Superior Plus

ANNUAL INFORMATION FORM

For the fiscal year ended December 31, 2022

MARCH 8, 2023

2022 Annual Information Form

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

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

References to "Energy Distribution" in this AIF encompass the U.S. Propane Distribution, Canadian Propane Distribution and Wholesale Propane operating segments because of the inherent similarities of the businesses.

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, 2022 but is current as of March 8, 2023, and all dollar amounts are in Canadian dollars, unless stated otherwise.

Superior is a North American distributor and marketer of propane, distillates and related products and services. We are headquartered in Toronto, Ontario, and trade on the Toronto Stock Exchange ("TSX") under the symbol SPB. We have approximately 4,620 employees located in Canada and the United States.

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 65.

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 44 of our 2022 annual MD&A, which is incorporated by reference herein, available on our profile on SEDAR at www.sedar.com for more information on how we calculate them.

What's inside

Where to find additional information

Additional information about us may be found under our profile on SEDAR (www.sedar.com). Our 2023 management information circular, which we expect to file on or about March 9, 2023, 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 and head office

Superior Plus Corp., Superior General Partner Inc. and Superior Plus LP have the same registered and 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 below.

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.

Currently 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 three segments:

- U.S. Propane Distribution provides distribution, and related services for propane, and heating oil
- Canadian Propane Distribution provides distribution and related services for propane.
- Wholesale Propane provides distribution of propane gas and other natural gas liquids across Canada and the United States to wholesale customers

Superior General Partner Inc.

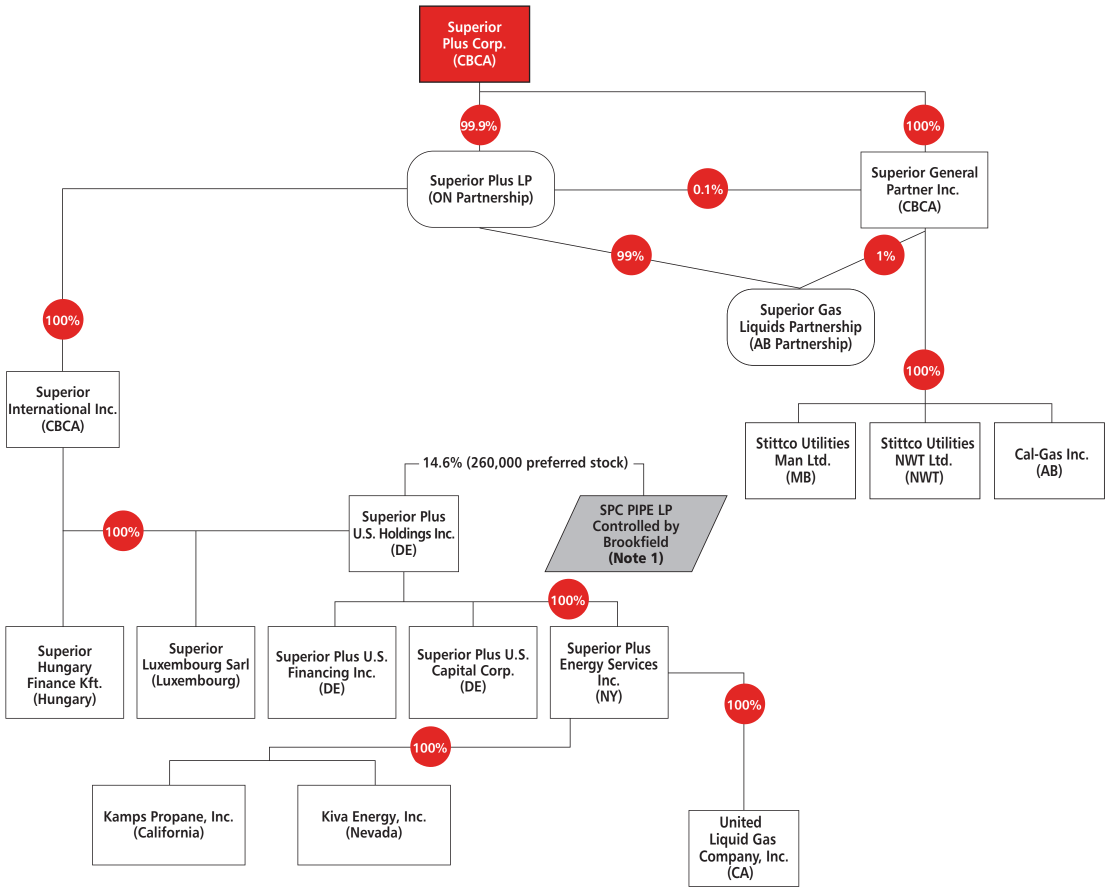
- wholly-owned subsidiary of Superior
- formed on January 1, 2009 through the amalgamation of Superior Plus Inc. and Superior Plus Administration Inc. under the CBCA
- owns all the general partnership units.

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]

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 41.

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 39.

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 44.
- 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 47.
- 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 43.
- 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.

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.

March

- On March 8, 2022, we acquired the retail propane distribution assets of Reid Gas for U.S.$1.3 million
- On March 23, 2022, we acquired all the equity interests of Kamps Propane, Inc., High Country Propane, 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 17

April

- On April 1, 2022, we acquired the assets of Heartland Industries for U.S.$7.1 million.
- On April 6, 2022, we closed a bought deal equity offering and issued 25,670,300 common shares at a price of $11.20 per share for aggregate gross proceeds of approximately $288 million.

May

- On May 19, 2022, we acquired the retail propane distribution assets of DT Denton Gas Co. Inc. ("Denton Gas") a retail propane distributor in South Carolina for U.S.$1.8 million.

June

- On June 1, 2022, we acquired the retail propane distribution and refined fuels assets of Quarles Petroleum Inc. ("Quarles") for U.S.$144 million.
- On June 6, 2022, we extended the maturity of our $750 million senior secured revolving credit facility (with a $300 million accordion facility) to June 6, 2027.

August

- On August 2, 2022, we entered into a master offtake agreement with InEnTec Inc. for the supply of low carbon, renewable dimethyl ether ("rDME") blended propane in the U.S. The agreement provides Superior with access to rDME supply for retail and wholesale customers in the U.S. and a long-term relationship with InEntec, an industry leader in gasification systems and a producer of green energy products from organic waste.

2022

September

- On September 9, 2022, we acquired the propane distribution assets of Reed Oil Company ("Reed Oil") a retail propane supplier and distributor in North Carolina for U.S.$3.5 million.

October

- On October 3, 2022, we acquired the propane distribution assets of Mountain Flame Gas ("Mountain Flame"), a residential, commercial and retail propane supplier and distributor in California for U.S.$7.4 million.
- On October 11, 2022, the TSX accepted our notice of intention to establish a new normal course issuer bid program ("NCIB") and thereafter we commenced the NCIB to purchase for cancellation up to 10.1 million common shares through the facilities of the TSX.

November

- On November 9, 2022, we acquired the assets of McRoberts Fuels a retail propane and distillates distributor located in Strathroy, Ontario for $18.1 million.

December

- On December 21, 2022, Superior entered into an agreement to sell the $125 million unsecured promissory note received by Superior as part of the purchase price from the sale of its Specialty Chemicals business in 2021 to ERCO Worldwide LP (an affiliate of Birch Hill Equity Partners), the purchaser of the Specialty Chemicals business, for proceeds of $128 million.
- On December 21, 2022, Superior and certain of its wholly-owned subsidiaries entered into commitment papers with a group of lenders for a $550,000,000 senior secured revolving credit facility in connection with Superior's acquisition of Certarus Ltd. ("Certarus").
- On December 21, 2022, Superior and Certarus entered into a definitive arrangement agreement providing for the acquisition by Superior of all of the shares of Certarus, a low carbon energy solutions provider, for a total acquisition value of $1.05 billion. Read more about the acquisition of Certarus on page 17.
- On December 22, 2022, the Alberta Court of Kings Bench ruled against Superior in the matter of Chemtrade Electrochem Inc., formerly Canexus Corporation ("Canexus") v. Superior Plus Corporation. The ruling required that Superior pay Canexus a $25 million reverse termination fee. On January 19, 2023, we filed an appeal with the Court of Appeal.

