

BOYD GROUP SERVICES INC.
(formerly reporting as Boyd Group Income Fund)

**ANNUAL INFORMATION FORM
FOR FISCAL YEAR ENDED
DECEMBER 31, 2020**

**March 23, 2021
1745 ELLICE AVENUE, UNIT C1
WINNIPEG, MB R3H 1A6**

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(formerly reporting as Boyd Group Income Fund)

ANNUAL INFORMATION FORM
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BOYD GROUP SERVICES INC.
(formerly reporting as Boyd Group Income Fund)

Unless otherwise specified, the information in this AIF has been presented as at December 31, 2020. As at December 31, 2019 Boyd Group Services Inc. (“BGSI”) operated as Boyd Group Income Fund (the “Fund”). Pursuant to a plan of arrangement agreement, under the Canada Business Corporations Act, on January 1, 2020, Fund unitholders and Boyd Group Holdings Inc. Class A common shareholders received one BGSI common share in exchange for each Fund unit and BGHI Class A common share held by them. As the Arrangement was effective on January 1, 2020, information presented in this AIF as at, and for periods prior to, or ending on December 31, 2019, is provided for the Fund and information provided as at January 1, 2020 and later is provided for BGSI. Therefore, as the context requires, references may be made to either the Fund or BGSI.

CORPORATE STRUCTURE

Boyd Group Services Inc.

Effective January 1, 2020, Boyd Group Income Fund (the “Fund”) completed the conversion from an income trust to a public corporation known as Boyd Group Services Inc. (“BGSI”), pursuant to a plan of arrangement under the *Canada Business Corporations Act* (the “Plan”).

Pursuant to the Plan, Fund unitholders and Boyd Group Holdings Inc. (“BGHI”) Class A common shareholders received one BGSI common share in exchange for each Fund unit and BGHI Class A common share held by them. BGSI now owns all of The Boyd Group Inc.’s (“Boyd” or “Company”) business and assets. BGSI common shares commenced trading on January 2, 2020 on the Toronto Stock Exchange and the Fund units were concurrently voluntarily delisted.

As the Plan was effective on January 1, 2020, information presented in this AIF as at, and for periods prior to, or ending on December 31, 2019, is provided for the Fund, and information provided as at January 1, 2020 and later is provided for BGSI. Therefore, as the context requires, references may be made to either the Fund or BGSI.

For more information on the Plan and its affect, please see the Fund’s Notice of Meeting and Information Circular dated October 14, 2019.

The principal and head office of BGSI is located at 1745 Ellice Avenue, Unit C1, Winnipeg, Manitoba, R3H 1A6.

The Fund

Boyd Group Income Fund (the “Fund”) was an unincorporated open-ended mutual fund trust established under the laws of the Province of Manitoba. On December 3, 2019, unitholders voted 99.77% in favor of the Plan. On January 2, 2021, in accordance with the Plan, the Fund was wound-up. Immediately prior to the wind-up of the Fund, all property of the Fund was transferred to, and all liabilities of the Fund were assumed by, BGSI.

The principal and head office of the Fund was located at 1745 Ellice Avenue, Unit C1, Winnipeg, Manitoba, R3H 1A6.

Plan of Arrangement

On February 25, 2003, the Fund was established for the primary purpose of acquiring and holding a controlling interest in Boyd. After having obtained the approval of its securityholders and the Manitoba Court of Queen’s Bench, Boyd reorganized on February 28, 2003 into an income trust structure as more particularly described beginning at page 40 of the Prospectus of the Fund dated February 14, 2003 (the “Prospectus”), under the heading “Fund and Arrangement”, which excerpt is incorporated by reference herein.

On September 19, 2019, BGSI was established for the primary purpose of acquiring and holding a controlling interest in the Fund. After having obtained the approval of the Fund’s unitholders and BGHI’s common shareholders and the Manitoba Court of Queen’s Bench, BGSI acquired all of the units and BGHI Class A common shares in exchange, on a one-for-one basis, for common shares of BGSI, as more particularly described at Appendix D of the Management Information Circular (the “Circular”) dated October 14, 2019, under the heading “Arrangement Agreement”, which excerpt is incorporated by reference herein.

Structure of the Fund

On February 25, 2003, the Fund became the holder of all of the issued and outstanding Class I shares of Boyd (“Boyd Class I Shares”) and BGHI became the holder of all of the issued and outstanding Class II shares of Boyd (“Boyd Class II Shares”). Boyd’s authorized and issued share capital also included an unlimited number of Class III shares (“Boyd Class III Shares”). On May 30, 2005 the articles of Boyd were amended to modify the attributes of the Class I Shares. The change was done to enable the Fund and Boyd to change the level of distributions and dividends and maintain equality between unitholders of the Fund and shareholders of Boyd. On October 31, 2007 the articles of Boyd were amended to create an unlimited number of Class IV shares (“Boyd Class IV Shares”) in order to facilitate the resumption of distributions. For a more detailed description of the Fund’s authorized and issued unit capital, please see Note 21 to the consolidated financial statements included on page 90 of the Fund’s 2019 Annual Report, which description is incorporated by reference herein.

On January 1, 2020, the Fund exchanged all of its Boyd Class I Shares for Boyd Class A Preferred Shares on the basis of one Boyd Class I Share for one Boyd Class A Preferred Share and all of its Boyd Class IV Shares for Boyd Class B Preferred Shares on the basis of one Boyd Class IV Share for one Boyd Class B Preferred Share. Also on January 1, 2020, BGHI

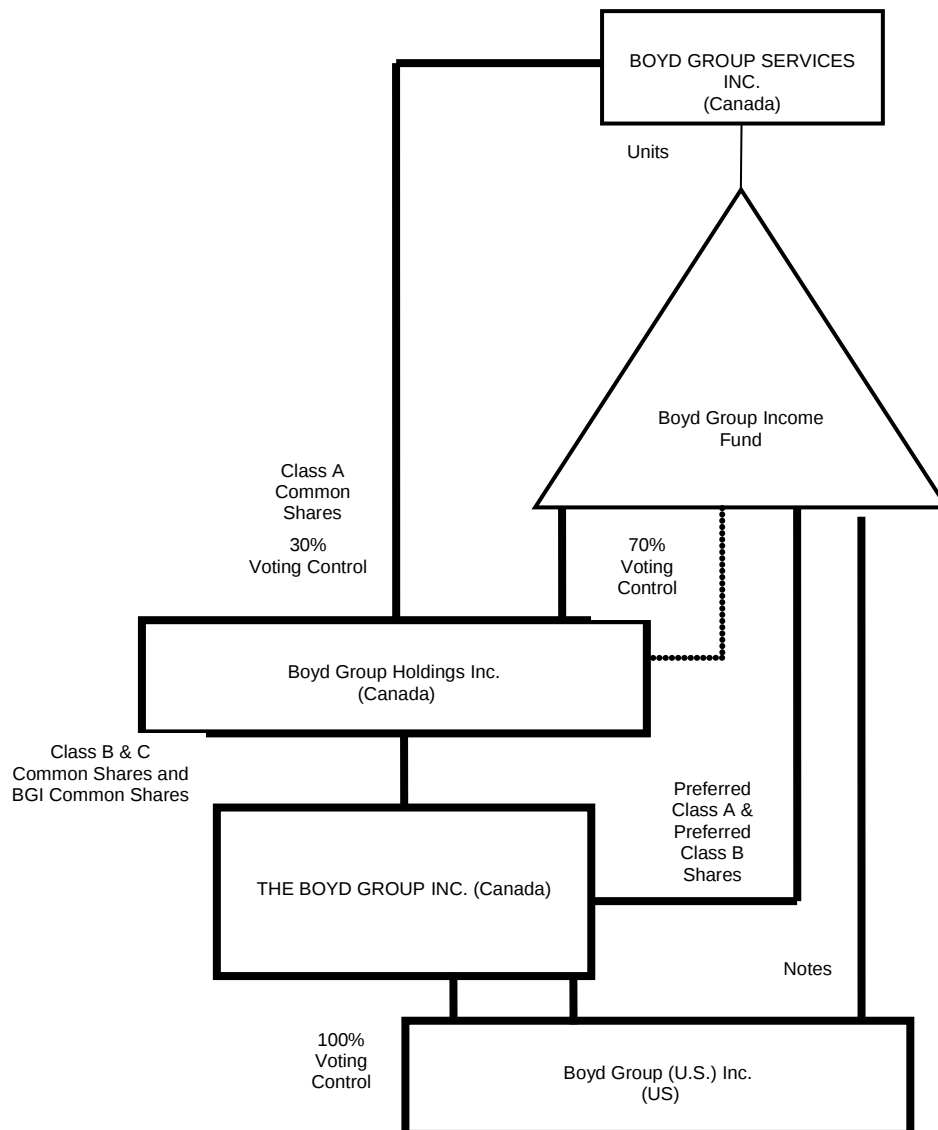
exchanged all of its Boyd Class II Shares for Boyd Common Shares on the basis of one BGI Class II Share for one Boyd Common Share. On January 1, 2021, in accordance with the Plan, BGHI was amalgamated into Boyd. On January 2, 2021, in accordance with the Plan, the Fund was wound-up. Prior to the wind-up of the Fund, all property of the Fund was transferred to, and all liabilities of the Fund were assumed by, BGSI. As of March 23, 2021 there were 20,022,381 Class A Preferred Shares, 185,985 Common Shares and 100,000,000 Voting Shares of Boyd issued and outstanding, all of which are owned by BGSI.

As of March 23, 2021, BGSI holds \$41.8 million in 5.75% promissory notes due January 1, 2030, \$6.8 million in 8.58% notes due January 1, 2024, \$25.0 million in 8.58% notes due January 1, 2024, \$30.0 million in 8.58% notes also due January 1, 2024, \$108.0 million in 5.0% notes due September 29, 2027, and \$70.0 million in 4.3% notes due December 30, 2030 (“Notes”) from The Boyd Group (U.S.) Inc. – a subsidiary of Boyd. On January 2, 2021, the Fund was wound up and the \$41.8 million, \$6.8 million, \$25.0 million, \$30.0 million and \$108.0 million in Notes previously held by the Fund were assigned to BGSI. On December 30, 2020, a new note in the amount of up to \$70.0 million bearing interest at 4.3%, due December 30, 2030, was entered into as a result of the equity offering which occurred on May 14, 2020. See page 18 of BGSI’s 2020 Annual Report, under the heading “Boyd Group Income Fund and Boyd Group Services Inc.”, for a more detailed description of the Notes, which description is incorporated by reference herein.

