee from Canexus Corporation, and filed a statement of defence to Canexus Corporation's claim (filed on July 5, 2016) for a reverse termination fee of $25 million from Superior.

The trial of this matter took place in October and November 2021 followed by written and oral arguments which were completed on February 9, 2022. We currently expect a decision in the matter at some point in the second half of 2022.

We cannot predict the outcome with certainty, but do not believe that an adverse decision would have a material adverse effect on our financial condition.

General

Sometimes, we are named as parties in legal proceedings and regulatory actions, usually related to normal operational or labour issues. We cannot predict the outcome of these proceedings, but we do not expect them to have a material adverse effect on Superior as a whole.

Other than the proceedings discussed above, we have not been a party to any legal proceedings that have damages that exceed 10% of our current assets, excluding interest and costs.

Superior is not, and has not been at any time within the most recently completed financial year, a party to any legal proceedings, known or contemplated, where the damages involved, excluding interest and costs, exceed 10% of Superior's current assets.

Experts and interests of experts

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under National Instrument 51-102 – Continuous Disclosure Obligations of the Canadian Securities Administrators by Superior during, or related to, Superior's most recently completed financial year other than Ernst & Young LLP, Superior's auditor during the most recently completed financial year.

Ernst & Young LLP, the auditors of the Company, has advised the Company that it is independent of the Company in the context of the CPA Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

Forward-looking information

Certain information included herein is forward-looking information within the meaning of applicable Canadian securities laws. Forward-looking information may include statements regarding the objectives, business strategies to achieve those objectives, expected financial results, risk management, economic or market conditions, and the outlook of or involving Superior and its businesses. Such information is typically identified by words such as “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, ”plan”, “intend”, “forecast”, “future”, “outlook”, “guidance”, “may”, “predict”, “project”, “should”, “strategy”, “target”, “will” or similar expressions suggesting future outcomes.

Forward-looking information in this AIF may include future financial position, consolidated and business segment outlooks, business strategy and objectives, development plans and programs, business expansion and cost structure and other improvement projects, expected product margins and sales volumes, market conditions in Canada and the U.S., expected seasonality of demand, future economic conditions, expected governmental regulatory regimes and legislation and their expected impact on regulatory and compliance costs, expectations for the outcome of existing and potential legal and contractual claims, our ability to obtain financing on acceptable terms, expected life of facilities and statements regarding net working capital and capital expenditure requirements of Superior.

Forward-looking information is provided for the purpose of providing information about management’s expectations and plans about the future and may not be appropriate for other purposes. Forward-looking information herein is based on various assumptions and expectations that Superior believes are reasonable in the circumstances. No assurance can be given that these assumptions and expectations will prove to be correct. Those assumptions and expectations are based on information currently available to Superior, including information obtained from third party industry analysts and other third party sources, and the historic performance of Superior’s businesses. Such assumptions include anticipated financial performance, completion of the Kamps Acquisition, anticipated outcome of legal proceedings, current business and economic trends, the amount of future dividends paid by Superior, receipt of future consideration under the Vendor Note related to the sale of the Specialty Chemicals segment, business prospects, availability and utilization of tax basis, regulatory developments, currency, exchange and interest rates, average weather, trading data, future commodity prices, oil and gas industry activity levels, cost estimates and the assumptions set forth below; such assumptions are subject to the risks and uncertainties set forth below.

By its very nature, forward-looking information involves numerous assumptions, risks and uncertainties, both general and specific. Should one or more of these risks and uncertainties materialize or should underlying assumptions prove incorrect, as many important factors are beyond Superior’s control, Superior’s actual performance and financial results may vary materially from those estimates and intentions contemplated, expressed or implied in the forward-looking information. These risks and uncertainties include incorrect assessments of value when making acquisitions, increases in debt service charges, the loss of key personnel, fluctuations in foreign currency and exchange rates, inadequate insurance coverage, liability for cash taxes, counterparty risk, compliance with environmental laws and regulations, operational risks involving Superior’s facilities, force majeure, labour relations matters, Superior’s ability to access external sources of debt and equity capital, and the risks identified in (i) this AIF under the heading “Risks associated with our business” and (ii) Superior’s Management Discussion & Analysis. The preceding list of assumptions, risks and uncertainties is not exhaustive.