2023

January

- On January 4, 2023, we announced the death of board member Richard Bradeen and extended our condolences to Mr. Bradeen's family and friends. Mr. Bradeen had served on Superior's Board of Directors since May, 2015.

February

- On February 16, 2023 we announced the appointment of Allan MacDonald as President and Chief Executive Officer and as a Director of Superior commencing April 3, 2023. Luc Desjardins, will be stepping down from his role as President and Chief Executive Officer effective April 3, 2023, and will remain available in an advisory role until July 31, 2023 to ensure a seamless transition.

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 three 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 19)

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

2. Canadian Propane Distribution (see page 23)

Buys, sells and distributes propane and other liquid fuels and related products in Canada.

3. Wholesale Propane (see page 26)

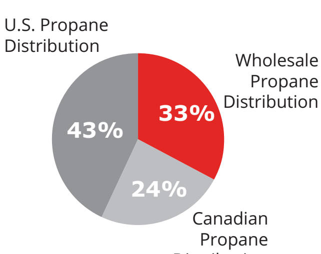
Distributes and markets propane gas and other natural gas liquids across Canada and the U.S. to wholesale customers and supplies the majority of propane gas required by the Canadian Propane Distribution and a portion of the propane gas required by the U.S. Propane Distribution segments.

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

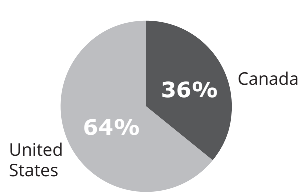
Head Office

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 40 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.

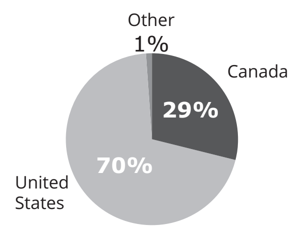
2022 Revenue by reportable segment[(1)]



2022 Revenue by country



2022 Assets by country



(1) Excludes the elimination 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, 2022. 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.

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 current management information circular, 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 2023.

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 May 5, 2022, we entered into a definitive agreement with Charbone Corporation to provide green hydrogen to commercial and industrial customers in Quebec, Canada.

On August 2, 2022, we entered into a master offtake agreement (the “MOA”) with InEnTec Inc. (“InEnTec”) for InEnTec to supply Superior with low carbon intensity, clean burning, renewable dimethyl ether (rDME) to be used as a transportation fuel, significantly reducing the carbon footprint from traditionally sourced fossil fuels. The MOA provides Superior with access to rDME supply for retail and wholesale customers in the U.S. and a long-term relationship with InEntec, a leader in low emission gasification systems that produce green energy products from organic waste.

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 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 2022. Propane distribution and production were declared critical and essential infrastructure and products in Canada and the U.S at the beginning of the pandemic in 2020. 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 remained in place to maintain our sites and facilities to even higher levels of cleanliness. Throughout 2022, 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 businesses 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 any measures or restrictions that may be 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 "Risks associated with our business".

Leadership diversity and inclusion

We recognize the value and advantages of diversity ideas and are committed to increasing the presence of underrepresented groups within key areas of the organization. Having a leadership team that reflects the communities that we serve 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 awareness training for all new and existing employees. We have integrated diversity into our talent strategies, including recruitment, leadership reviews, and advancement activity.

In 2022, some of our initiatives to improve diversity included:

- Continued to integrate our diversity and inclusion policy in the onboarding and training for all employees
- Deployed a training module for all leaders on how to eliminate biases in recruitment and how to recognize unconscious bias which can lead to discrimination
- Organized the fifth annual women management internal network and development group event to support mental wellness
- Continued to incorporate diversity and inclusion in all people processes such as recruitment, development, talent plans, mentoring, succession and communications
- Continued to integrate our data management capabilities to identify and support diversity initiatives
- Included a diversity index into our engagement survey so that we could get a true sense of how our employees feel about our diversity initiatives, and to better understand where barriers may still exist
- Continued our partnership with Canadian Centre for Diversity and Inclusion
- In Canada, continued our commitment to the indigenous communities we serve by maintaining our partnerships with Indspire and the Outland Youth Employment program which supports indigenous youth entering the labour force in Canada
- In Canada, we became a National sponsor of the Advanced Business Match program which brings indigenous and non-indigenous companies together to explore common ground and enhance indigenous business
- Promoted women in traditionally male dominated positions such as general management, market management, regional sales, health and safety and divisional finance
- Continued a corporate financial support program to attract summer and co-op students, trainees or contractual first time employees from designated groups

We do not set representation targets for women or other designated groups, but management and the board evaluate internal metrics to ensure we are making progress toward a more representative management team. In 2022, a total of 29% of our corporate and senior management positions, which we define as those employees who receive long-term share-based compensation or are direct reports to our business presidents, were held by women which is an increase of five percentage points from 2021. Overall, female gender diversity of all employees has remained stable across the company at 28.8% due to low staff turnover and the employee demographics at our recently closed U.S. acquisitions. Superior does not currently set targets for representation of designated groups at the senior management level to ensure access to the broadest pool of talent and to provide flexibility in hiring in a competitive labour market. The following table reflects the diversity of our corporate and senior management positions as of the date of this AIF:

Category	**% of Corporate and Senior Management Positions***
Female	29%
Aboriginal Peoples	1%
Persons with disabilities	1%
Visible minorities	10%

* *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 measure the progress being made with such initiatives which are being deployed across the company.

Board diversity

Diversity of background, experience and other attributes is valuable because it brings different perspectives for more informed decision-making.

In February 2015, we adopted a board diversity policy on the recommendation of the Governance and nominating committee.

In August 2018, we revised our board diversity policy to include measurable objectives for attaining at least 30% female members on the board 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.

In 2021, we accelerated the timing to achieve our objective of having 30% female directors from the original date of August 2023 to the date of our annual general meeting of shareholders in 2023. Given the importance of this objective to Superior, we have recently retained an external consultant to assist with the recruitment of at least two additional board members in the coming months as part of our board succession planning and have given the consultant a specific mandate to recruit at least one female board member. Given our focus on the CEO succession process over the past number of months and the focus on the transformative Certarus acquisition, we have not advanced the director recruitment mandate as fast as we would have liked. However, with the CEO succession now complete, the Governance and nominating committee members will have additional time to focus on the director recruitment efforts and securing one or more female director candidates.

We have not yet adopted any targets or measurable objectives with respect to members of these additional designated groups as we are focused on maintaining an ideal set of skills, knowledge and experience on the board to address the changes that have occurred with the recent retirement and loss of certain board members and on meeting our 30% gender diversity target. To set targets for these additional designated groups at this point in time would reduce our flexibility to retain directors that meet these other objectives, especially given the competitive market for high quality directors. Despite not having such targets at this time, the board diversity policy does provide that, when identifying candidates for appointment as board members, the Governance and nominating committee 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, 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 and inclusion policy and will report on the progress made towards achieving the measurable objectives to the board in our information circular. The Governance and nominating committee will continue to review the objectives set out in the board diversity and inclusion policy and may recommend changes or additional measurable objectives. The table above reflects the diversity of our nominated directors.

The following table reflects the diversity of our board members as of the date of this AIF:

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 fuel needs.

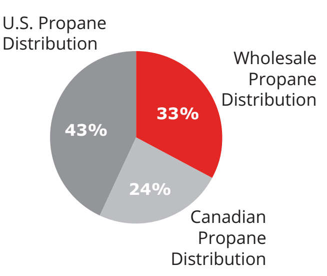
Superior Propane works with more than one-third of the Indigenous communities across Canada, delivering enhanced value to communities and businesses, contributing to community and cultural initiatives and collaborating on major projects. We recognize the health and environmental benefits Indigenous communities 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 three reportable segments:

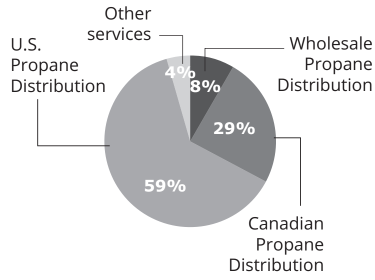
- **U.S. Propane Distribution —** see page 19.
- **Canadian Propane Distribution —** see page 23.
- **Wholesale Propane —** see page 26.