As of March 23, 2021 there were 21,472,194 Shares of BGSI issued and outstanding.

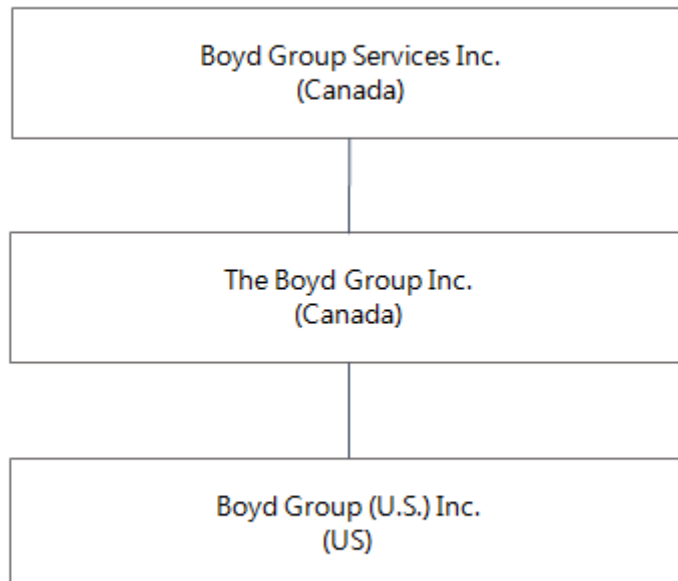
Structure of the Fund and Boyd as at December 31, 2020

The following diagram sets forth the organizational structure of the Fund and Boyd as at December 31, 2020:



Structure of Boyd as at March 23, 2021*

The following diagram sets forth the organizational structure of Boyd as at March 23, 2021:



* Each of these corporations has a number of operating subsidiaries that are 100% owned by the parent as further detailed under the heading of "Corporate Structure".

Corporate Structure *

Boyd Corporate Structure as at December 31, 2020 is:

Boyd Group Services Inc. –

Boyd Group Income Fund

Boyd Group Holdings Inc.

The Boyd Group Inc.

Assured Automotive (2017) Inc.

The Boyd Group (U.S.) Inc.

The Gerber Group Inc.

Cars Collision Center, L.L.C.

True2Form Collision Repair Centers, Inc.

True2Form Collision Repairs Centers, LLC

Service Collision Center (Georgia), Inc.

Gerber Collision & Glass (Kansas), Inc.

Service Collision Center (Oklahoma) Inc.

Collision Service Repair Center, Inc.

AMPB Acquisition Corp.

Kingswood Collision, Inc.

Gerber Collision (Northeast), Inc.

Gerber Collision (Colorado) Inc.

Gerber Collision (Idaho), Inc.

Gerber Real Estate Inc.

Gerber Payroll Services, Inc.

Master Collision Repair, Inc.

Hansen Collision, Inc.

Hansen Leasing, Inc.

Collision Revision, Inc.

Collex Collision Experts, Inc.

Gerber Collision (Louisiana), Inc.

Champ's Holding Company, L.L.C.

Gerber Collision (Oregon), Inc.

Gerber Collision (Utah), Inc.

Gerber Collision (Tennessee), Inc.

Gerber Collision (NY), Inc.

Carubba Collision Corp.

Gerber Collision (Texas), Inc.

Gerber Collision (Wisconsin), Inc.

Gerber Collision (California), Inc.

Gerber Glass Holdings Inc.

Gerber Glass, LLC

Glass America LLC

Gerber National Claim Services, LLC

Gerber Glass (District 2), LLC

Gerber Glass (District 3), LLC

- Gerber Glass (District 4), LLC
- Gerber Glass (District 5), LLC
 - S&L Auto Glass, LLC
- Gerber Glass (District 6), LLC
- Gerber Glass (District 7), LLC
- Glass America (California), LLC
- Glass America Southeast LLC
 - Glass America Midwest LLC
 - Hansen Auto Glass, LLC
 - Auto Glass Only, LLC
 - Glass America Colorado LLC
 - Glass America Florida LLC
 - Glass America Georgia LLC
 - Glass America Illinois LLC
 - Glass America Massachusetts LLC
 - Glass America Michigan LLC
 - Glass America Midwest Burlington LLC
 - Glass America Midwest Lewis Center LLC
 - Glass America Midwest Lindenhurst LLC
 - Glass America Midwest North Canton LLC
 - Glass America Missouri LLC
 - Glass America New York LLC
 - Glass America Ohio LLC
 - Glass America Pennsylvania LLC
 - Glass America Texas LLC
 - Glass America Vermont LLC
 - Glass America Alabama LLC
 - Glass America Kentucky LLC
 - Glass America Maryland LLC
 - Glass America Virginia LLC

* Indentation of companies indicates they are subsidiaries of the company directly above. On January 1, 2021, BGHI was amalgamated with The Boyd Group Inc., and on January 2, 2021, Boyd Group Income Fund was wound-up.

GENERAL DEVELOPMENT OF THE BUSINESS

Convertible Debt Offerings

As at December 31, 2020, BGSI has no convertible debt offerings outstanding.

Significant Acquisitions

During 2018, 2019 and 2020, the Company acquired a number of businesses, which were not individually significant.

Dividends and Distributions

See page 33 of this report under the heading “Dividends and Distributions” and page 20 of BGSI’s 2020 Annual Report, under the heading “Dividends and Distributions” for a detailed description of dividends and distributions which description is incorporated by reference, herein.

New Debt Arrangements

On May 26, 2017, the Company entered into a second amended and restated credit agreement (the “Credit Agreement”) for a term of five years, increasing the revolving credit facility to \$300 million U.S., with an accordion feature which could increase the facility to a maximum of \$450 million U.S. The facility was with a syndicate of Canadian and U.S. banks and was secured by the shares and assets of the Company as well as guarantees by BGIF and BGHI. The interest rate was based on a pricing grid of the Fund’s ratio of total funded debt to EBITDA as determined under the credit agreement. The Company could draw the facility in either the U.S. or in Canada, in either U.S. or Canadian dollars. The Company could make draws in tranches as required. Tranches bore interest only and were not repayable until the maturity date but could be voluntarily repaid at any time. The Company had the ability to choose the base interest rate between Prime, Bankers Acceptances (“BA”) or London Inter Bank Offer Rate (“LIBOR”). The total syndicated facility included a swing line up to a maximum of \$5.0 million U.S. in Canada and \$20.0 million U.S. in the U.S.

On October 27, 2017, the Company entered into a first amendment to the Credit Agreement. The first amendment did not materially change the agreement. All terms previously disclosed remained under the first amendment. The first amendment has been filed on www.sedar.com, which document is incorporated by reference herein.

On April 3, 2019, the Company entered into a second amendment to the Credit Agreement to expand the facility to \$400.0 million U.S. through the exercise of \$100.0 million of the \$150.0 million available under the accordion feature. The second amendment did not materially change the agreement. All terms previously disclosed remained under the second amendment. The second amendment has been filed on www.sedar.com, which document is incorporated by reference herein.

On March 17, 2020, the Company entered into a third amended and restated credit agreement, increasing the revolving credit facility to \$550 million U.S., with an accordion feature which can increase the facility to a maximum of \$825 million U.S. (the “revolving credit facility”, or the “facility”). The revolving credit facility is accompanied by a new seven-year fixed-rate Term Loan A in the amount of \$125 million U.S. at an interest rate of 3.455%. The revolving credit facility is with a syndicate of Canadian and U.S. banks and is secured by the shares and assets of the Company as well as guarantees by BGSI, BGIF, BGHI, and subsidiaries, while Term Loan A is with one of the syndicated banks. The interest rate for draws on the revolving credit facility are based on a pricing grid of BGSI’s ratio of total funded debt to EBITDA as determined under the credit agreement. The Company can draw the facility in either the U.S. or in Canada, in either U.S. or Canadian dollars. The Company can make draws in tranches as required. Tranches bear interest only and are not repayable until the maturity date but can be voluntarily repaid at any time. The Company has the ability to choose the base interest rate between Prime, Bankers Acceptances (“BA”), U.S. Prime or London Inter Bank Offer Rate (“LIBOR”). The total syndicated facility includes a swing line up to a maximum of \$10.0 million U.S. in Canada and \$30.0 million U.S. in the U.S.

Under the revolving credit facility, the Company is subject to certain financial covenants which must be maintained to avoid acceleration of the termination of the credit agreement. The financial covenants require BGSI to maintain a senior funded debt to EBITDA ratio of less than 3.50 and an interest coverage ratio of greater than 2.75. For four quarters following a material acquisition, the senior funded debt to EBITDA ratio may be increased to less than 4.00. For purposes of covenant calculations, property lease payments are deducted from EBITDA.

During the second quarter of 2020, the Company amended certain financial covenants under the revolving credit facility to provide additional covenant headroom, further enhancing the Company’s financial flexibility. While the Company had not breached any covenants, this amendment was intended to prevent the effects of the COVID-19 pandemic from distorting the covenant calculations and distracting the Company or its lenders from the prudent management of the business. The amendments included a suspension to Boyd’s requirement to comply with its leverage and interest coverage covenants from July 1, 2020 to December 30, 2020, as well as providing more flexibility in the calculation of such covenants beginning with the second quarter of 2020 and through the second quarter of 2021. Effective July 1, 2020 to June 30, 2021 inclusive, for the purposes of testing any financial covenants on a trailing twelve month period, the Company will be permitted to replace the EBITDA for the second and third quarters of 2020 with the EBITDA for the second and third quarters of 2019. In addition, the senior funded debt to EBITDA ratio was increased to no greater than 4.00 to June 30, 2020. From December 31, 2020 to June 29, 2021, the senior funded debt to EBITDA ratio will be no greater than 3.75. For four quarters following a material acquisition during the December 31, 2020 to June 29, 2021 timeframe, the senior debt to EBITDA ratio may be increased to no greater than 4.00. During the suspension period, the Company was required to meet a minimum liquidity covenant of \$150 million U.S., which, given the Company’s cash position and undrawn facilities, was not burdensome.

For a detailed description of the debt arrangement, which descriptions are incorporated by reference herein, see pages 27-28 of BGSI’s 2020 Annual Report, under the heading “Debt Financing”.

Glass Business Arrangement

On July 31, 2020, the call option transaction to acquire the 21.16% non-controlling interest in Gerber Glass LLC held by a member of the U.S. management team was completed, and BGSI acquired the 21.16% non-controlling interest in Gerber Glass LLC.