When relying on our forward-looking information to make decisions with respect to Superior, investors and others should carefully consider the preceding factors, other uncertainties and potential events. Any forward-looking information is provided as of the date of this AIF and, except as required by law, neither Superior undertakes to update or revise such information to reflect new information, subsequent or otherwise. For the reasons set forth above, investors should not place undue reliance on forward-looking information.

Appendix A – Audit Committee Mandate

A. Purpose

The primary purpose of the Audit committee (the "Committee") of the Board of Directors (the "Board") of Superior Plus Corp. (the "Corporation") is to assist the Board in fulfilling its oversight responsibilities in relation to (i) the integrity of the financial statements and financial reporting of the Corporation and its subsidiaries, (ii) compliance with accounting and finance based legal and regulatory requirements; (iii) the independent auditor's qualifications, independence and compensation; (iv) the internal controls and management information systems and procedures of the Corporation; (v) performance of the external audit process of the independent auditor; (vi) the internal audit function; (vii) financial and enterprise risk management practices; and (viii) transactions or circumstances which could materially affect the financial profile of the Corporation.

The Committee reports to the Board. The role of the Committee is one of stewardship and oversight. The Committee plays an important role within the control environment and monitoring components of internal control over financial reporting. Management is responsible for the business and affairs of the Corporation including preparing the financial statements and financial reporting of the Corporation and for maintaining internal control and management information and risk management systems and procedures. The external auditors are responsible for the integrated audit or review of the financial statements and the internal controls over financial reporting and other services they provide.

B. Mandate

1. Financial Statements and Financial Reporting

The Committee shall:

(a) exercise oversight of the reliability and integrity of the accounting principles and practices utilized by the Corporation;

(b) review with management and the external auditors (separately with each and together), and recommend to the Board for approval, the annual financial statements of the Corporation, the reports of the external auditors thereon and related financial reporting, including Management's Discussion and Analysis ("MD&A") and earnings press releases prior to the public disclosure of such information;

(c) review with management and the external auditors (separately with each and together), the external auditors' interim review findings report and recommend to the Board for approval, the interim financial statements of the Corporation and related financial reporting, including MD&A and earnings press releases prior to the public disclosure of such information;

(d) review any news release, before being released to the public, that contains material financial information or estimates or information regarding the Corporation's future financial performance or prospects;

(e) review with management and recommend to the Board for approval, the Corporation's Annual Information Form;

(f) review with management and recommend to the Board for approval, any financial statements of the Corporation which have not previously been approved by the Board and which are to be included in a prospectus of the Corporation;

(g) review with management and the external auditors, and recommend to the Board for approval, management's internal control reports of the Corporation and the related required disclosures in the MD&A, as required by applicable securities laws, rules and guidelines;

(h) consider and be satisfied that appropriate processes are in place with respect to applicable certification requirements regarding the Corporation's annual and interim financial statements and other disclosure;

(i) consider and be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements (other than disclosure referred to in clauses (b), (c) and (f) above), and periodically assess the adequacy of such procedures;

(j) review with management, the external auditors and, if necessary, legal counsel (i) any legal matters, including litigation, claim or contingency and tax assessments, that could have a material effect upon the financial position of the Corporation and the manner in which these matters may be, or have been, disclosed in the financial statements; (ii) compliance policies; and (iii) any material reports or inquiries received from regulators, governmental agencies or employees that raise material issues regarding the Corporation's financial statements and accounting or compliance policies; and

(k) review accounting, tax and financial aspects of the operations of the Corporation as the Committee considers appropriate.