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. The Wholesale Propane segment is operated through Superior Gas Liquids ("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 Utah.

2022 Revenue by reportable segment[1]



2022 Adjusted gross profit[2] by service



(1) Excludes the elimination 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 44 of Superior's 2022 annual MD&A available on SEDAR at www.sedar.com for more information on each Non-GAAP financial measure.

Products

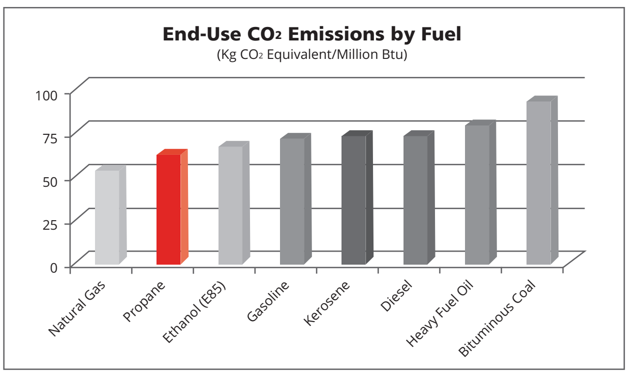
Liquid fuels like propane and heating oil are efficient energy sources used primarily for heating, cooking and transportation.

Propane

Propane is an attractive energy source because it is relatively 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 16.0[(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.

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, gasoline and diesel 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 75% 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 4.2[(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
- residential demand depends on cost and availability, while commercial demand varies with economic activity.

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

(2) Source: Canadian Propane Association website

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 19% of households use heating oil for space heating. The northeastern United States represents about 86% 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. Commercial customers' fuel requirements are sensitive to overall economic conditions and can depend on weather conditions. There are also some growth opportunities in connection with non-weather related businesses.

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 46.

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.

Kamps Propane[1]

On March 23, 2022, we acquired 100% of the equity interests of Kamps Propane, Inc., High Country Propane, Inc., Pick Up Propane, Inc., Competitive Capital, Inc., Propane Construction and Meter Services and Kiva Energy, Inc. for an aggregate purchase price of approximately U.S.$240 million before adjustments.

Quarles Petroleum Inc.[1]

On June 1, 2022, we acquired the retail propane distribution and refined fuels distribution assets of Quarles for U.S.$144 million, before working capital adjustments.

Acquisition Credit Facility

On December 21, 2022, we entered into commitment papers with a group of lenders for a $550,000,000 senior secured revolving credit facility, the proceeds of which will be used to partially fund the acquisition of Certarus.

Certarus Ltd.

On December 22, 2022 we announced that we had entered into an arrangement agreement with Certarus (the "Arrangement Agreement"), pursuant to which we have agreed to acquire Certarus for a total acquisition value of $1.05 billion, including the assumption of outstanding senior bank credit and leases of Certarus. Certarus is a rapidly growing North American over-the-road distributor of low carbon fuels, including compressed natural gas ("CNG"), renewable natural gas ("RNG") and hydrogen. You can read more about the business of Certarus starting on page 29.

Under the terms of the Arrangement Agreement, Superior will acquire all the outstanding common shares of Certarus pursuant to a plan of arrangement. Pursuant to the plan of arrangement, each shareholder of Certarus will receive $12.15 cash per common share of Certarus for 41.5% of the Certarus common shares they hold and 1.185365854 common shares of Superior per common share of Certarus for the remaining 58.5% of the Certarus common shares that they hold. As a result, the Certarus shareholders will receive approximately $353 million in cash and $500 million of Superior common shares priced at $10.25 per share, representing approximately 17% pro forma ownership on a fully diluted basis. The transaction is expected to close in the first half of 2023, subject to customary closing conditions, including approval under the *Competition Act* (Canada).

Arrangement Agreement

The Arrangement Agreement contains among other things, customary representations and warranties of each of Superior and Certarus, non-solicitation covenants by Certarus, right to match provisions in favour of Superior and agreed to certain other terms and conditions which are customary in a transaction of the nature of the Arrangement. The Arrangement Agreement is available on our profile on SEDAR (www.sedar.com).

Other acquisitions[1]

» On March 8, 2022, we acquired the retail propane distribution assets of Reid Gas for U.S.$1.3 million

» On April 1, 2022, we acquired the assets of Heartland Industries, a retail propane distributor, for U.S.$7.1 million.

» On May 19, 2022, we acquired the retail propane distribution assets of Denton Gas a retail propane distributor in South Carolina for U.S.$1.8 million.

» On September 9, 2022, we acquired the propane distribution assets of Reed Oil, a retail propane supplier and distributor in North Carolina for U.S.$3.5 million.

» On October 3, 2022, we acquired the propane distribution assets of Mountain Flame, a residential, commercial and retail propane supplier and distributor in California for U.S.$6.9 million

» On November 9, 2022, we acquired the assets of McRobert Propane, a retail propane and distillates distributor located in Strathroy, Ontario for $18.1 million.

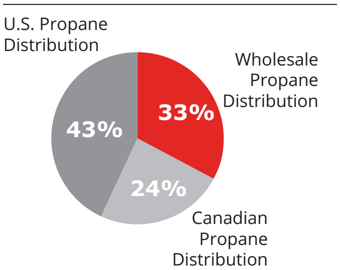
[1] Amounts disclosed in the Other acquisitions section are the approximate amounts at the time the transaction was announced and may differ from amounts disclosed in our financial statements due to various adjustments.

1. U.S. Propane Distribution

Tradenames[1]	Superior Plus Propane	Griffith Energy	Freeman Gas and Electric, Co.
	Downeast Energy	Quarles	Osterman Propane
	Eastern Propane	Earhart Propane	Atlantic Propane
	Rymes Propane and Oil	Virginia Propane	Western Propane
	Kamps Propane	Champagne's Energy	Williams Energy Group
Products	Propane, liquid fuels		
Market	United States		
Locations	569 (owned and leased) » 212 service centres » 315 terminals, bulk plants and secondary offices		
Vehicles	2,826		
Head office	Valley Forge, Pennsylvania		
Employees	2,786		
Founded	2009		

[1] Key tradenames are listed in the chart. U.S. Propane Distribution carries on business under an additional 43 tradenames not listed above.

2022 Revenue by reportable segment[1]



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

U.S. Propane Distribution 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.