DESCRIPTION OF THE BUSINESS

BGSI

Boyd Group Services Inc. is a Canadian corporation and controls Boyd and its subsidiaries as well as the Fund, effective January 1, 2020.

Boyd

General

Boyd is one of the largest operators of non-franchised collision repair centres in North America in terms of number of locations and sales. The Company currently operates locations in Canada under the trade names Boyd Autobody & Glass and Assured Automotive, as well as in the U.S. under the trade name Gerber Collision & Glass. In addition, the Company is a major retail auto glass operator in the U.S. under the trade names Gerber Collision & Glass, Glass America, Auto Glass Services, Auto Glass Authority and Autoglassonly.com. The Company also operates Gerber National Claims Services (“GNCS”), which offers glass, emergency roadside and first notice of loss services.

Principal Markets

Boyd provides collision repair services to individual vehicle owner, fleet and lease customers; however, the highest percentage of the Company’s revenue is derived from insurance-paid collision repair services. In markets where non-government owned insurance companies are predominant, formal relationships with insurance companies such as Direct Repair Programs (“DRPs”), either at the local or national level, play an important role in generating sales volumes for the Company. Although automobile owners still have the freedom of choice of repair provider, insurance companies may educate the owner on the benefits of choosing a repairer in their DRP network. Of the top five insurance companies that the Company does business with, which in aggregate account for approximately 46% of total sales, one insurance company represents approximately 13% of the Company’s total sales, while a second insurance company represents approximately 10%. Emphasis is placed by Boyd on establishing and maintaining these referral arrangements and Boyd continues to work at developing and strengthening its relationships with insurance carriers in these markets.

The following table shows Boyd's percentage of sales in Canada and the United States during its three fiscal years ended December 31, 2018, 2019 and 2020.

Period Ended	Percentage of Sales in Canada	Percentage of Sales in United States
December 31, 2018	15.5%	84.5%
December 31, 2019	12.5%	87.5%
December 31, 2020	10.2%	89.8%

The following table shows Boyd's number of employees in Canada and the United States during its three fiscal years ended December 31, 2018, 2019 and 2020.

Period Ended	Number of Employees in Canada	Number of Employees in United States
December 31, 2018	1,479	7,089
December 31, 2019	1,513	8,409
December 31, 2020	1,168	7,788

Competitive Conditions

The collision repair industry in North America is estimated by Boyd to represent over \$40 billion (U.S.) in annual revenue. The industry is highly fragmented, consisting primarily of small independent family owned businesses operating in local markets. It is estimated that car dealerships have approximately 18% of the total market. It is believed that multi-unit collision repair operators with greater than \$20 million in annual revenues (including multi-unit car dealerships), now have approximately 31% of the total market.

The industry is very competitive. There is a growing trend among major insurers in both the public and private insurance markets toward developing performance-based measurements in selecting collision repair partners. In Alberta, British Columbia, Ontario and in the United States, where private insurers operate, a greater emphasis is placed on establishing and maintaining DRP referral arrangements with insurance companies. Boyd continues work at developing and strengthening its DRP relationships with insurance carriers in both Canada and the United States. DRP's are established between insurance companies and collision repair shops to better manage automobile repair claims and increase levels of customer satisfaction. Insurance companies select collision repair operators to participate in their programs based on integrity, convenience and physical appearance of the facility, quality of work, customer service, cost of repair, cycle time and other key performance metrics. Local, regional DRP's, and national DRP relationships, represent an opportunity for Boyd to increase its business. Boyd's management also believes there is some preference among some insurance carriers to do business with multi-location collision repairers in order to increase efficiency, reduce the number

and complexity of contacts in the collision repair process and to achieve a higher level of consistent performance.

Boyd intends to grow its business through increasing same-store sales and the opening or acquiring of new locations in addition to being alert to opportunities for accelerated growth through the acquisition of other multi-location businesses.

See pages 11-14 of BGSI's 2020 Annual Report, under the heading "Business Environment & Strategy", for a detailed description of competitive conditions, which description is incorporated by reference herein.

Intangible Assets

During 2018, as part of various acquisitions, as detailed on pages 27-28 of the Fund's 2018 Annual Report under the heading "Acquisitions and Development of Businesses", \$43,935,000 of customer relationships and \$1,408,000 of non-compete agreements were recognized. The customer relationships are finite life intangible assets that are being amortized on a straight-line basis over a period of twenty years. The non-compete agreements are being amortized on a straight-line basis over a five year term.

During 2019, as part of various acquisitions, as detailed on pages 29-30 of BGSI's 2019 Annual Report under the heading "Acquisitions and Development of Businesses", \$79,751,000 of customer relationships and \$3,802,000 of non-compete agreements were recognized. The customer relationships are finite life intangible assets that are being amortized on a straight-line basis over a period of twenty years. The non-compete agreements are being amortized on a straight-line basis over a five year term.

During 2020, as part of various acquisitions, as detailed on pages 29-30 of BGSI's 2020 Annual Report under the heading "Acquisitions and Development of Businesses", \$30,025,000 of customer relationships and \$1,699,000 of non-compete agreements were recognized. The customer relationships are finite life intangible assets that are being amortized on a straight-line basis over a period of twenty years. The non-compete agreements are being amortized on a straight-line basis over a five year term.

Cycles

The Company's operating results have been and are expected to continue to be subject to quarterly fluctuations due to a variety of factors including changes in purchasing patterns, pricing policies, general and regional economic downturns, unemployment rates and weather conditions. The Company's geographic diversification may lessen the effect of this risk.

For more information about Boyd, please see pages 11-14 of BGSI's 2020 Annual Report, under the heading "Business Environment & Strategy", for a more detailed description Boyd's business, which description is incorporated by reference herein.

BUSINESS RISKS AND UNCERTAINTIES

The following information is a summary of certain risk factors relating to the business of BGSI and its subsidiaries, and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Annual Information Form and the documents incorporated by reference herein.

BGSI and its subsidiaries are subject to certain risks inherent in the operation of the business. BGSI and its subsidiaries manage risk and risk exposures through a combination of management oversight, insurance, systems of internal controls and disclosures and sound operating policies and practices.

The Board of Directors has the responsibility to identify the principal risks of BGSI's business and ensure that appropriate systems are in place to manage these risks. The Audit Committee has the responsibility to discuss with management BGSI's major financial risk exposures and the steps management has taken to monitor and control such exposures, including BGSI's risk assessment and risk management policies. In order to support these responsibilities, management has a risk and sustainability management committee which meets on an ongoing basis to evaluate and assess BGSI's risks.

The process being followed by the risk and sustainability management committee is a systematic one which includes identifying risks; analyzing the likelihood and consequence of risks; and then evaluating risks as to risk tolerance and control effectiveness. This approach stratifies risks into four risk categories as follows:

- | | |
|-----------------|--|
| Extreme Risks: | Immediate/ongoing action is required – involvement of senior management is required. Avoidance of the item may be necessary if risk reduction techniques are insufficient to address the risk. |
| High Risks: | Risk item is significant and management responsibility should be specified and appropriate action taken. |
| Moderate Risks: | Managed by specific monitoring or response procedures. Additional risk mitigation techniques could be considered if benefits exceed the cost. |
| Low Risks: | Managed by routine procedures. No further action is required at this time. |

Risks can be reduced by limiting the likelihood or the consequence of a particular risk. This can be achieved by adjusting the Company's activities, implementing additional control/monitoring processes, or insuring/hedging against certain outcomes. Residual risk remains after mitigation and control techniques are applied to an identified risk. Awareness of the residual risk that BGSI ultimately accepts is a key benefit of the risk management process.

The following describes the risks that are most material to BGSI's business; however, this is not a complete list of the potential risks BGSI faces. There may be other risks that BGSI is not aware of, or risks that are not material today that could become material in the future.

Pandemic Risk & Economic Downturn

A local, regional, national or international outbreak of a contagious disease, including the COVID-19 coronavirus, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu or any other similar illness, could decrease the willingness of the general population to travel or customers to patronize the Company's facilities, cause shortages of employees to staff the Company's facilities, interrupt supplies from third parties upon which the Company relies, result in governmental regulation adversely impacting the Company's business and otherwise have a material adverse effect on the Company's business, financial condition and results of operations. Disruptions in financial markets, regional economies and the world economy have been caused by the COVID-19 pandemic. This disruption has resulted in, and continues to result in decreased demand for the services the Company provides. The COVID-19 pandemic has resulted in a widespread health crisis that has adversely affected the economies and financial markets of many regions and countries. There can be no assurance that this disruption in financial markets, regional economies and the world economy will not continue to negatively affect the financial performance of the Company.

Historically the auto collision repair industry has proven to be resilient to typical economic downturns along with the accompanying unemployment, and while the Company works to mitigate the effect of current economic downturn on its operations, economic conditions, which are beyond the Company's control, have led to a decrease in accident repair claims volumes due to fewer miles driven or due to vehicle owners being less inclined to have their vehicles repaired. It is difficult to predict the severity and the duration of the decrease in claims volumes resulting from this economic downturn and the accompanying unemployment and what affect it may have on the auto collision repair industry, in general, and the financial performance of the Company in particular. There can be no assurance that the economic downturn will not continue to negatively affect the financial performance of the Company.

Operational Performance

In order to compete in the market place, the Company must consistently meet the operational performance metrics expected by its insurance company clients and its customers. Failing to deliver on metrics such as cycle time, quality of repair, customer satisfaction and cost of repair can, over time, result in reductions to pricing, repair volumes, or both. The Company has implemented processes as well as measuring and monitoring systems to assist it in delivering on these key metrics. However, there can be no assurance that the Company will be able to continue to deliver on these metrics or that the metrics themselves will not change in the future.

The Company's principal source of funds is cash generated from operations. Fluctuations in required capital expenditures, the need to maintain productive capacity, required funding to meet growth targets, and debt repayments expected to be funded by cash flows generated from operations may potentially impact the amount of cash available for dividends to be declared and paid by the Company or its subsidiaries in the future.

Acquisition Risk

The Company plans to continue to increase revenues and earnings through the acquisition of additional collision repair facilities and other businesses. The Company follows a detailed process of due diligence and approvals to limit the possibility of acquiring a non-performing location or business. However, there can be no assurance that the Company will be able to find suitable acquisition targets at acceptable pricing levels without incurring cost overruns, or that the locations acquired will achieve sales and profitability levels to justify the Company's investment.