2. Relationships with External Auditors

The Committee shall:

(a) at least annually, review and evaluate the external auditors, including the lead partner's performance and make a recommendation to the Board as to the appointment or re-appointment of the external auditors or whether a change of external auditors is advisable, ensuring that such auditors are participants in good standing pursuant to applicable securities laws;

(b) consider and make a recommendation to the Board as to the compensation of the external auditors;

(c) at least annually, review and approve the annual audit plan of the external auditors, including any material changes thereto and reviewing and discussing with the external auditors all critical accounting policies and practices to be used in the audit and any alternative treatments of financial information within generally accepted accounting principles that have been discussed with management;

(d) ensure that the external auditors report directly to the Committee and oversee the work of the external auditors engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services, including reviewing and discussing with the external auditors:

   (i) any major issues regarding accounting principles and financial statement presentation, any significant changes in management's selection or application of accounting principles, any significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements; and

   (ii) any problems or difficulties encountered during the audit or provisions of other services, including restrictions on the scope of activities or access to information, and any significant disagreements between the external auditors and management in relation to financial reporting;

(e) review and discuss with the external auditors all significant relationships that the external auditors and their affiliates have with the Corporation and their affiliates in order to determine the external auditors' independence, including, without limitation, (a) requesting, receiving and reviewing, on a periodic basis, a formal written statement from the external auditors delineating all relationships that may reasonably be thought to bear on the independence of the external auditors with respect to the Corporation, (b) discussing with the external auditors any disclosed relationships or services that the external auditors believe may affect the objectivity and independence of the external auditors, and (c) recommending that the Board take appropriate action in response to the external auditors' report to satisfy itself of the external auditors' independence;

(f) monitor the rotation of partners on the audit engagement team in accordance with applicable law and professional standards and requirements for auditor independence;

(g) as may be required by applicable securities laws, rules and guidelines, either:

  (i) pre-approve all non-audit services to be provided by the external auditors to the Corporation (or their respective subsidiaries, if any), or, in the case of *de minimus* non-audit services, approve such non-audit services prior to the completion of the audit; or

  (ii) adopt specific policies and procedures for the engagement of the external auditors for the purpose of the provision of non-audit services; and

(h) review and approve the hiring practices or policies of the Corporation regarding partners, former partners, employees and former employees of the present and former external auditors of the Corporation.

3. Internal Audit Function

The head of internal audit shall report directly to the Audit committee and functionally to the Chief Financial Officer of the Corporation.

The Committee shall carry out the following responsibilities with regard to the internal audit function:

(a) review with management and the head of internal audit the charter, activities, staffing, and organizational structure of internal audit;

(b) have final authority to review and approve the annual audit plan and all major changes to the plan;

(c) ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement or dismissal of the head of internal audit; and

(d) on a regular basis, meet separately with the head of internal audit to discuss any matters that the Committee or the head of internal audit believes should be discussed privately.

4. Internal Controls

The Committee shall:

(a) periodically review with management and the external auditors, the Corporation's internal control over financial reporting and management information systems and procedures, any significant deficiencies or material weakness in their design or operation, any proposed major changes to them and any fraud involving management or other employees who have a significant role in the Corporation's internal control over financing reporting and determine whether the Corporation is in compliance with applicable legal and regulatory requirements and with the Corporation's policies;

(b) review with management, on at least an annual basis, their approach to monitoring the performance of the internal controls over financial reporting in accordance with their CEO/CFO certification process, as required by applicable securities laws, rules and guidelines;

(c) review the appropriateness of the accounting practices and policies of the Corporation and review any proposed changes thereto;

(d) review the external auditors' recommendations regarding any matters, including internal control and management information systems and procedures, and management's responses thereto;

(e) review and monitor procedures for (i) the receipt, retention and treatment of complaints, submissions and concerns, by employees or otherwise, regarding financial reporting and disclosure, accounting, internal accounting controls or auditing matters; and (ii) the confidential, anonymous submission by employees of the Corporation's concerns regarding questionable accounting or auditing matters;

(f) review policies and practices concerning the expenses and perquisites of the President and CEO, including the use of the assets of the Corporation;

(g) review with external auditors any corporate transactions in which directors or officers of the Corporation have a personal interest; and

(h) communicate with the Board regarding the Corporation's code of conduct and on matters relating to ethics and fraud, as it relates to internal controls, financial reporting and all auditing activities.