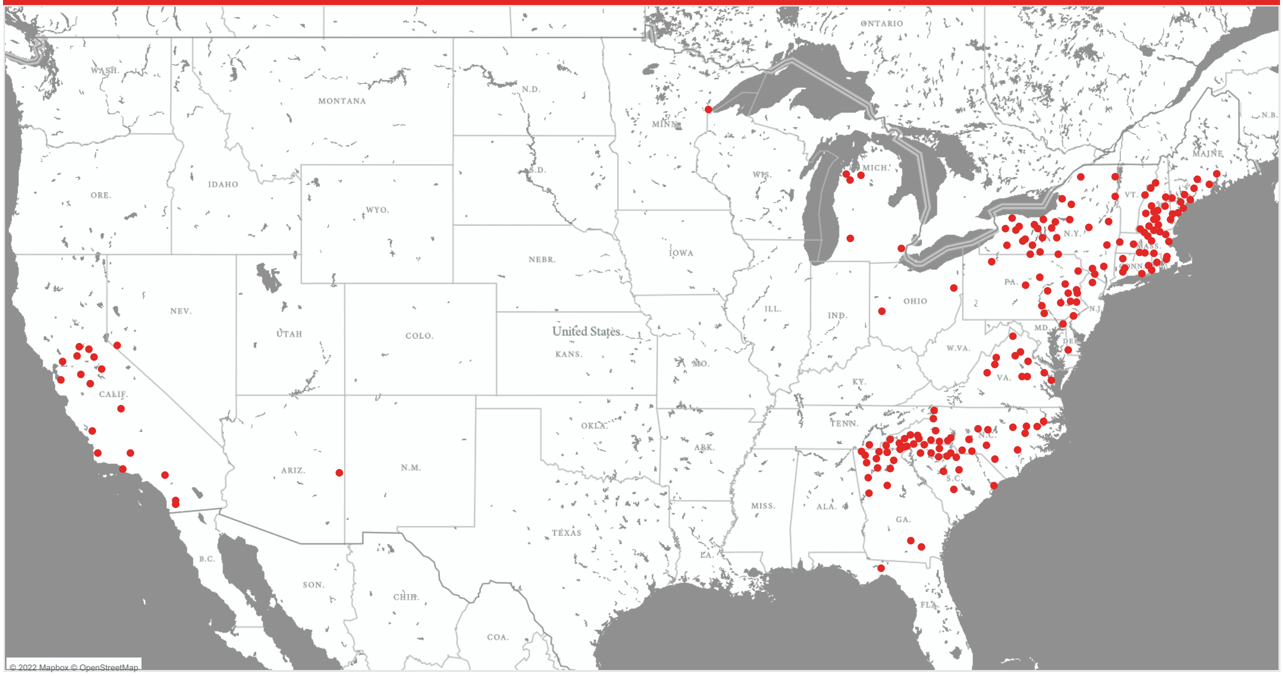
Customers

U.S. Propane Distribution's approximately 740,000 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	53%
Commercial	47%

Operating structure

U.S. PROPANE OPERATIONS[1]



(1) Excluding satellite locations.

U.S. Propane Distribution has an industry-leading operating infrastructure. It has third-party propane supply points strategically located across 370 bulk plants, which are in key local areas and have, in aggregate, approximately 22 million gallons of storage capacity. U.S. Propane Distribution also has third-party storage agreements that enhance its reach and distribution capacity, as well as ownership of four rail terminals.

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

U.S. Propane Distribution'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

42 (or 1.5%) of U.S. Propane Distribution's employees are unionized under two agreements that expire on March 31, 2023 and March 31, 2024, respectively and a third that expired on September 30, 2022, 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 24 states across the East Coast, Midwest and California. U.S. Propane Distribution is supplied by over 25 different companies, with no single supplier providing more than 20% of total volume. Approximately 5% of total volume is supplied by Wholesale Propane. Product is supplied using rail, barge, truck 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 Distribution 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 Distribution uses 30 different third party carriers or common carriers, as well as U.S. Propane Distribution owned and leased large volume tractor trailers to meet its primary transportation needs.

U.S. Propane Distribution also uses a fleet of trucks for secondary transportation. It owns about 81% 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 Distribution 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	987	2,400 to 3,500 gallons
Refined fuel delivery trucks	354	9,000 to 12,500 gallons
Service vehicles	483	—
Utility vehicles	842	—
Tractors	77	—
Refined fuel trailers	83	9,000 to 12,500 gallons
Total	2,826	

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 Distribution loses approximately 13% of its heating oil customers every year because:

- heating oil demand in the northeast is declining by about 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 Distribution is exiting lower margin customer segments, such as commercial distillates, to focus on residential propane customers, a key driver of long-term growth.

In recent years, the rapid overall increase in commodity prices has also increased customer conservation or increase in supplemental heat, such as wood or heat pumps.

U.S. Propane Distribution 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.

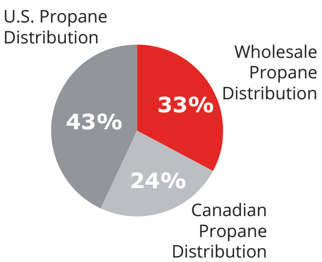
This year, U.S. Propane Distribution's annual marketing initiatives include:

- establishing growth and retention targets for residential and commercial propane large tank accounts
- prioritizing retention of high-value customers by using customer lifecycle analytics more effectively and monitoring customer touchpoints and satisfaction
- enhancing features and functionality of customer digital and self-serve tools, including online portals, mobile apps and text and email communications, and e-commerce-style buying experiences to differentiate our offerings for customers.

2. Canadian Propane Distribution

Tradenames	Caledon Propane Canwest Propane Highlands Propane Miller Propane	Superior Propane Pomerleau Gaz Propane Stittco Energy McRobert Propane
Products	Propane, lubricants, equipment	
Markets	Canada	
Locations	223: 37 local offices, 186 satellite locations and storage yards	
Vehicles	1,050 (owned and leased)	
Head office	Mississauga, Ontario	
Employees	1,652	
Founded	1951	

2022 Revenue by reportable segment[(1)]



[(1)] Excludes the elimination 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.

Customers

Canadian Propane Distribution has approximately 196,000 customer locations, serving residential, commercial, agricultural, industrial and automotive customers. No one customer represented more than 10% of its total revenue or delivered volume in 2022. About 67% 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	84%
Residential	16%

[(1)] Excludes intersegment transactions.

Operating structure

CANADIAN PROPANE DISTRIBUTION OPERATIONS[1]

Canadian Propane Distribution's business structure balances a strong local presence with the efficiencies of a national operation. The corporate offices centralize national processes for customer experience and back office support. It uses an energy-specific reporting system to track inventory in real time, coordinate deliveries and manage accounts. Its operations are divided into five geographical regions that are in turn divided into local areas or districts.

The corporate offices manage propane and supply transportation, information systems, health and safety, finance, marketing, sales, human resources and customer experience. The customer experience teams handle customer interactions from initial contact through to service and delivery coordination.

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

The local geographic areas typically span 75 to 150 kilometres and have a local manager, fuel delivery truck drivers and service technicians. Local 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 303 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 agreements having expiry dates ending on April 30, 2023, December 31, 2023 and 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 approximately 92 propane producers and suppliers across Canada, through Wholesale Propane. You can read about the contracts on page 27.

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.

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 71% of the vehicles and 29% 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	455	6,500 to 30,000 litres
Cylinder trucks	80	boxes that are 12 to 26 feet
Tractors	34	—
Pressurized trailers	69	25,000 to 68,000 litres
Flatdeck trailers	19	—
Crane trucks	88	—
Service vehicles	305	—
Total	1,050	

Competition and pricing

The highly fragmented Canadian retail propane industry has about 200 local and regional propane retailers.

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 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

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

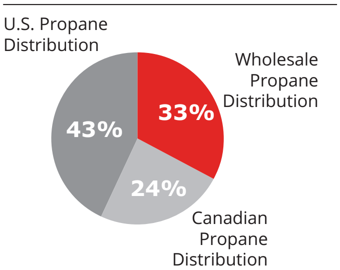
In 2022, Canadian Propane Distribution continued to focus on digital marketing efforts and Superior's competitive digital value proposition. Registration and customer engagement on the mySUPERIORTM residential and business portals and mobile app continues to grow allowing more customers to track propane consumption, order fuel deliveries and pay bills online.

Adoption and promotion of automatic delivery and SMART TankTM wireless tank sensors continued through 2022, allowing ongoing improvements 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.

3. Wholesale Propane

Tradenames	Superior Gas Liquids Superior Gas Liquids USA United Pacific Energy Kiva Energy
Products	Propane, Butane, Condensate & WTI
Markets	Canada, United States
Locations	16: 2 local offices, 14 satellite locations and storage yards
Vehicles	110 (owned and leased)
Head office	Calgary, Alberta
Employees	119
Founded	2011

2022 Revenue by reportable segment[(1)]



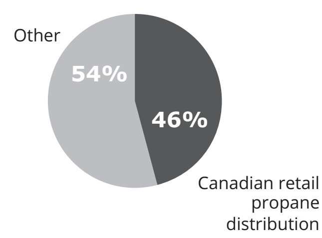
[(1)] Excludes the elimination of intersegment revenues that are eliminated on consolidation.

Wholesale Propane is a niche business operated through SGL. SGL 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.