Boyd views the United States and Canada as having significant potential for further expansion of its business. There can be no assurance that any market for the Company's services and products will develop either at the local, regional or national level. Economic instability, laws and regulations, increasing acquisition valuations and the presence of competition in all or certain jurisdictions may limit the Company's ability to successfully expand operations.

The Company has grown rapidly through multi-location acquisitions as well as single location growth opportunities. Rapid growth can put a strain on managerial, operational, financial, human and other resources. Risks related to rapid growth include administrative and operational challenges such as the management of an expanded number of locations, the assimilation of financial reporting systems, technology and other systems of acquired companies, increased pressure on senior management and increased demand on systems and internal controls. The ability of the Company to manage its operations and expansion effectively depends on the continued development and implementation of plans, systems and controls that meet its operational, financial and management needs. If Boyd is unable to continue to develop and implement these plans, systems or controls or otherwise manage its operations and growth effectively, the Company will be unable to maintain or increase margins or achieve sustained profitability, and the business could be harmed.

A key element of the Company's strategy is to successfully integrate acquired businesses in order to sustain and enhance profitability. There can be no assurance that the Company will be able to profitably integrate and manage additional repair facilities. Successful integration can depend upon a number of factors, including the ability to maintain and grow DRP relationships, the ability to retain and motivate certain key management and staff, retaining and leveraging client and supplier relationships and implementing standardized procedures and best practices. In the event that any significant acquisition cannot be successfully integrated into Boyd's operations or performs below expectations, the business could be materially and adversely affected.

To the extent that the prior owners of businesses acquired by Boyd failed to comply with or otherwise violated applicable laws, the Company, as the successor owner, may be financially responsible for these violations and any associated undisclosed liability. The Company seeks, through systematic investigation and due diligence, and through indemnification by former owners, to minimize the risk of material undisclosed liabilities associated with acquisitions. The discovery of any material liabilities, including but not limited to tax, legal and environmental liabilities, could have a material adverse effect on the Company's business, financial condition and future prospects.

Employee Relations and Staffing

Boyd currently employs approximately 8,956 people, of which 1,168 are in Canada and 7,788 are in the U.S. The current work force is not unionized, except for approximately 30 employees located in the U.S. who are subject to collective bargaining agreements. The automobile collision repair industry typically experiences high employee turnover rates. A shortage of qualified employees can impact the volume and pace at which collision repair shops can fix damaged vehicles. Although the Company believes that it is on good terms with its employees, there are no assurances that a disruption in service would not occur as a result of employee unrest or employee turnover. The collision repair industry is experiencing significant competition for talent, and, in particular, a limited pool of qualified technicians. There is no guarantee that a significant work disruption or the inability to maintain, replace or grow staff levels would not have a material effect on the Company.

Attracting, training, developing and retaining employees at all levels of the organization is required to effectively manage Boyd's operations. The Company has rolled out various retention and recruitment initiatives to mitigate this risk. Failure to attract, train, develop and retain employees at all levels of the organization could lead to a lack of knowledge, skills and experience required to effectively manage the business and could have a material adverse effect on the Company's business, financial condition and future performance.

The outbreak of a contagious illness, such as the recent COVID-19 pandemic could disrupt staffing and impact the volume and pace at which collision repair shops can fix damaged vehicles. Such disruption could result in temporary closure of collision repair facilities. A significant outbreak of contagious disease, such as the recent COVID-19 pandemic, could result in a widespread health crisis that could adversely affect the financial performance of the Company.

Brand Management and Reputation

The Company's success is impacted by its ability to protect, maintain and enhance the value of its brands and reputation. Brand value and reputation can be damaged by isolated incidents, particularly if the incident receives considerable publicity or if it draws litigation. Incidents may occur as a result of events beyond the Company's control or may be isolated to actions that occur in one particular location. Demand for the Company's services could diminish significantly if an incident or other matter damages its brand or erodes the confidence of its insurance company clients or directly with the vehicle owners themselves. With the advent of the Internet and the evolution of social media there is an increased ability for individuals to adversely affect the brand and reputation of the Company. There can be no assurance that past or future incidents will not negatively affect the Company's brand or reputation.

Market Environment Change

The collision repair industry is subject to continual change in terms of regulations, repair processes and equipment, technology and changes in the strategic direction of clients, suppliers and competitors. The Company endeavors to stay abreast of developments and preferences in

the industry and make strategic decisions to manage through these changes and potential disruptions to the traditional business model. In certain situations, the Company is involved in leading change by anticipating or developing new methods to address changing market needs. The Company however, may not be able to correctly anticipate the need for change, may not effectively implement changes, or may be required to increase spending on capital equipment to maintain or improve its relative position with competitors. There can be no assurance that market environment changes will not occur that could negatively affect the financial performance of the Company.

Reliance on Technology

As is the case with most businesses in today's environment, there is a risk associated with Boyd's reliance on computerized operational and reporting systems. Boyd makes reasonable efforts to ensure that back-up systems and redundancies are in place and functioning appropriately. Boyd has disaster recovery programs to protect against significant system failures. Although a computer system failure would not be expected to critically damage the Company in the long term, there can be no assurance that a computer system crash or like event would not have a material impact on its financial results.

Reliance on technology in order to gain or maintain competitive advantage is becoming more significant and therefore the Company is faced with determining the appropriate level of investment in new technology in order to be competitive. There can be no assurance that the Company will correctly identify or successfully implement the appropriate technologies for its operations.

Increased reliance on computerized operational and reporting systems also results in increased cyber security risk, including potential unauthorized access to customer, supplier and employee sensitive information, corruption or loss of data and release of sensitive or confidential information. Disruptions due to cyber security incidents could adversely affect the business, results of operations and financial condition of the Company. Cyber security incidents could result in operational delays, disruption to work flow and reputational harm. There can be no assurance that Boyd will be able to anticipate, prevent or mitigate rapidly evolving types of cyber-attacks.

Changes in Client Relationships

A high percentage of the Company's revenues are derived from insurance companies. Over the past 25+ years, many private insurance companies have implemented customer referral arrangements known as Direct Repair Programs (DRP's) with collision repair operators who have been recognized as consistent high quality, performance based repairers in the industry. The Company's ability to continue to grow its business, as well as maintain existing business volume and pricing, is largely reliant on its ability to maintain these DRP relationships. The Company continues to develop and monitor these relationships through ongoing measurement of the success factors considered critical by insurance clients. The loss of any existing material DRP relationship, or a material component of a significant DRP relationship, could have a material adverse effect on Boyd's operations and business prospects. Of the top five insurance companies that the Company deals with, which in aggregate account for approximately 46%

(2019 – 44%) of total sales, one insurance company represents approximately 13% (2019 – 15%) of the Company's total sales, while a second insurance company represents approximately 10% (2019 – 10%).

DRP relationships are governed by agreements that are usually cancellable upon short notice. These relationships can change quickly, both in terms of pricing and volumes, depending upon collision repair shop performance, cycle time, cost of repair, customer satisfaction, competition, insurance company management, program changes and general economic activity. To mitigate this risk, management fosters close working relationships with its insurance company clients and customers and the Company continually seeks to diversify and grow its client base both in Canada and the U.S. There can be no assurance that relationships with insurance company clients will not change in the future, which could impair Boyd's revenues and/or margins, and result in a material adverse effect on the Company's business.

Decline in Number of Insurance Claims

The automobile collision repair industry is dependent on the number of accidents which occur and, for the most part, become repairable insurance claims. The volume of accidents and related insurance claims can be significantly impacted by technological disruption and changes in technology such as ride sharing, collision avoidance systems, driverless vehicles and other safety improvements made to vehicles. Other changes which have and can continue to affect insurance claim volumes include, but are not limited to, weather, general economic conditions, unemployment rates, changing demographics, vehicle miles driven, new vehicle production, insurance policy deductibles and auto insurance premiums. In addition, repairable claims volumes have been and can continue to be impacted by an increased number of non-repairable claims or total loss. Reduced travel due to the COVID-19 pandemic has negatively impacted claim volumes. There can be no assurance that a continued decline in insurance claims will not occur, which could reduce Boyd's revenues and result in a material adverse effect on the Company's business.

Margin Pressure and Sales Mix Changes

The Company's costs to repair vehicles, including the cost of parts, materials and labour are market driven and can fluctuate. Increasing vehicle complexity due to advances in technology may also increase the cost associated with vehicle repair. The Company is not always able to pass these cost increases on to end users in the form of higher selling prices to its customers and/or its insurance company clients. As a result, there can be no assurance that increases in the costs to repair vehicles will ultimately be recoverable from its insurance company clients and customers. While negotiations with insurance companies and other influencing factors over time can result in selling price increases, the timing and extent of such increases is not determinable. In addition, some DRP relationships contain performance based pricing, which can impact margins. There can be no assurance that increases in the costs to repair vehicles will ultimately be recoverable from the Company's clients or customers.

The Company's margin is also impacted by the mix of collision repair, retail glass and glass network sales as well as the mix of parts, labour and materials within each business area. There

can be no assurance that changes to sales mix will not occur that could negatively impact the financial performance of the Company.

The Company currently makes its own part sourcing decisions for parts used in the provision of vehicle repair services. The Company's clients could, in the future, decide to source products directly, impose the use of certain parts suppliers on the Company or otherwise change the parts sourcing process. Such a decision could have an adverse effect on the Company's margin.

Environmental, Health and Safety Risk

The nature of the collision repair business means that hazardous substances must be used, which could cause damage to the environment or individuals if not handled properly. The Company's environmental protection policy requires environmental site assessments to be performed on all business locations prior to acquisition, start-up or relocation so that any existing or potential environmental situations can be remedied or otherwise appropriately addressed. It is also Boyd's practice to secure environmental indemnification from landlords and former owners of acquired collision repair businesses, where such indemnification is available. Boyd also engages a private environmental consulting firm to perform regular compliance reviews to ensure that the Company's environmental and health and safety policies are followed.

To date, the Company has not encountered any environmental protection requirements or issues which would be expected to have a material financial or operational effect on its current business and it is not aware of any material environmental issues that could have a material impact on future results or prospects. No assurance can be given, however, that the prior activities of Boyd, or its predecessors, or the activities of a prior owner or lessee, have not created a material environmental problem or that future uses or evolving regulations will not result in the imposition of material environmental, health or safety liability upon Boyd.

The outbreak of a contagious illness, such as the recent COVID-19 pandemic could require the Company to develop and execute revised operating procedures intended to mitigate safety and health risks in the work environment. However, there can be no assurance that the enhanced protocols put in place will protect against an outbreak that could result in lost time and negatively affect the financial performance of the Company.