5. Risk Management Oversight

The Committee shall:

(a) exercise oversight with respect to the implementation and effectiveness of the Corporation's enterprise risk management system;

(b) review with management and the external auditors their assessment of significant corporate and financial risks and exposures including without limitation cyber security risks, sustainability risks and potential emerging risks;

(c) review and assess the appropriateness and effectiveness of the steps that management has taken to mitigate such risks including policies, procedures, responses, recovery and communication and disclosure plans, where applicable;

(d) report the results of such reviews to the Board for the purpose of assisting the Board in identifying the principal business risks associated with the businesses of the Corporation; and

(e) annually review the adequacy of the Corporation's insurance program.

C. Committee and Procedures

1. Composition of Committee

The Committee shall consist of not less than three directors of the Corporation. Each Committee member shall satisfy the independence and financial literacy requirements of applicable securities laws, rules or guidelines and any other applicable regulatory rules. In particular, each member of the Committee shall have no direct or indirect material relationship with the Corporation or any affiliate thereof which could reasonably be expected to interfere with the exercise of the member's independent judgment. Determinations as to whether a particular director satisfies the requirements for membership on the Committee shall be made by the full Board. Any member who ceases to be independent shall immediately cease to be Committee member.

2. Appointment of Committee members

Members of the Committee shall be appointed from time to time and shall hold office at the pleasure of the Board. Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board. The Board shall fill any vacancy if the membership of the Committee is less than three directors. If a vacancy on the Committee exists, the remaining members may exercise all of the Committee's powers so long as a quorum exists.

3. Absence of Committee Chair

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

4. Authority to Engage Experts

The Committee has the authority to communicate directly with internal and external auditors and to engage independent counsel and other advisors as it determines necessary to carry out its duties and to set the compensation for any such counsel and advisors, such engagement to be at the Corporation's expense.

5. Meetings

The Committee shall meet at least once per quarter each year and shall meet at such other times during each year as it deems appropriate. In addition, the Chair of the Committee may call a special meeting of the Committee at any time. The Committee shall meet with the external auditors on a regular basis in the absence of management and, if so requested by a member of the Committee, the external auditor shall attend every meeting of the Committee held during the term of office of the external auditor. The Chair of the Committee or the Chair of the Board or any two members of the Committee or the external auditors may call a meeting of the Committee. The external auditors shall be provided with notice of every meeting of the Committee and, at the expense of the Corporation, shall be entitled to attend and be heard at such meetings. The Chair of the Committee shall hold *in camera* meetings of the Committee, without management present, at every Committee meeting. Board members who are not members of the Committee may attend Committee meetings at the discretion of the Chair of the Committee.

Information and data that is important to the Committee's understanding of the businesses of the Corporation should be distributed to and reviewed by the Committee on a timely basis in advance of the meetings. Management should make every attempt to see that this material is as brief as possible while still providing the information relevant to proposed Committee discussion. As a general rule, presentations on specific subjects should be sent to the Committee members in advance so that Committee meeting time may be conserved and discussion time focused on questions that the Committee has arising from the material.

6. Quorum

A majority of Committee members present in person, by telephone or by other permissible communication facilities shall constitute a quorum.

7. Procedure, Records and Reporting

Subject to any statute or the articles and by-laws of the Corporation, the Committee shall fix its own procedures at meetings, keep minutes of its proceedings and report to the Board as appropriate but in any event not later than the next meeting of the Board. Such report shall include: (i) any issues with respect to the quality or integrity of the financial statements; (ii) compliance of the Corporation and its subsidiaries with respect to legal or regulatory requirements; (iii) performance and independence of the external auditors; and (iv) performance of the internal audit function of the Corporation and its subsidiaries. Minutes of each meeting shall be circulated to the Board.

8. Delegation

The Committee may delegate from time to time to any person or committee of persons any of the Committee's responsibilities that lawfully may be delegated.

9. Review of Terms of Service

The Committee shall review and reassess the adequacy of these mandates at least annually, and otherwise as it deems appropriate, and recommend changes to the Board. Such review shall include the evaluation of the performance of the Committee against criteria defined in the Committee and Board mandates.

Superior Plus

Superior Plus Corp.

401-200 Wellington Street West,
Toronto, Ontario M5V 3C7

Tel: 416-345-8050
Fax: 416-340-6030
Toll-Free: 1-866-490-PLUS (7587)

For more information send your enquiries to:
investor-relations@superiorplus.com
superiorplus.com