Customers

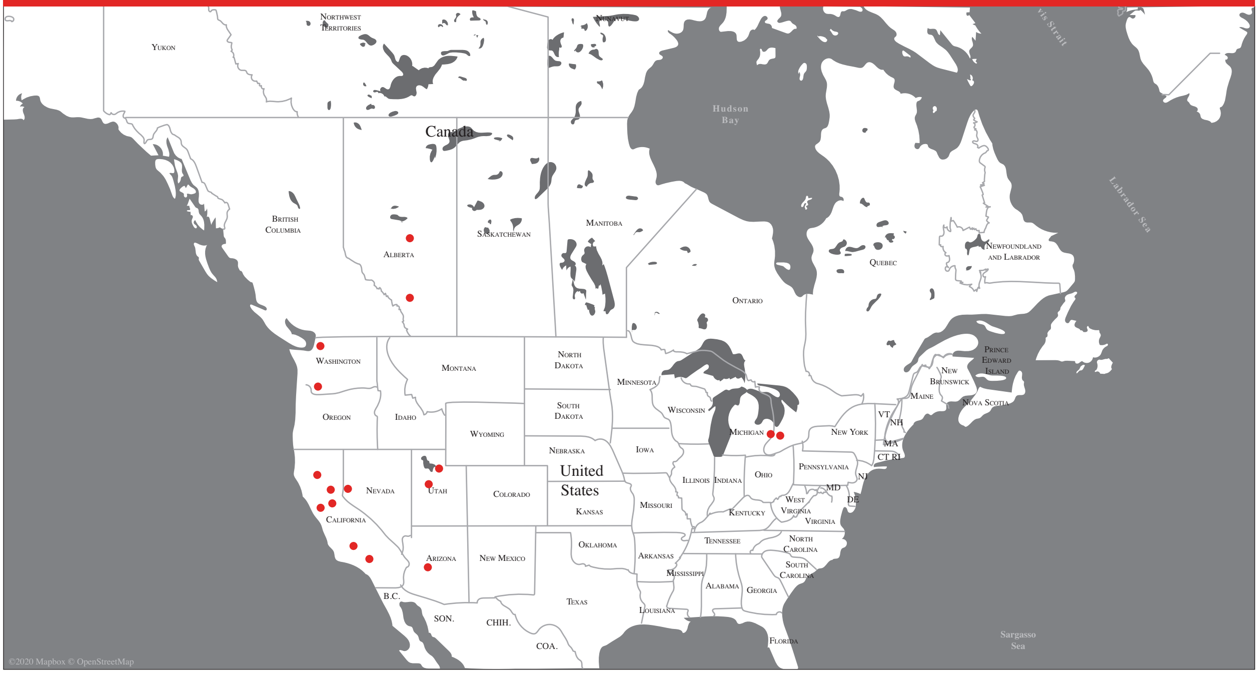
SGL sold 2.69 billion litres of natural gas liquids to approximately 255 counterparties in 2022 SGL's largest customer is our Canadian retail propane distribution business, Superior Propane, which represented 46% of its annual sales. Approximately 5% of SGL's total annual sales are to the U.S. Propane Distribution business.

Customer mix by sales volume



Operating Structure

WHOLESALE PROPANE



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.

Employees

SGL is based in Calgary, Alberta and also has an office in Salt-Lake City, Utah. It has 119 employees, none of whom are unionized.

Product sourcing

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

SGL buys its propane supply from about 92 propane producers and suppliers across Canada and the US, 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 2023 to 2025. New supply contracts are negotiated in the ordinary course of business and typically range from a term of one to three years.

Six companies supply an aggregate of 54% of its annual propane needs:

» Plains Midstream Canada ULC

» Pembina Infrastructure and Logistics LP

» Keyera Partnership

» PBF Holding Company LLC

» Chevron Products Company, a division of Chevron USA Inc.

» Gibson Energy Infrastructure

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. SGL in the United States uses a fleet of trucks and trailers for transportation. It owns 81% of the fleet, and leases the balance under financing leases. Propane is delivered in pressurized cargo tanks in bulk volumes. SGL employs full-time drivers who make deliveries year-round. The trucks and trailers are maintained by in-house mechanics and third party vendors.

The fleet	Number	Capacity
Tractors	42	—
Tank Trucks	6	4,000 to 5,500 gallons
Tank Trailers	62	4,000 to 13,500 gallons
Total	110	

About 29% of the rail needs are met by approximately 372 railcars that are leased under agreements with terms ranging from six months to five years. The rest of the railcars are provided by the propane suppliers under their annual supply contracts.

SGL has 151 million litres of leased underground storage capacity in Michigan, Utah, Arizona, Alberta and Ontario. The storage lease agreements expire between March 31, 2023 and March 31, 2025.

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

Proposed Certarus Acquisition

Tradenames	Certarus
Products	CNG, RNG and Hydrogen
Markets	Canada, United States
Locations	18 facilities
Head office	Calgary, Alberta
Employees	532
Founded	2012

Certarus is a North American distributor of over-the-road low carbon fuels. On December 22, 2022, Superior and Certarus announced the entering into of a definitive arrangement agreement providing for the acquisition by Superior of all of the shares of Certarus for a total acquisition value of $1.05 billion. The transaction is expected to close in the first half of 2023, subject to customary closing conditions, including approval under the *Competition Act* (Canada).

Customers

Certarus has a robust, stable and growing base of customers. Certarus serviced over 370 unique customers in 2022 and has experienced a 48% compound annual growth rate in its revenue between 2017 and 2022. CNG customers include customers in the mining, lumber, utilities, construction materials, lodging and oil and gas industries.

Operating structure

Certarus offers low carbon energy solutions to a range of industries, through the delivery of CNG, RNG and hydrogen. Through its strategically located facilities and mobile distribution platform across Canada and the United States, Certarus delivers CNG to customers that, due to insufficient pipeline infrastructure, were previously forced to rely on more carbon intensive fuels, such as diesel and other distillates. Certarus supports the growth of RNG supply by connecting biogas-capture projects to market. It is also accelerating the adoption of hydrogen by establishing new distribution networks and meeting the growing demand of Certarus' existing customers for hydrogen solutions.

CNG

Certarus' network of CNG facilities are located off major highways in regions with multiple large volume consumers of diesel and other more carbon intensive fuels but Certarus can also rapidly deploy portable on-site equipment into any region. The CNG supplied by Certarus meets a growing range of applications, creating a regional supply of low carbon energy.

Certarus' CNG business primarily serves large, pipeline-stranded industrial customers with bulk fuel needs across a range of different industries, including oil and gas, mining, agriculture, asphalt production, wood and paper production and power generation for remote communities, lodgings and work camps.

In addition to displacing more emissions intensive fuels, Certarus' mobile equipment platform can meet the increasing need for both temporary and permanent infrastructure support. Certarus provides a low carbon energy solution, with a majority of its equipment being mobile. This allows Certarus' solutions to be deployed to address changes in demand across various markets, providing substantial flexibility. This flexibility is a benefit when compared to linear infrastructure, which is subject to a higher level of stranded asset risk due to its fixed location and immobile nature.

RNG

Certarus is a North American leader in the compression and delivery of biomethane from RNG projects to pipelines, supporting major developers of RNG projects and offering turnkey and chain of custody solutions. Certarus brings RNG to market through compressing, transporting and reinjecting RNG into existing sales gas pipelines. As RNG is a direct substitute for conventional natural gas, Certarus' fleet is currently capable of transporting either product.

Hydrogen

Certarus began developing its hydrogen business in 2021 and its existing mobile equipment platform is fully capable of delivering natural gas-blended hydrogen for use in customers' existing natural gas-fueled applications. Certarus' mobile storage units are also capable of delivering pure industrial-grade hydrogen.

Certarus' mobile platform is in contrast to pipeline infrastructure, which in addition to being insufficient to reach many customer demand points, is often unable to deliver meaningful levels of hydrogen due to technical limitations associated with aging pipelines

Employees

As at February 28, 2023, Certarus had approximately 109 office employees in Calgary, 65 office employees in Houston, and 358 field employees.

Transportation and storage

Certarus has North America's largest fleet of mobile storage units and the only fleet that spans North America. Certarus has a fleet of over 640 mobile storage units, each of which is capable of transporting CNG, RNG and blended and pure industrial-grade hydrogen.