Climate Change and Weather Conditions

Climate change is exacerbated in part by the burning of fossil fuels in order to generate electricity for consumers and industry. Greenhouse gasses from fossil fuels is leading to climate change and global warming, which is leading to increased frequency and severity of natural disasters and extreme weather condition events. The collision repair industry is not particularly carbon intensive. The business is focused on the auto repair industry and as such its primary product is providing a service. In providing this service, major inputs include replacement parts, water-based paint, skilled labor, and energy to run spray booths, compressors, lighting, HVAC and other equipment. The industry is highly fragmented with many independent owner operators who are not able to operate at scale. There are efforts to consolidate the industry and the Company is a leader in this effort. By doing so, the industry can operate more efficiently and

have the central coordination and capital to invest in sustainability areas to reduce the impact the industry has on the environment.

Transitioning to a low carbon environment and sustainable business model will require additional investments in the long-term. Capital investments in energy saving or renewable energy technologies to operate the shop, can reduce or offset the contribution to carbon emissions that the Company currently emits. Transitioning the various vehicles used by business to electric instead of internal combustion engine based is another action that can be taken by the Company to reduce carbon emissions. Investments could be necessary for sensors and other systems to manage electricity usage or identify future opportunities. Facility management and landscape management are areas of opportunity to improve the impact Boyd's locations have on global warming.

The primary climate related risks for the business relate to the expected increase in extreme weather events, such as blizzards, hurricanes, torrential rain, and tornadoes. These events can cause physical damage to shops or hinder Boyd's ability to process work and also tend to result in higher damage levels that result in more vehicles being unrepairable. Extreme weather can also slow or halt delivery of parts and in some cases prevent employees from attending work which slows down cycle-time and therefore sales.

A number of initiatives related to climate change can benefit the Company. For example investing in LED lighting improves the working conditions for our technicians and can improve the quality of the work they do, as well as lowering operating costs. Continuous improvement and efficiency gains can improve quality and reduce repair cycle time, causing less waste, higher customer satisfaction and generating higher sales with the same level of inputs. A greater focus on repairing damaged parts as opposed to replacing those parts reduces waste and in some cases can improve profitability. Alignment with vehicle owner, insurance company and original equipment manufacturer objectives improves Boyd's customer relationships and demonstrates an ability to align and partner with these stakeholders.

There is good alignment between climate change initiatives and the Company's strategy. Core strategies of operational excellence, expense management and optimizing the business as well as new location and acquisition growth have overlap with sustainability. Being efficient, reducing waste and bringing corporate resources and investment to a fragmented industry supports a long-term alignment with sustainability. Environment, social and governance objectives are being integrated into the Company's strategic projects. There is often a dimension of each business initiative that relates to sustainability. Boyd is committed to identifying those dimensions and bringing awareness throughout the company so that business objectives naturally contribute to our sustainability goals.

The Board is investing more time on sustainability issues and has assigned the oversight responsibility for sustainability, including climate change risk management and disclosure to the Governance & Nominating Committee. The topic is a standing agenda item with internal metrics and reporting being developed. Management has an Enterprise Risk Management Committee that has been renamed the Risk and Sustainability Committee after being tasked with developing sustainability objectives and processes for the company. Its current mandate is to work with the various operating groups to identify the key sustainability metrics with a goal to

issue a sustainability report when the metrics are identified and the quality of reporting are sufficiently reliable.

The effect of global warming and its impact on weather conditions may reduce collision repair volume and represents an element of risk to the Company's ability to maintain sales. Historically, extremely mild winters and dry weather conditions have had a negative impact on collision repair sales volumes. Natural disasters resulting in business interruption, or supply chain interruption could also negatively impact the Company's operations. Even with market share gains, weather-related decline in market size can result in sales declines which could have a material impact on the Company's business. Business interruption due to natural disasters and extreme weather condition events, including supply chain interruption, may result in temporary store closures and could adversely impact Boyd's ability to complete repairs, which could have a material adverse effect on the Company's business.

Competition

The collision repair industry in North America, estimated at over \$40 billion U.S. is very competitive. The main competitive factors are price, service, quality, customer satisfaction and adherence to various insurance company processes and performance requirements. There can be no assurance that Boyd's competitors will not achieve greater market acceptance due to pricing or other factors.

Although competition exists mainly on a regional basis, Boyd competes with a small number of other multi-location collision repair operators in multiple markets in which it operates.

Given these industry characteristics, existing or new competitors, including other automotive-related businesses, may become significantly larger and have greater financial and marketing resources than Boyd. Competitors may compete with Boyd in rendering services in the markets in which Boyd currently operates and also in seeking existing facilities to acquire, or new locations to open, in markets in which Boyd desires to expand. There can be no assurance that the Company will be able to maintain or achieve its desired market share.

Access to Capital

The Company grows, in part, through future acquisitions or start-up of collision and glass repair and replacement businesses. There can be no assurance that Boyd will have sufficient capital resources available to implement its growth strategy. Inability to raise new capital, in the form of debt or equity, could limit Boyd's future growth through acquisition or start-up.

The Company will endeavour, through a variety of strategies, to ensure in advance that it has sufficient capital for growth. Potential sources of capital that the Company has been successful at accessing in the past include public and private equity placements, convertible debt offerings, using equity securities to directly pay for a portion of acquisitions, capital available through strategic alliances with trading partners, lease financing, seller financing and both senior and subordinate debt facilities or by deferring possible future purchase price payments using contingent consideration and call or put options. There can be no assurance that the Company will be successful in accessing these or other sources of capital in the future.

The Company and its subsidiaries use financial leverage through the use of debt, which have debt service obligations. The Company's ability to refinance or to make scheduled payments of interest or principal on its indebtedness will depend on its future operating performance and cash flow, which are subject to prevailing economic conditions, prevailing interest rates, and financial, competitive, business and other factors, many of which are beyond its control.

The Company's revolving credit facilities contain restrictive covenants that limit the discretion of the Company's management and the ability of the Company to incur additional indebtedness, to make acquisitions of collision repair businesses, to create liens or other encumbrances, to pay dividends, to redeem any equity or debt, or to make investments, capital expenditures, loans or guarantees and to sell or otherwise dispose of assets and merge or consolidate with another entity. In addition, the revolving credit facilities contain a number of financial covenants that require BGSI and its subsidiaries to meet certain financial ratios and financial condition tests. A failure to comply with the obligations under these credit facilities could result in an event of default, which, if not cured or waived, could permit acceleration of the relevant indebtedness. If the indebtedness were to be accelerated, there can be no assurance that the assets of the Company and its subsidiaries would be sufficient to repay the indebtedness in full. There can also be no assurance that the Company will be able to refinance the credit facilities as and when they mature. The revolving credit facility is secured by the assets of the Company.

Foreign Currency Risk

In the past, the Company has financed acquisitions of U.S. businesses in part by making U.S. denominated loans available under its credit facilities that could then be serviced and repaid from anticipated future U.S. earnings streams. Although this natural hedging strategy is partially effective in mitigating future foreign currency risks, a substantial portion of Boyd's revenue and cash flow are now, and are expected to continue to be, generated in U.S. dollars. Fluctuations in exchange rates between the Canadian dollar and the U.S. currency may have a material adverse effect on the Company's reported earnings and cash flows and its ability to make future Canadian dollar cash dividends. Fluctuations in the exchange rates between the Canadian dollar and the U.S. currency may also have a material adverse effect on BGSI's share price. To reduce volatility from exchange rates, effective January 1, 2021, Boyd will begin reporting results in U.S. Dollars.

There can be no assurance that fluctuations in the U.S dollar relative to the Canadian dollar can be hedged effectively for long periods of time and there can be no assurances given that any currency hedges or partial hedges in place would remain effective in the future.

Dependence on Key Personnel

The success of the Company is dependent on the services of a number of members of management. The experience and talent of these individuals is a significant factor in Boyd's continued success and growth. The loss of one or more of these individuals could have a material adverse effect on the Company's business operations and prospects. The Company has entered into management agreements with key members of management in order to mitigate this risk.

Tax Position Risk

BGSI and its subsidiaries account for income tax positions in accordance with accounting standards for income taxes, which require that the Company recognize in the financial statements, the impact of a tax position, if that position is more likely than not of being sustained on examination by taxation authorities, based on the technical merits of the position.

Inherent risks and uncertainties can arise over tax positions taken, or expected to be taken, with respect to matters including but not limited to acquisitions, transfer pricing, inter-company charges and allocations, financing charges, fees, related party transactions, tax credits, tax based incentives and stock based transactions. Management uses tax experts to assist in correctly applying and accounting for the tax rules, however there can be no assurance that a position taken will not be challenged by the taxation authorities that could result in an unexpected material financial obligation.

Expenses incurred by BGSI and its subsidiaries are only deductible to the extent they are reasonable. There can be no assurance that the taxation authorities will not challenge the reasonableness of certain expenses. If such a challenge were successful, it may materially and adversely affect the financial results of BGSI and its subsidiaries.

BGSI's shares will be qualified investments for a Registered Plan under the Tax Act as the Shares are listed on a "designated stock exchange" (as defined in the Tax Act).

There can be no assurance that additional changes to the taxation of corporations or changes to other government laws, rules and regulations, either in Canada or the U.S., will not be undertaken which could have a material adverse effect on BGSI's share price and business. There can be no assurance BGSI will benefit from these rules, that the rules will not change in the future or that BGSI will avail itself of them.

Corporate Governance

Securities law imposes statutory civil liability for misrepresentations in continuous disclosure documents including failure to make timely disclosure. Investors have a right of action if they are harmed by a misrepresentation in an issuer's disclosure document or in a public oral statement relating to an issuer, or the failure of an issuer to make timely disclosure of a material change. Potentially liable parties include the issuer, each officer, and each Director of the issuer who authorizes, permits or acquiesces in the release of the document containing a misrepresentation, the making of the public statement containing a misrepresentation or in the failure to make a timely disclosure.

Under the Ontario Securities Act, section 138.4(6), a due diligence defense is available. The due diligence defense requires the following items to be addressed:

- the issuer must have a system designed to ensure the issuer is meeting its disclosure obligations;

- the defendant must have conducted a reasonable investigation to support reliance on the system; and
- defendants must have no reasonable grounds to believe that the document or a public oral statement contained a misrepresentation or that the failure to make the required disclosure would occur.

BGSI is keenly aware of the significance of these laws and the interrelationships between civil liability, disclosure controls and good governance. BGSI has adopted policies, practices and processes to reduce the risk of a governance or control breakdown. A statement of BGSI's governance practices is included in its most recent information circular which can be found at www.sedar.com. Although BGSI believes it follows good corporate governance practices, there can be no assurance that these practices will eliminate or mitigate the impact of a material lawsuit in this area.

The area of governance is growing to encompass not only traditional governance matters, but also environmental and social matters. This area is often referred to as Environmental, Social and Governance, or "ESG". Increased awareness and attention by investors to ESG matters means that the Company needs to become more transparent in developing and reporting on ESG initiatives and increase or add ESG initiatives where there are significant gaps. BGSI is developing and enhancing ESG reporting and initiatives and has adopted policies on reporting and anti-retaliation, occupational health and safety, non-discrimination, human rights, diversity and anti-corruption, which are available on the Boyd website at www.boydgroup.com.

Increased Government Regulation and Tax Risk

BGSI and its subsidiaries are subject to various federal, provincial, state and local laws, regulations and taxation authorities. Various federal, provincial, state and local agencies as well as other governmental departments administer such laws, regulations and their related rules and policies. New laws governing BGSI or its business could be enacted or changes or amendments to existing laws and regulations could be enacted which could have a significant impact on Boyd. For example, privacy legislation continues to evolve rapidly and tariff changes are being introduced with greater frequency. BGSI utilizes the services of professional advisors in the areas of taxation, environmental, health and safety, labour and general business law to mitigate the risk of non-compliance. Failure to comply with the applicable laws, regulations or tax changes may subject BGSI to civil or regulatory proceedings and no assurance can be given that this will not have a material impact on financial results.

A number of jurisdictions in which the Company operates have regulations to limit emissions and pollutants. The Company has adapted its processes in an effort to comply with these regulations. Although to date, there have been no negative consequences as a result of these regulations, there can be no assurance that these regulations will not have a material adverse impact on BGSI's business or financial results. Future emission or pollutant regulation compliance requirements may have a material adverse impact on BGSI's business or financial results.

Fluctuations in Operating Results and Seasonality

The Company's operating results have been and are expected to continue to be subject to quarterly fluctuations due to a variety of factors including changes in customer purchasing patterns, pricing paid to insurance companies, general operating effectiveness, automobile technologies, general and regional economic downturns, unemployment rates, employee vacation timing and weather conditions. These factors can affect Boyd's ability to fund ongoing operations and finance future activities.

Risk of Litigation

BGSI and its subsidiaries could become involved in various legal actions in the ordinary course of business. Litigation loss accruals may be established if it becomes probable that BGSI will incur an expense and the amount can be reasonably estimated. BGSI's management and internal and external experts are involved in assessing the probability of litigation loss and in estimating any amounts involved. Changes in these assessments may lead to changes in recorded litigation loss accruals. Claims are reviewed on a case by case basis, taking into consideration all information available to BGSI.

The actual costs of resolving claims could be substantially higher or lower than the amounts accrued. In certain cases, legal claims may be covered under BGSI's various insurance policies.

Execution on New Strategies

New initiatives are introduced from time to time in order to grow Boyd's business. Initiatives such as entering new markets, introducing and improving related products and services, or identifying new strategies to capture additional market share have the potential to be accretive to the Company's business when the opportunity is accurately identified and executed. There can be no assurance that the Company identifies new strategies that are accretive to the business or that it is successful in implementing such initiatives.

Insurance Risk

BGSI insures its property, plant and equipment, including vehicles, through insurance policies with insurance carriers located in Canada and the U.S. Included within these policies is insurance protection against property loss and general liability. BGSI also insures its directors and officers against liabilities arising from errors, omissions and wrongful acts. Management uses its knowledge, as well as the knowledge of experienced brokers, to ensure that insurable risks are insured appropriately under terms and conditions that would protect BGSI and its subsidiaries from losses. There can be no assurance that all perils would be fully covered or that a material loss would be recoverable under such insurance policies.

Interest Rates

The Company occasionally fixes the interest rate on its debt using interest rate swap contracts or other provisions available in its debt facilities. There can be no guarantee that interest rate swaps or other contract terms that effectively turn variable rate debt into fixed rates will be an effective hedge against long-term interest rate fluctuations.

The Company has not fixed interest rates within its revolving credit facility. There can be no assurance that interest rates either in Canada or the U.S. will not increase in the future, which could result in a material adverse effect on the Company's business.

U.S. Health Care Costs and Workers Compensation Claims

BGSI accrues for the estimated amount of U.S. health care claims and workers compensation claims that may have occurred but were not reported at the end of the reporting period under its health care and workers compensation plans. The accruals are based upon the Company's knowledge of current claims as well as third party estimates derived from past experience. Significant claim occurrences which remain unreported for a number of months could materially impact this accrual. In addition, as U.S health care costs increase, there can be no assurance given that the Company can continue to offer health care insurance to its employees at a reasonable cost.

Low Capture Rates

Sales growth can be enhanced if the Company is effective at booking repair orders for all sales opportunities that are identified. The Company is exposed to missed jobs to the extent employees are ineffective at capturing all sales opportunities. Measurement of capture rates, management support and training are methods that are employed to enhance capture rates. However, it is possible that the Company may not be able to capture sales effectively enough to maximize sales.

Supply Chain Risk

The Company requires access to parts, materials and paint in order to complete repairs. Certain of the Company's suppliers operate in unionized environments, where their workers are subject to collective bargaining agreements. A prolonged strike at a supplier could adversely impact Boyd's ability to complete repairs. It is possible that a prolonged strike could disrupt the Company's supply chain, which could have a material impact on the Company's financial results.

The Company sources certain parts and materials from overseas vendors. Global issues, such as outbreak and spread of contagious disease, political instability or other disruptive events can negatively impact global supply chains, which could adversely impact Boyd's ability to complete repairs. It is possible that global issues could disrupt the Company's supply chain, which could have a material impact on the Company's financial results.

Capital Expenditures

The business of the Company requires ongoing capital maintenance. Moreover, opportunities may arise for capital upgrades providing returns or cost savings that may not be realized in the immediate future, but rather over several years. As vehicle technology advances and market needs change, the capital intensity of the industry is changing, requiring expenditures in excess of historical capital maintenance levels. To the extent that capital expenditures are in excess of amounts budgeted, the amounts of cash available for dividends may decrease.

Energy Costs

The Company is exposed to fluctuations in the price of energy. These costs not only impact the costs associated with occupying and operating collision repair facilities but may also affect costs of parts and materials used in the repair process as well as miles driven by automobile owners. There can be no assurance that escalating costs which cannot be offset by energy conservation practices, price increases to clients and customers or productivity gains, would not result in materially lower operating margins. As well, there can be no assurance that escalating energy costs will not materially reduce automobile miles driven and in turn reduce the number of collisions.

DESCRIPTION OF CAPITAL STRUCTURE

General Description

On January 1, 2020, all of the Units of the Fund and all of the BGHI Class A common shares were exchanged for common shares of BGSI.

An unlimited number of common shares of BGSI are authorized and may be issued pursuant to the Articles of Incorporation of BGSI. All common shares have equal rights and privileges. Each common share is redeemable and transferable. A common share entitles the holder thereof to participate equally in dividends, including the dividends of net earnings and net realized capital gains of BGSI and dividends on termination or winding-up of BGSI, is fully paid and non-assessable and entitles the holder thereof to one vote at all meetings of shareholders for each share held.

DIVIDENDS AND DISTRIBUTIONS

The Fund made monthly cash distributions to Unitholders of the interest income or principal repayments received in respect of the Notes and dividends and distributions received on, and amounts, if any, received on redemption or repayment of capital in respect of securities of Boyd and BGHI held by the Fund, net of expenses, reserves and any cash redemptions of Units. See pages 17-21 of BGSI's 2019 Annual Report, under the heading "Distributions and Distributable Cash" for a more detailed description of distributions which description is incorporated by reference, herein. The payment of interest and dividends by Boyd are subject to compliance with the terms and conditions of Boyd's credit facilities with its senior lender.

When distributions were being made, the distributions are made monthly to the Unitholders and shareholders of record on the last Business Day of each month. The following table sets forth the per unit distributions or per share dividend declared to Unitholders and Class A common shareholders during 2018 and 2019 fiscal:

	<u>2019</u>	<u>2018</u>
January.....	.045	.044
February.....	.045	.044
March.....	.045	.044
April.....	.045	.044
May.....	.045	.044
June.....	.045	.044
July.....	.045	.044
August.....	.045	.044
September.....	.045	.044
October.....	.045	.044
November.....	.046	.045
December.....	.046	.045

The Board of Directors of BGSI has adopted a dividend policy which is more specifically described on page 65 of the Management Information Circular dated October 14, 2019 under the heading "Payment of Dividends", which description is incorporated by reference herein.

The following table sets forth the per share dividends declared to shareholders during the past fiscal year:

	<u>2020</u>
March.....	0.138
June.....	0.138
September.....	0.138
December.....	0.141

MARKET FOR SECURITIES

The Units of the Fund were listed and posted for trading on the Toronto Stock Exchange under the symbol “BYD.UN” until January 1, 2020. The Shares of BGSi are listed and posted for trading on the Toronto Stock Exchange under the symbol “BYD” beginning January 1, 2020.

The monthly trading volume and price ranges of the Shares traded at the TSX over BGSi’s last financial year are as follows:

<u>Month</u>	<u>High</u>	<u>Low</u>	<u>Volume</u>
January 2020.....	229.20	201.63	1,110,025
February 2020.....	231.52	201.01	917,192
March 2020.....	219.82	125.01	2,830,528
April 2020.....	198.00	135.51	2,513,747
May 2020.....	217.78	187.91	2,333,890
June 2020.....	214.00	185.85	1,748,412
July 2020.....	209.50	189.53	1,119,754
August 2020.....	220.17	193.51	1,043,616
September 2020.....	219.43	190.01	978,938
October 2020.....	217.17	184.84	1,053,417
November 2020.....	226.71	188.88	1,414,411
December 2020.....	230.04	209.77	929,411

Prior Sales

See pages 27-28 of BGSi’s 2020 Annual Report, under the heading “Debt Financing”, for a more detailed description of securities and more specifically debt instruments issued by Boyd, which description is incorporated by reference herein.

DIRECTORS AND OFFICERS

Directors of BGSi

The Articles of Incorporation of BGSi provide for a minimum of three directors and a maximum of fifteen directors. At the annual meeting and special meeting of shareholders of BGSi held on June 29, 2020, the shareholders of BGSi fixed the number of directors of BGSi at nine. Directors are reappointed or replaced every year as may be determined by a majority of votes cast at an annual meeting of shareholders.