In addition to its fleet of mobile storage units, Certarus' assets comprise 381 mobile pressure reduction system units and 140 Class 8 trucks across North America. Certarus also has 18 strategically located CNG facilities across North America and the ability to rapidly deploy portable equipment into any region not currently serviced by a permanent facility.

Competition and pricing

CNG

Certarus competes with other CNG providers and its CNG also displaces diesel and other higher carbon intensity fuels. However, these traditional fuels, despite having higher costs and carbon intensity, have a first mover advantage that CNG providers must overcome.

The North American CNG market predominately comprises a number of small regionally-focused companies. Certarus' largest competitors include two CNG companies which both specifically target the northeastern United States and could expand into other regions.

As an on-road logistics provider, Certarus' CNG business also competes with pipeline infrastructure that has been built out across North America.

RNG

Since RNG and CNG are interchangeable the competitive landscape for mobile distribution of RNG is similar to and overlaps with that of CNG, comprising a number of smaller, regionally-focused service providers. As with CNG, Certarus' fleet of mobile storage units gives it a competitive advantage over its competitors in bringing RNG to market. Additionally, through its CNG offerings, Certarus has working relationships with a number of utility providers and oil and gas companies – two industries that are deploying capital into the RNG space – which gives Certarus another competitive advantage.

Hydrogen

The hydrogen market is new and the competitive landscape has no definitive structure. As a result of the long timeline and high cost of building out hydrogen pipeline infrastructure, hydrogen transportation competition may come from the larger integrated hydrogen producers. Additionally, larger-scale hydrogen-powered operations may justify the production of hydrogen on-site, removing the need for an on-road solution. Certarus' competitors in the CNG and RNG markets can also purchase or develop hydrogen trailers and utilize their current business models, similarly to Certarus.

How we are governed

Our board of directors currently has eight members. We announced the death of board member Richard Bradeen on January 4, 2023. Mr. Bradeen had served on Superior's board of directors since May 2015 until the time of his passing. We extend our heartfelt condolences to Mr. Bradeen's family and friends, and are grateful for the wealth of experience, wisdom and insight he brought to Superior. On February 16, 2023, we announced that Allan MacDonald will be appointed as the President and Chief Executive Officer and a director of Superior on April 3, 2023 to succeed Mr. Desjardins. In addition, Calvin Jacober will be nominated for election to the board at our upcoming 2023 annual general meeting of shareholders.

Seven 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. Likewise, Mr. MacDonald will not be independent when he is appointed on April 3, 2023 to succeed Mr. Desjardins. Mr. Jacober will be an independent director following his election.

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 892,022 or about 0.44% 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 8, 2023 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.

	Board committees	Principal occupation or employment in the last five years
Luc Desjardins Ontario, Canada » director since 2011[(1)] » owns 519,821 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.
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[(2)] » 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 101,924 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. Desjardins will step down from his role as President and Chief Executive Officer effective April 3, 2023. Mr. Desjardins will remain available in an advisory role until July 31, 2023 to ensure a seamless transition to the new President and Chief Executive Officer. Accordingly, Mr. Desjardins will not be standing for re-election at our annual general meeting of shareholders in 2023.

(2) Mr. Harrison was appointed as a director of Freshlocal Solution Inc. ("Freshlocal") on February 11, 2022 to assist with efforts to stabilize the business. Mr. Harrison resigned from the board on May 6, 2022. On May 16, 2022, Freshlocal and related entities were granted protection under the *Companies' Creditors Arrangement Act (Canada)*.

(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[1] 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
Darren Hribar Ontario, Canada	Senior Vice President and Chief Legal Officer, Superior Plus Corp. since 2015
Andy Peyton Pennsylvania, USA	Chief Operating Officer, Superior Plus Propane since 2023 President, U.S. Propane 2016 to 2023
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
Inder Minhas Ontario, Canada	Senior Vice President, Mergers and Acquisitions, Superior Plus Corp. since 2019 2015 to 2019 – Vice President, Finance
Graham Fisher Ontario, Canada	Vice President, Human Resources, Superior Plus Corp. since 2022 2018 to 2022 – Vice President, Human Resources, Superior Propane 2016 to 2018 – Partner, Core International

(1) Mr. Desjardins will step down from his role as President and Chief Executive Officer effective April 3, 2023. Mr. Desjardins will remain available in an advisory role until July 31, 2023 to ensure a seamless transition to the new President and Chief Executive Officer. On February 16, 2023, we announced that Allan MacDonald will succeed Mr. Desjardins as President and Chief Executive Officer effective April 3, 2023.

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 and non-independent directors 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 8, 2023 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 four 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
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.
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.

	Relevant education and experience
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.

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, 2021 to December 31, 2021 and for the period January 1, 2022 to December 31, 2022 and do not take into consideration the fiscal year to which the services relate.

		2022		2021
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.	$	2,920,151	$	2,414,500
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.	$	384,145	$	90,000
Tax fees » fees for tax compliance, tax advice and tax planning.	$	—	$	—
All other fees » subscription fees for certain online resources.	$	8,486	$	11,125
Total Fees	$	3,312,782	$	2,515,625

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 arising from acquisitions
- safeguard our assets while maximizing the growth of our Energy Distribution 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 200,717,445 common shares outstanding as of March 8, 2023.

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 2022.

2022	**High**	**Low**	**Close**	**Volume**
January	$ 13.20	$ 11.96	$ 12.92	14,609,951
February	$ 13.47	$ 10.80	$ 11.43	15,296,786
March	$ 11.98	$ 11.11	$ 11.48	15,444,511
April	$ 12.23	$ 11.22	$ 11.33	16,537,796
May	$ 12.50	$ 11.08	$ 12.39	12,778,440
June	$ 12.58	$ 11.04	$ 11.36	9,227,356
July	$ 11.69	$ 11.04	$ 11.57	6,460,464
August	$ 11.58	$ 10.75	$ 11.02	8,128,493
September	$ 11.13	$ 9.81	$ 10.02	8,948,889
October	$ 10.48	$ 9.44	$ 10.36	7,023,518
November	$ 10.46	$ 9.53	$ 10.20	8,667,619
December	$ 11.49	$ 9.66	$ 11.23	13,385,142
2022	**$ 13.47**	**$ 9.44**	**$ 11.23**	**136,508,965**

Normal Course Issuer Bid

On October 13, 2022, we commenced a normal course issuer bid (NCIB) to purchase up to 10.1 million common shares through the facilities of the TSX. As of the date hereof, the Corporation has acquired 994,542 common shares pursuant to the NCIB, which will expire on October 13, 2023 or on such earlier date as Superior may complete its purchases pursuant to the notice of intention filed with the TSX in respect of the NCIB. On October 13, 2022, Superior also entered into an automatic share purchase plan in connection with the NCIB.

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.$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 8, 2023, 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 8, 2023.

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 42), 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 39 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.

		2020		2021		2022
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.

		2020[(1)]		2021		2022
Monthly cash dividends	U.S.$	6.0416	U.S.$	6.0416	U.S.$	6.0416
Annual distribution	U.S.$	72.50	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 June 6, 2027.

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 ("**Distributable Capacity Test**").

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.

	2020	2021	2022
Consolidated secured debt to Consolidated EBITDA ratio	1.0 times	1.0 times	1.9 times
Consolidated debt to Consolidated EBITDA ratio	3.5 times	4.0 times	4.8 [(1)]times

(1) The Cash Dividends announced by Superior on January 6, 2023 and February 9, 2023 were satisfied by the Distributable Capacity Test.

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).

New Acquisition Credit Facility

On December 21, 2022, we entered into commitment papers with a group of lenders for a $550,000,000 senior secured revolving credit facility, the proceeds of which will be used to partially fund the acquisition of Certarus. This new credit facility's terms will be substantially similar to the terms of our existing credit facility and is contingent on closing the Certarus Acquisition.

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, 2022, the fixed charge coverage ratio was 4.0 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. We also pay fees to S&P for a yearly ESG Diagnostic study. In addition, we pay fees to IHS Markit and Ipreo Holdings for certain shareholder surveillance and targeting services. IHS Markit and Ipreo Holdings were acquired by S&P in 2022.

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 8, 2023:

<table>
<tr><th></th><th>Corporate credit</th><th>Unsecured 4.25% Notes and 4.5% U.S. Notes</th></tr>
<tr><td rowspan="2">DBRS
10 categories ranging from AAA to D. High and low indicate relative standing credit within rating category</td><td>BB (high)</td><td>BB[1]</td></tr>
<tr><td colspan="2">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</td></tr>
<tr><td rowspan="2">Moody's
9 categories ranging from Aaa to C.</td><td>Ba2</td><td>Ba3[2]</td></tr>
<tr><td colspan="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</td></tr>
<tr><td rowspan="2">S&P
10 categories ranging from AAA to D.</td><td>BB-</td><td>BB-</td></tr>
<tr><td colspan="2">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</td></tr>
</table>

[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 65 for more information about forward-looking information.

Please also see the risk discussion in our 2022 Management Discussion & Analysis.

Types of risk

Financial and corporate risks

Recent acquisitions and divestitures

When we sign an agreement to buy assets or businesses, including the Arrangement Agreement, the vendors make certain representations, warranties and generally 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 the limits of any indemnities given 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
- retaining key employees of businesses that are acquired
- 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.

Acquisition of Certarus

Completion of the acquisition of Certarus remains subject to certain risks and uncertainties. Each of Certarus and Superior has the right to terminate the Arrangement Agreement in certain circumstances, including in the event that the closing does not occur by the outside date provided for in the Arrangement Agreement. Completion of the acquisition remains subject to the satisfaction of certain regulatory requirements, including those under the Competition Act (Canada), as well as approval of the TSX for the issuance of the common shares of Superior. There is no certainty that these conditions will be satisfied or, if satisfied, when they will be satisfied. There is also no certainty that the Arrangement Agreement will not be terminated before the completion of the acquisition.

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 was sold on December 21, 2022 for proceeds of $128 million.

Under the terms of the Specialty Chemicals PSA, we 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

The credit facilities and outstanding notes of Superior Plus LP contain covenants that require Superior Plus LP to meet certain financial tests and that restrict, among other things, the ability of Superior Plus LP to incur additional debt, 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.

The payout by Superior Plus LP of substantially all of its available cash flow means that capital expenditures to fund growth opportunities can only be made in the event that other sources of financing are available. Lack of access to such additional financing could limit the future growth of the business of Superior Plus LP and, over time, have a material adverse effect on the amount of cash available for dividends to shareholders.

To the extent that external sources of capital, including public and private markets, become limited or unavailable, Superior's and Superior Plus LP's ability to make the necessary capital investments to maintain or expand the current business and to make necessary principal payments and debenture redemptions under its term credit facilities may be impaired.

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

Superior depends entirely on the operations and assets of Superior Plus LP. Superior's ability to make dividend payments to its shareholders depends on Superior Plus LP's ability to make distributions on its outstanding limited partnership units, as well as on the operations and business of Superior Plus LP.

There is no assurance regarding the amount of cash to be distributed by Superior Plus LP or generated by Superior Plus LP and, therefore, there is no assurance regarding funds available for dividends to shareholders. The amount distributed in respect of the limited partnership units will depend on a variety of 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 the control of Superior Plus LP or Superior. 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 shareholders and such decrease could be material.

Superior's dividend policy and the distribution policy of Superior Plus LP are subject to change at the discretion of the board of directors of Superior or the Board of Directors of Superior General Partner Inc., the general partner of Superior Plus LP, as applicable. Superior's dividend policy and the distribution policy of Superior Plus LP are also limited by contractual agreements including agreements with lenders to Superior and its affiliates and by restrictions under corporate law.

See "Dividends" on page 40 and Credit facility – Financial covenants on page 42 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

Superior maintains floating interest rate exposure through a combination of floating interest rate borrowing and uses derivative instruments at times, to mitigate this risk. Demand for a significant portion of propane distribution's sales are affected by general economic trends. Generally speaking, when the economy is strong, interest rates increase, as does demand from Superior's customers, thereby increasing Superior's sales and its ability to pay higher interest costs. The opposite is also true. In this way, there is a common relationship among economic activity levels, interest rates and Superior's ability to pay higher or lower rates. Increased interest rates will, however, affect Superior's borrowing costs, 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 Distribution's exposure by entering into hedge contracts with external third parties and internally with our other businesses. U.S. Propane Distribution 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, 2022, which is available on our website (www.superiorplus.com) and on SEDAR (www.sedar.com).

Catastrophic events, natural disasters, severe weather and disease

Superior may be negatively impacted to varying degrees by a number of events which 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 that 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, including an outbreak of infectious disease, a pandemic or a similar health threat, such as the evolving COVID-19 outbreak, 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.

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.

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 and Legal uncertainties

Unforeseen political events, legal proceedings or political uncertainty in jurisdictions where we own and operate assets, sell or transport our products and may look to for further growth of our businesses may create economic uncertainty or otherwise impact our operations and have 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 jurisdictions 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.

Currently there is uncertainty resulting from the on-going legal proceedings related to the continuing operations of the Line 5 Pipeline in Michigan which we utilize to transport natural gas liquids in our businesses. The Line 5 Pipeline delivers light oil and natural gas liquids to Michigan, Ohio, Ontario and elsewhere. If these proceedings result in a disruption of service, this could have an adverse effect on Superior's ability to service customer demand and have a negative impact on our financial condition, operating results and cash flows.

Current Economic Conditions

During the first quarter of 2020, the rapid outbreak of the novel strain of the coronavirus, specifically identified as the COVID-19 pandemic, caused governments worldwide to enact emergency measures and restrictions to combat the spread of the virus. These measures and restrictions, which included the implementation of travel bans, mandated and voluntary business closures, self-imposed and mandatory quarantine periods, isolation orders and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

The impact of these events on liquidity, volatility, credit availability and market and financial conditions generally, continues to evolve. The duration and ultimate impact on the economy are unknown at this time, and, as a result, it is difficult to estimate the longer-term impact on our operations and the markets for our products. During the quarter ended September 30, 2022, the impact of these events caused a decrease in sales volumes and sales prices for our Canadian Propane operating segment and to a lesser extent our U.S. and Wholesale Propane operating segments. Management has taken steps to reduce capital and selling, distribution and administrative costs to minimize the impact these events have had on our business.

Superior's operating segments provide essential services in all provinces, states and territories in which Superior operates. In response to COVID-19, and in-line with recommendations from local health authorities, enhanced operating procedures and protocols were instituted to protect our employees and customers and to maintain our sites and facilities to even higher levels of cleanliness.

Adverse and uncertain economic conditions may impact consumer demand for our products. The global economy is currently characterized by increased volatility and uncertainty, particularly, in connection with the effects of increased inflation, rising interest rates and the consequential change in investor's perceptions of inflationary expectations and the geopolitical crisis in Ukraine (including the implementation of economic sanctions).

Consumers may shift purchases to lower-priced or other perceived value offerings during economic downturns. The Company's success depends upon, among other things, its ability to obtain certain sales volume, its ability to attract new consumers and its ability to provide products that appeal to consumers at the right price. Prolonged unfavorable economic conditions may have an adverse effect on our sales and profitability.

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 92 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 19% 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 Distribution experiences an approximate 13% 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 approximately 5%. U.S. Propane Distribution 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 255 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 67% of Canadian Propane's and 55% of U.S. Propane Distribution's 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 a wide variety of 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. Propane is generally not competitive with natural gas in areas where natural gas already exists and natural gas tends to displace propane where it is available. 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 Distribution'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 Distribution'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 Distribution is well positioned to compete with these competitors given its volume, terminal and bulk storage facilities, and attractive customer density footprint. U.S. Propane Distribution 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 Distribution 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.

The Wholesale Propane (SGL) division operates in both Canada and the United States. As a result, stringent regulatory and safety procedures are in place to mitigate the hazards associated with bulk transit (rail and truck) and site operations. This program oversees a variety of health, safety, and environmental tasks such as periodic self-audits, staff training, quarterly and yearly reporting, and emergency prevention and response. 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 Distribution'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 Distribution'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 Distribution-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, Wholesale Propane and U.S. Propane Distribution's facilities and at third-party sites.

Environmental laws that apply to Canadian Propane Distribution, Wholesale Propane and U.S. Propane Distribution 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 Distribution and U.S. Wholesale Propane 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 operations in comparison to these competing energy sources, which could have an adverse effect on our company. Our reliance on these regions 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 2030. The Canadian federal government has also adopted 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 potential acquisition 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

Superior utilizes a number of information technology systems for the management of its businesses and the operation of its facilities. The reliability and security of these systems is critical. If the functioning of these systems is interrupted or fails and cannot be restored quickly, or if the technologies are no longer supported, Superior's ability to operate its facilities and conduct its business could be affected. Superior has continued to mature its approach to technology planning. Superior continually assesses and monitors its cyber security risk. In an effort to mitigate such risks, Superior has employed a fully managed third party cyber security service that deploys industry leading technology, conducted comprehensive employee training and utilizes monitoring software to protect its systems.

Although the technology systems Superior utilizes are intended to be secure and Superior has employed various methods to mitigate cyber risks, there is still a risk that an unauthorized third party could access the systems. Such a security breach could lead to a number of adverse consequences, including but not limited to, the unavailability, disruption or loss of key functions within Superior's control systems and the unauthorized disclosure, corruption or loss of sensitive company, customer or personal information. Superior attempts to prevent such breaches through the implementation of various technology security measures, segregation of control systems from its general business network, engaging skilled consultants and employees to manage Superior's technology applications, conducting periodic audits and adopting policies and procedures as appropriate.

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 16% of the Canadian Propane Distribution business and Wholesale Propane's delivered volumes. See Note 18 to the Financial Statements for fixed-price propane purchase and sale commitment amounts.

U.S. Propane Distribution 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 Distribution 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 Distribution'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.

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.

Labour relations

As of December 31, 2022, approximately 41 or 1.4% of U.S. Propane Distribution's employees are unionized. Employees are unionized under two agreements that expire on March 31, 2023 and March 31, 2024 respectively, and a third that expired on September 30, 2022, but continues year-to-year unless there is written notice of termination served with 60-days' prior notice.

As of December 31, 2022, approximately 303 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 64). 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. On December 22, 2022, the court ruled against Superior and required us to pay Canexus Corporation (now known as Chemtrade Electrochem Inc.) a $25 million reverse termination fee, plus judgment interest. On January 19, 2023, we filed an appeal with the Court of Appeal.

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.

Certarus Operations

Many of the risks applicable to Superior's operations as described above will be applicable to the Certarus operations following completion of the acquisition of Certarus. Additional risks relating to the Certarus operations are described below

Highly dependent on the operations of counterparties and contractual arrangements

Certarus endeavors to minimize risk wherever possible by structuring its contracts in a way that minimizes volume risk (e.g. minimum guaranteed volumes and "take-or-pay" arrangements), however, it is possible that such arrangements may not be fully effective. In addition, the contract terms are finite and in some cases the agreements contain termination or suspension rights for the benefit of the counterparty.

Certain of Certarus' equipment with revenues under contract will be subject to re-contracting risk in the future. Certarus cannot provide assurance that it will be able to renegotiate these contracts once their terms expire or, even if Certarus is able to do so, that it will be able to obtain the same prices or terms Certarus currently receives. If Certarus is unable to renegotiate these contracts, or unable to receive prices at least equal to the current prices it receives, Certarus' business, financial condition, results of operation and prospects could be adversely affected.

Certarus has entered into non-binding memorandums of understanding with certain counterparties regarding the mutually beneficial collaboration between the parties thereto. These memorandums of understanding do not represent formal binding agreements between such parties. The terms of any final binding agreement may vary significantly from those proposed in the respective memorandum of understanding and the entry into any final binding agreement cannot be assured.

Regulatory

Various levels of governments impose extensive controls and regulations on the transportation and storage of CNG, RNG and hydrogen. Governments may regulate or intervene with respect to Certarus' activities and commodity prices and taxes. Amendments to these controls and regulations may occur from time to time in response to economic or political conditions.

Reliance on suppliers

Certarus is dependent on the availability of compression, pressure reduction and transportation equipment and on the supply of third-party transportation services. Demand for such equipment and transportation services, competing opportunities for such suppliers, supply-chain issues, breakdown of relationships with suppliers (most significantly, manufacturers of mobile storage units and third-party transportation suppliers) and other external factors may affect the availability of such equipment and services, hindering Certarus' ability to service its customers and expand its operations, which, in turn, could materially adversely affect Certarus' business and financial condition.

Limited barriers to entry for suppliers and customers

Certarus acts as a connection between suppliers and consumers of low carbon energy. The barriers to entry for a supplier or consumer of low carbon energy are limited. If suppliers or consumers of low carbon energy, or both, found it economical to do so, they may decide to incur the capital and labour costs to perform the services that Certarus offers for themselves, which could reduce the existing and potential customer base of Certarus and have material adverse effects on Certarus' financial position.

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 2022, 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):

» First Amending Agreement dated June 6, 2022 among Superior Plus LP, Superior General Partner Inc. and Superior Plus U.S. Financing Inc., as co-borrowers, The Bank of Nova Scotia, as the administration agent, and the financial institutions party thereto, as lenders, amending the terms of the co-borrowers' second amended and restated credit agreement dated April 9, 2021

» Arrangement Agreement dated December 21, 2022 with Certarus Ltd., pursuant to which Superior agreed to acquire all of the issued and outstanding common shares in the capital of Certarus pursuant to a plan of arrangement.

Material contracts (not including those that we entered into as part of the ordinary course of business) that we entered into before 2022, full copies of which are available on our profile on SEDAR (www.sedar.com), that are still in effect are:

» 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.

» Second amended and restated credit agreement dated April 9, 2021 among Superior Plus LP, Superior General Partner Inc. and Superior Plus U.S. Financing Inc., as co-borrowers, The Bank of Nova Scotia, as the administration agent, and the financial institutions party thereto, as lenders

» 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

» 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

» 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

» 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.

» 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.

- Membership interest purchase agreement dated May 30, 2018, among NGL Energy Partners LP, NGL Energy Operating, LLC and Superior Plus Energy Services Inc.
- Consent agreement between the Commissioner of Competition, Superior Plus Corp. and Superior Plus LP dated September 27, 2017
- 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.
- 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)
- Share purchase agreement dated July 4, 2016, between Construction Products Acquisition, LLC, Superior Plus LP and Superior Plus U.S. Holdings 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.)

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. On December 22, 2022, the court ruled against Superior and required us to pay Canexus Corporation (now known as Chemtrade Electrochem Inc.) a $25 million reverse termination fee, plus judgment interest. On January 19, 2023, we filed an appeal with the Court of Appeal.

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., expectations with respect to the completion of the acquisition of Certarus, anticipated benefits of the Certarus acquisition, 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 the timing and receipt of the regulatory approvals (including approval of the acquisition of Certarus under the *Competition Act* (Canada); and the timely satisfaction of all other conditions to the closing of the acquisition of Certarus, the strength, complementarity and compatibility of the Certarus business with Superior's existing Energy Distribution business, continued growth in CNG, RNG and hydrogen demand, Superior's ability to achieve synergies, Superior's ability to attract and retain key employees in connection with the acquisition of Certarus; anticipated financial performance, anticipated outcome of legal proceedings, current business and economic trends, the amount of future dividends paid by Superior, business prospects, availability and utilization of tax basis, regulatory developments, currency, exchange and interest rates, general economic, geo-political or other disruptions (i.e., the war in Ukraine, the COVID-19 pandemic and other health risks, increasing inflationary pressures and interest rates, etc.) and their impact on the economy, financial markets and source of supply 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, general economic, geo-political or other disruptions (i.e., the war in Ukraine, the COVID-19 pandemic and other health risks, increasing inflationary pressures and interest rates, etc.) and their impact on the economy, financial markets and source of supply, 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 financial 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.

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