The names, municipalities of residence and principal occupations for the previous five years of the Directors/Trustees are outlined in the following table:

Name and Municipality of Residence	Current Office	Principal Occupation
Allan Davis ^{(1) (3)} Ontario, Canada	Independent Chair (Since Nov 2011) Director/Trustee (Since May 2005)	President and Director of AFD Investments Inc.
Brock Bulbuck Manitoba, Canada	Executive Chair and Director/Trustee (Director/Trustee since Dec 2002)	Executive Chair of Boyd
David Brown ^{(1) (2)} Manitoba, Canada	Director/Trustee (Since Jun 2012)	Executive Vice President of Richardson Financial Group Limited and Managing Director of RBM Capital Limited
Robert Gross ^{(2) (3)} Las Vegas, USA	Director/Trustee (Since Nov 2012)	Board member
John Hartmann ⁽¹⁾ Illinois, USA	Director (Since June 2020)	COO of Bed Bath & Beyond and President of buybuyBaby
Violet Konkle ^{(2) (3)} Ontario, Canada	Director/Trustee (Since May 2017)	Board member
Timothy O'Day Illinois, USA	President & Chief Executive Officer and Director/Trustee (Director/Trustee since Mar 2012)	President and Chief Executive Officer of Boyd
William Onuwa ⁽¹⁾ Ontario, Canada	Director (Since June 2020)	EVP & Chief Audit Executive at Royal Bank of Canada
Sally Savoia ^{(2) (3)} Florida, USA	Director/Trustee (Since May 2015)	Independent Corporate Consultant

Committee members as at December 31, 2020

- (1) Member of the Audit Committee
- (2) Member of the Compensation Committee
- (3) Member of the Governance & Nomination Committee

As a group, the Directors own or control, directly or indirectly, 91,883 Shares of BGSI being approximately 0.4% of all the issued and outstanding Shares of BGSI as of March 23, 2021. Each Share is entitled to one vote at meetings of shareholders.

See pages 99-100 of BGSI's 2020 Annual Report under the heading "Board of Directors", for a more detailed description of the Directors, which description is incorporated by reference herein.

The Directors of BGSi also served as the Trustees of the Fund until the Fund was wound-up on January 2, 2020, and as the Directors of Boyd.

Officers of Boyd

The following table sets forth the name, municipality of residence and principal occupation of each of the current officers, who are not also Directors, of BGSi, as well as The Boyd Group Inc. and The Boyd Group (U.S.) Inc. (“Primary Subsidiaries”):

Name and Municipality of Residence	Position with Boyd
Narendra (Pat) Pathipati California, USA	Executive Vice President, Chief Financial Officer and Secretary-Treasurer
Jason Hope New York, USA	Vice President, Corporate Development and Strategic Projects
Jeff Murray Manitoba, Canada	Vice President, Finance
Gary Bunce * Illinois, USA	Senior Vice President, Sales, US Operations
Kevin Burnett * Illinois, USA	Chief Operating Officer, US Collision
Eddie Cheskis* Illinois, USA	Chief Executive Officer, Glass America and Gerber National Claim Services
Vince Claudio * Washington, USA	Senior Vice President, US Collision
Eric Olhava* Illinois, USA	Senior Vice President, US Collision
Tony Canade* Ontario, Canada	Chief Operating Officer, Canadian Operations
Susie Frausto* Illinois, USA	Vice President, Marketing
Kim Morin * Illinois, USA	Vice President and Chief Human Resources Officer
Srikanth Venkataraman* Illinois, USA	Vice President, Information Services
Peter Toni Manitoba, Canada	Assistant Secretary

* Officers of Primary Subsidiaries only

Other than the following changes, each of the foregoing persons has held the same principal position for the previous five years. On January 8, 2019, Kevin Burnett was appointed Chief Operating Officer, US Collision and Vince Claudio was appointed Senior Vice President, US

Collision. On February 25, 2019, Kim Morin was appointed Vice President and Chief Human Resources Officer. On October 15, 2019, Peter Toni was appointed Assistant Secretary. On January 1, 2020, Tony Canade was appointed Chief Operating Officer, Canadian Operations and Eric Olhava was appointed Senior Vice President, US Collision. On October 30, 2020, Jason Hope was appointed Vice President, Corporate Development and Strategic Projects.

As of March 23, 2021, 255,806 Shares of BGSi were beneficially owned or controlled directly or indirectly by the directors and officers of Boyd as a group, which represented approximately 1.2% of the issued and outstanding Shares of BGSi.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of BGSi, and except as described below, no Trustee of the Fund and no Director of BGSi, or a person or company that is the direct or indirect owner of, or who exercises control or direction over, a sufficient number of Shares so as to materially affect the control of BGSi:

- (a) is, as at the date of this Annual Information Form or has been, within the 10 years before the date of this Annual Information Form, a director or executive officer of any company, that while the person was acting in that capacity:
 - (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
 - (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
 - (iii) or within a year of the person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

David Brown, a Trustee of the Fund and Director of BGSi, resigned as a director of each of 2154331 Canada Inc. (formerly Mechtronix Systems Inc.) and 6941249 Canada Inc. (formerly Mechtronix World Corporation) on March 26, 2012. Those companies were each a petitioner/debtor in a proposal made under the *Bankruptcy and Insolvency Act* (Canada) on or about the 16th day of May, 2012.

To the knowledge of the Fund and BGSi, no Trustees of the Fund (i) have been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or (ii) have been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

To the knowledge of the Fund and BGSi, no Trustee of the Fund and no Director of BGSi has an existing or potential material conflict of interest with the Fund, BGSi or any of its subsidiaries.

AUDIT COMMITTEE

Audit Committee Charter

The Audit Committee Charter is attached as Appendix A to this Annual Information Form.

Composition of Audit Committee

The Audit Committee of BGSi is chaired by David Brown and includes Allan Davis, John Hartmann and William Onuwa. Each member of the audit committee is independent and none receives, directly or indirectly, any compensation from BGSi other than for service as a member of the Board of Directors and its committees, of which amounts are less than \$300,000 annually for each member. All members of the Audit Committee are financially literate as defined under Multilateral Instrument 51-102 – *Audit Committees*.

Relevant Education and Experience of Audit Committee Members

The members of BGSi's Audit Committee bring with them considerable education and business experience, as described below:

Allan Davis is President and Director of AFD Investments Inc. a Winnipeg based management consulting firm specializing in corporate finance, mergers and acquisitions, and strategic development. Mr. Davis is a past Director, Audit Committee member and Compensation Committee member of Exchange Income Corporation (a TSX listed public company). Mr. Davis is a Chartered Professional Accountant and holds a Bachelor of Commerce (Honours) degree from the University of Manitoba.

David Brown is Executive Vice President of Richardson Financial Group Limited and Managing Director of RBM Capital Limited. Previously, he was President and CEO of Richardson Capital Limited, Corporate Secretary of James Richardson & Sons, Limited, and a partner in the independent law and accounting firm of Gray & Brown. In addition to serving on the Board of Directors of BGSi, he also serves as a Director of RF Capital Group Inc., Richardson Financial Group and Pollard Banknote Limited. He graduated from the University of

Manitoba law school, and is a Chartered Professional Accountant and member of the Manitoba Bar Association.

John Hartmann is currently the COO of Bed Bath & Beyond and President of buybuyBaby. Prior to recently joining Bed Bath & Beyond in 2020, he held the position of President & Chief Executive Officer at True Value Company, a privately owned U.S. hardware wholesaler for seven years. Mr. Hartmann also led New Zealand-based cooperative Mitre 10 as Chief Executive Officer from 2010 to 2013. Mr. Hartmann recently served on the Audit Committee of AmeriGas, prior to UGI's acquisition.

William Onuwa is currently EVP & Chief Audit Executive at Royal Bank of Canada ("RBC"). Prior to this role, he was the SVP & Chief Risk Officer for Wealth Management, RBC Georgia and the Insurance Group. He held a number of executive positions for GE Capital Corporation in both the U.S. and the U.K. before joining RBC in 2007. He holds a Doctorate degree from the University of Surrey, U.K. Mr. Onuwa was recently the Chair of two not-for-profit boards, Yonge Street Mission and Holland Bloorview Kids Rehabilitation Hospital, and had also served on the subsidiary boards of various RBC insurance companies as a director from 2007 to 2016.

Pre-Approval Policies and Procedures

The Audit Committee has considered whether the provision of services other than audit services is compatible with maintaining the auditors' independence. The Audit Committee has adopted a policy that prohibits the Company from engaging auditors for "prohibited" categories of non-audit services and requires pre-approval by the Audit Committee of audit services and other services within permissible categories of non-audit services.

Audit Fees

Deloitte LLP has served as BGSI's sole auditing firm for the past two years. Fees billed or accrued for the years ended December 31, 2020 and December 31, 2019 by Deloitte LLP and its affiliates are \$1,346,990 and \$1,527,164, as detailed below:

	2020	2019
Audit fees	\$ 838,301	\$ 826,326
Audit-related fees	51,744	318,645
Tax compliance/preparation fees	456,945	382,193
Other fees	-	-
	<u>\$ 1,346,990</u>	<u>\$ 1,527,164</u>

The nature of each category of fees is described below.

Audit fees

Audit fees were paid for professional services rendered by the auditors for the audit of the annual financial statements of BGSI, the Fund and its subsidiaries or services provided in connection with statutory and regulatory filings or engagements.

Audit-related fees

Audit-related fees were paid for assurance and related services that are reasonably related to the performance of the audit or review of the annual financial statements and are not reported under the audit fees item above. The services consisted of:

- special attest services not required by statute or legislation;
- reporting on the effectiveness of internal controls;
- acquisition due diligence;
- identifying financial reporting issues
- Travel and out-of-pocket costs

These services were pre-approved by the audit committee.

Tax compliance/preparation fees

Tax fees were paid for tax compliance services including the preparation of original and amended Canadian and U.S. tax returns.

Other fees

Other fees were paid for assistance with special matters relating to peer review matters.

PROMOTERS

There are no promoters of the Fund and/or BGSI.

LEGAL PROCEEDINGS

Neither the Fund, BGSI, Boyd nor any of its subsidiaries are involved in any legal proceedings which are material in any respect.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

See pages 30-32 of BGSI's 2020 Annual Report under the heading "Related Party Transactions" for a detailed description of the interest of management and others in material transactions, which description is incorporated by reference herein.

TRANSFER, DISTRIBUTION AGENTS AND REGISTRARS

Computershare Trust Company of Canada (as successor to Valiant Trust Company) is the distribution agent of the Fund and BGSI with respect to payment of dividends on the common shares of BGSI, with an office in Calgary, Alberta.

MATERIAL CONTRACTS

Neither the Fund, BGSI, Boyd nor any of its subsidiaries have entered into any material contracts requiring disclosure pursuant to National Instrument 51-102 during the most recently completed financial year, or before the most recently completed financial year.

INTERESTS OF EXPERTS

Deloitte LLP is the independent auditor of BGSI.

ADDITIONAL INFORMATION

Additional information, including Directors' and officers' remuneration and indebtedness, principal holders of BGSI's securities and interests of insiders in material transactions, if applicable, will be contained in BGSI's 2020 Information Circular dated March 26, 2021, which information upon issuance of the Information Circular, will be incorporated by reference herein. Copies of the Information Circular may be obtained upon request from the Chief Financial Officer of BGSI.

BGSI will also provide any person with, upon request of the Chief Financial Officer at 1745 Ellice Avenue, Unit C1, Winnipeg, Manitoba, R3H 1A6:

- one copy of this Annual Information Form, together with one copy of any document, or the pertinent pages of any document, incorporated by reference therein; or
- one copy of the financial statements of BGSI discussed above, together with the accompanying report of the auditor and one copy of the most recent interim financial statements of BGSI that have been filed, if any, for any period after the end of its most recently completed financial year provided that BGSI may require the payment of a reasonable charge if the request is made by a person or company who is not a shareholder.

Additional financial information, along with management's discussion and analysis for the most recently completed financial year can be found in BGSI's 2020 Annual Report.

Additional information relating to the Fund and BGSI may also be found on SEDAR at www.sedar.com.

APPENDIX A: AUDIT COMMITTEE CHARTER

Purpose

The primary purpose of the Audit Committee (the "Audit Committee") of the Board of Directors (the "Board") of the Boyd Group Services Inc. ("BGSI") is to assist the Board in fulfilling its oversight responsibilities by:

- Reviewing the integrity of the consolidated financial statements of BGSI;
- Reviewing BGSI's compliance with legal and regulatory requirements;
- Recommending to the Board the appointment of the independent auditors;
- Reviewing the performance of BGSI's independent auditors;
- Reviewing financial information contained in public filings of BGSI prior to filing;
- Reviewing earnings announcements of BGSI prior to release to the public;
- Overseeing BGSI's systems of internal financial controls and management's compliance for reporting on internal controls;
- Monitoring BGSI's auditing, accounting and financial reporting processes, including the risk of fraud and error;
- Resolving complaints regarding accounting, internal accounting controls or auditing practices; and
- Identifying, monitoring and reviewing the principal risks of BGSI's business and ensuring appropriate systems are in place to manage these risks.

Composition

The Audit Committee shall be composed of not less than three members.

The members of the Audit Committee shall: (i) be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Audit Committee; and (ii) meet the independence and experience requirements of all applicable corporate, exchange and securities act rules, instruments and regulations in Canada (the "Regulations") including, but not limited to the Toronto Stock Exchange ("TSX") and Canadian national and provincial securities rules and regulations.

All members of the Audit Committee shall be "financially literate" as such term is defined by the Regulations. Notwithstanding the foregoing, a member who is not financially literate may be appointed to the Audit Committee provided that the member becomes financially literate within a reasonable period of time following his or her appointment.

The members of the Audit Committee shall be appointed by the Board. Once appointed, members shall serve for a one year term unless they resign, and may be reappointed to serve consecutive terms.

The Board shall normally designate the Chair of the Audit Committee. In the event that a Board designation is not made, the members of the Audit Committee shall elect a Chair by majority vote of the full Audit Committee membership.

In the event that the Chair of the Audit Committee does not attend a meeting of the Audit Committee, the members of the Audit Committee shall elect a temporary Chair for such meeting by majority vote of the members in attendance at the meeting.

Meetings

The Audit Committee shall meet at least quarterly, and may meet as often as it determines necessary in fulfilling its duties.

Greater than 50% of Audit Committee membership is required for meeting quorum.

Meetings of the Audit Committee shall normally be attended by the CEO and CFO of BGSI. Others may also attend meetings as the Audit Committee may request.

The Audit Committee shall meet at least annually with the independent auditor in a separate in-camera session.

The Audit Committee shall have access to any officer or employee of BGSI or BGSI's outside counsel or independent auditor. The independent auditor will have direct access to the Committee at their own initiative.

Resolutions

Resolutions of the Audit Committee shall require approval by a simple majority of members voting on such resolution.

Responsibilities

The Audit Committee shall document minutes from each meeting held and such minutes shall be made available to all members of the Board. The Audit Committee will report periodically the committee's findings and recommendations to the Board.

Independent Auditor

With respect to BGSI's independent auditors the Audit Committee shall:

- have the sole authority to recommend to the Board the appointment or replacement of the independent auditor (subject, if applicable, to shareholder approval)
- have the independent auditor report directly to the Audit Committee
- meet with the independent auditor prior to the annual audit to discuss the planning, scope and staffing of the audit
- be directly responsible for establishing the compensation of the independent auditor, subject to applicable board and shareholder approval
- ensure the periodic rotation of the audit partner having primary responsibility for the audit and the engagement quality control partner as required by independence standards
- at least on an annual basis, evaluate the qualifications, performance and independence of the independent auditor and the audit partner having primary responsibility for the audit, including considering whether the auditor's quality controls are adequate
- obtain and review a report from the independent auditor at least annually regarding: (i) the independent auditors' internal quality-control procedures, (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or raised by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm, (iii) any steps taken to deal with any issues, and (iv) all relationships between the independent auditor and BGSI
- review and approve BGSI's hiring policies regarding partners, employees, or contractors of the independent auditor
- pre-approve all auditing services and permitted non-audit services (including fees and terms thereof) to be performed for BGSI or its subsidiaries by its independent auditor in accordance with BGSI's policy regarding the approval of audit and non-audit services provided by the independent auditor
- oversee the work of the independent auditor, including the resolution of disagreements between management and the independent auditor regarding financial reporting

Financial Reporting

With respect to BGSI's reporting of unaudited quarterly financial results, the Audit Committee shall:

- Prior to their public release and filing with securities regulatory agencies, review and discuss with management the:
 - press release
 - consolidated financial statements and notes thereto
 - management's discussion and analysis

The Audit Committee must be satisfied that adequate procedures are in place for the review of BGSI's public disclosure of financial information extracted or derived from BGSI's financial statements and shall periodically assess the adequacy of such procedures

- The review of BGSI's unaudited quarterly financial results shall include, but not be limited to:
 - any significant judgments made in the preparation of financial statements
 - the extent to which changes or improvements in financial or accounting practices have been implemented
 - significant financial reporting issues identified in connection with the preparation of BGSI's financial statements, including any significant changes in BGSI's selection or application of accounting principles, any major issues as to the adequacy of BGSI's internal controls and any special steps adopted in light of material control deficiencies
 - BGSI's use of non-GAAP information
 - BGSI's use of forward-looking financial guidance
 - critical accounting policies and practices
 - the effect of regulatory and accounting initiatives
 - off-balance sheet structures on BGSI's financial statements
 - management certifications of reports filed by BGSI pursuant to the Regulations
 - integrity of BGSI's financial reporting processes
 - any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding BGSI's financial statements or accounting policies
- Recommend to the Board whether the unaudited financial results should be approved by the Board

Annual Audit

With respect to BGSF's annual audit, the Audit Committee shall:

- Prior to their public release and filing with securities regulatory agencies, review and discuss with management and the independent auditor the:
 - consolidated financial statements and notes thereto
 - press release
 - management's discussion and analysis
 - results of the audit performed by the independent auditor
- The review of BGSF's audited financial results shall include, but not be limited to:
 - all matters described above with respect to unaudited quarterly financial results
 - results of the audit performed by the independent auditor
 - any significant disagreements among management and the independent auditors in connection with the preparation of financial statements
 - matters required to be discussed by Canadian Auditing Standard 260, Communication with Those Charged with Governance, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management
 - any written communications between the independent auditors and management (e.g., management letters, schedule of unadjusted differences)
- Recommend to the Board whether the audited financial results should be approved by the Board

Regulatory Filings

Except for the Compensation Discussion & Analysis which is reviewed and recommended to the Board for approval by the Compensation Committee, the Audit Committee shall review and recommend to the Board the approval of all documents filed with securities regulatory agencies including, but not limited to:

- The Annual Report
- The Annual Information Form
- Management Proxy Circulars
- Prospectuses

Accounting, Internal Accounting Controls or Auditing Practice Complaints

The Audit Committee shall have procedures for the receipt, retention and treatment of confidential or anonymous complaints received by BGSI regarding accounting, internal accounting controls or auditing practice matters.

Fraud

The Audit Committee shall inquire of management on a periodic basis whether there has been any incident of fraud or any changes to internal controls specifically designed to prevent or detect fraud.

Legal Matters

The Audit Committee shall review with management, and if necessary, BGSI's counsel, any legal matter which could reasonably be expected to have a material impact on BGSI's financial statements or accounting policies.

Risk Management

The Audit Committee shall discuss with management BGSI's major financial risk exposures and the steps management has taken to monitor and control such exposures, including BGSI's risk assessment processes and risk management policies.

Internal Controls

The Audit Committee shall review and assess BGSI's system of internal controls, control culture, and risk assessment and control activities and shall ensure that management has designed and implemented an appropriate internal control system.

Corporate Knowledge

The Audit Committee shall strive to expand continually its knowledge of BGSI's activities.

Review of Charter

The Audit Committee shall review and reassess the adequacy of this Charter annually.

Self Assessment

The Audit Committee shall annually review the Audit Committee's own performance.

Other

The Audit Committee shall undertake any other activities consistent with this Charter, BGSI's by-laws and governing law, that the Audit Committee or the Board deem necessary or appropriate.

Approval of Charter

This Audit Committee charter requires approval by the Board.

Future changes to this charter require approval by the Board based on the recommendation of the Audit Committee.

Other Advisors

The Audit Committee shall have the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting or other advisors including consulting with the national office of the independent auditor. BGSI shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report and to any advisors employed by the Audit Committee.

Limitation

While the Audit Committee has the responsibilities and power set forth in this Charter, it is the responsibility of management and the independent auditor - not the Audit Committee - to plan or conduct audits or to determine that BGSI's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations.