

# RIDEAU ST. LAWRENCE DISTRIBUTION INC.

REPORT ON THE ACTUARIAL  
VALUATION OF POST-RETIREMENT  
NON-PENSION BENEFITS

AS AT DECEMBER 31, 2023

FINAL – February 26, 2024

# TABLE OF CONTENTS

|  |           |
|--|-----------|
| <b>EXECUTIVE SUMMARY</b> .....                                       | <b>1</b>  |
| Purpose .....  | 1         |
| <b>SECTION A — VALUATION RESULTS</b> .....                           | <b>2</b>  |
| Valuation Results .....  | 3         |
| Sensitivity Analysis .....   | 4         |
| Reconciliation of Changes in the Defined Benefit Obligation.....     | 5         |
| <b>SECTION B — PLAN PARTICIPANTS</b> .....                           | <b>6</b>  |
| Participation Data .....   | 7         |
| <b>SECTION C — SUMMARY OF ACTUARIAL METHOD AND ASSUMPTIONS</b> ..... | <b>8</b>  |
| Actuarial Method.....  | 8         |
| Management’s Best Estimate Assumptions .....                         | 8         |
| Economic Assumptions .....   | 8         |
| Demographic Assumptions.....   | 9         |
| <b>SECTION D — SUMMARY OF POST-RETIREMENT BENEFITS</b> .....         | <b>10</b> |
| Eligibility.....   | 10        |
| Participant Contributions .....                                      | 10        |
| Length of Service.....   | 10        |
| Summary of Benefits .....  | 10        |
| <b>ACTUARIAL CERTIFICATION</b> .....                                 | <b>11</b> |
| <b>SECTION E — EMPLOYER CERTIFICATION</b> .....                      | <b>12</b> |
| <b>APPENDIX — DETAILED ACCOUNTING SCHEDULES</b> .....                | <b>13</b> |

## EXECUTIVE SUMMARY

### Purpose

RSM Canada Consulting LLP was engaged by Rideau St. Lawrence Distribution Inc. (the “Corporation”) to perform an actuarial valuation of the post-retirement non-pension benefits sponsored by the Corporation and to determine the accounting results for those benefits for the fiscal period ending December 31, 2023. The nature of these benefits is defined benefit.

This report is prepared in accordance with the International Financial Reporting Standards (“IFRS”) for post-retirement non-pension benefits as outlined in the International Accounting Standard 19 – Employee Benefits (“IAS 19”).

The purpose of this valuation is threefold:

- i) To determine the Corporation’s liabilities in respect of post-retirement non-pension benefits at December 31, 2023;
- ii) To determine the defined benefit costs to be recognized for fiscal year 2023; and
- iii) To provide all other pertinent information necessary for compliance with IAS 19.

Note that all monetary figures in this report are rounded to the nearest hundreds of dollars and summated figures in this report may not match total figures due to rounding.

The intended users of this report include the Corporation and its auditors. This report is not intended for use by the plan beneficiaries or for use in determining any funding of the benefit obligations.

Included in the Appendix attached hereto are detailed accounting schedules containing the results of the valuation.

## SECTION A — VALUATION RESULTS

Section A.1 shows the key valuation results as well as a breakdown between active and retired individuals.

Section A.2 shows the sensitivity of the valuation results to certain changes in assumptions. We have shown an increase/decrease in the discount rate by 1% per annum.

Section A.3 shows the development of projected changes in the present value of defined benefit obligation from December 31, 2023 to December 31, 2024.

## Valuation Results

### Section A.1—Valuation Results

Results from the actuarial valuation as at December 31, 2023:

|   | December 31, 2023 |
|---|-------------------|
| <b>Present Value of Defined Benefit Obligation (PV DBO)</b> | <b>107,800</b>    |
| <b>CY 2024</b>  |                   |
| Current Service Cost  | 1,400             |
| Interest Cost   | 4,900             |
| <b>Defined Benefit Cost Recognized in Income Statement</b>  | <b>6,200</b>      |
| Actuarial (Gain)/Loss                                       | -                 |
| <b>Defined Benefit Cost Recognized In OCI</b>               | <b>-</b>          |
| <b>Defined Benefit Cost</b>                                 | <b>6,200</b>      |

The following table provides results from the actuarial valuation as at December 31, 2023 broken down by active and retired individuals for the post-retirement non-pension life benefit:

| Dec. 31, 2023 PV DBO | Actives | Retirees | Total          |
|----------------------|---------|----------|----------------|
| Life                 | 26,700  | 81,100   | <b>107,800</b> |

## Sensitivity Analysis

### Section A.2—Sensitivity Analysis

|                   | Dec. 31, 2023 PV DBO | Difference | % Difference |
|-------------------|----------------------|------------|--------------|
| Base Assumptions  | 107,800              |            |              |
| Discount Rate +1% | 96,200               | (11,600)   | -11%         |
| Discount Rate -1% | 121,800              | 14,000     | 13%          |

Management's best estimate assumptions are those outlined in *Section C – Summary of Actuarial Method and Assumptions* in this report.

## Reconciliation of Changes in the Defined Benefit Obligation

### Section A.3—Reconciliation of Changes in the Defined Benefit Obligation

|   |                |
|---|----------------|
| PV DBO at December 31, 2023                 | 107,800        |
| 2024 Current Service Cost                   | 1,400          |
| 2024 Benefit Payments                       | (6,000)        |
| 2024 Interest Cost                          | 4,900          |
| <b>Expected PV DBO at December 31, 2024</b> | <b>108,000</b> |
| Actuarial (Gain)/Loss at December 31, 2024  | -              |
| <b>PV DBO at December 31, 2024</b>          | <b>108,000</b> |

## SECTION B — PLAN PARTICIPANTS

Section B.1 sets out the summary information with respect to the plan participants valued in the current valuation.

## Participation Data

### Section B.1—Participant Data

Membership data as at December 31, 2023 was received from the Corporation and included information such as name, gender, age, date of hire, current salary, benefit amounts and other applicable details for all active employees and people in receipt of benefits.

We have reviewed the data reliability for use in this valuation. The main tests of sufficiency and reliability that were conducted on the membership data are as follows:

- Date of hire prior to date of birth;
- Ages under 18 or over 100;
- Abnormal levels of benefits and/or premiums; and
- Duplicate records.

| December 31, 2023                             |             |
|---|-------------|
| <b>Active (incl. On Leave) Employee Count</b> |             |
| Male  | 3           |
| Female  | 1           |
| <b>Total</b>                                  | <b>4</b>    |
| <b>Active Employee Average Service</b>        |             |
| Male  | 12.5        |
| Female  | 24.1        |
| <b>Total</b>                                  | <b>15.4</b> |
| <b>Retiree (in Receipt of Benefits) Count</b> |             |
| Male  | 4           |
| Female  | -           |
| <b>Total</b>                                  | <b>4</b>    |

| Age          | Employee Count as of<br>December 31, 2023 |          |          | Employee Avg Service as of<br>December 31, 2023 |             |             |
|--------------|---|----------|----------|---|-------------|-------------|
|              | Male                                      | Female   | Total    | Male  | Female      | Total       |
| < 30         | -   | -        | -        | -   | -           | -           |
| 30 - 35      | -   | -        | -        | -   | -           | -           |
| 36 - 40      | -   | -        | -        | -   | -           | -           |
| 41 - 45      | 1   | -        | 1        | 2.3   | -           | 2.3         |
| 46 - 50      | -   | -        | -        | -   | -           | -           |
| 51 - 55      | 1   | -        | 1        | 33.5  | -           | 33.5        |
| 56 - 60      | -   | 1        | 1        | -   | 24.1        | 24.1        |
| 61 - 65      | -   | -        | -        | -   | -           | -           |
| 66 - 70      | 1   | -        | 1        | 1.7   | -           | 1.7         |
| 71 - 75      | -   | -        | -        | -   | -           | -           |
| > 75         | -   | -        | -        | -   | -           | -           |
| <b>Total</b> | <b>3</b>                                  | <b>1</b> | <b>4</b> | <b>12.5</b>                                     | <b>24.1</b> | <b>15.4</b> |

## SECTION C — SUMMARY OF ACTUARIAL METHOD AND ASSUMPTIONS

### Actuarial Method

The aim of an actuarial valuation of post-retirement non-pension benefits is to provide a reasonable and systematic allocation of the cost of these future benefits to the years in which the related employees' services are rendered. To accomplish this, it is necessary to:

- make assumptions for discount rates, mortality, and other decrements;
- use these assumptions to calculate the present value of the expected future benefits; and,
- adopt an actuarial cost method to allocate the present value of expected future benefits to the specific years of employment.

The Defined Benefit Obligation and Current Service Cost were determined using the projected benefit method, pro-rated on service. This is the method stipulated by IAS 19. Under this method, the projected post-retirement benefits are deemed to be earned on a pro-rata basis over the years of service in the attribution period. IAS 19 stipulates that the attribution period commences on the date when the service by employee first leads to benefits under the plan (whether or not the benefits are conditional on further service) and ends on the date when further service by the employee will lead to no material amount of further post-retirement non-pension benefits under the plan, other than from further salary increases.

For each employee not yet fully eligible for benefits, the Present Value of Defined Benefit Obligation (PV DBO) is equal to the present value of expected future benefits multiplied by the ratio of the years of service to the valuation date to the total years of service in the attribution period. The Current Service Cost is equal to the present value of expected future benefits multiplied by the ratio of the year (or part) of service in the fiscal year to total years of service in the attribution period.

The PV DBO at December 31, 2023 is based on membership data and management's best estimate assumptions established for calculations as at December 31, 2023.

### Management's Best Estimate Assumptions

The following are management's best estimate economic and demographic assumptions for calculations as at December 31, 2023.

#### Economic Assumptions

##### Discount Rate

The rate used to discount future benefits is assumed to be 4.65% per annum as of December 31, 2023 based on the Corporation's selection using the December spot rates curve from Fiera Capital. This rate reflects the Corporation's expected projected benefit cash flows for post-retirement non-pension benefits and the most recent market yields on high quality bonds at the time of preparing the valuation.

##### Salary Increase Rate

The rate used to increase salaries is assumed to be 3.60% per annum for 2024 and 3.30% per annum thereafter. This rate has been chosen by the Corporation's management and reflects the expected Consumer Price Index adjusted for productivity, merit, and promotion.

## Demographic Assumptions

### Mortality Table

The mortality tables used are as per the Canadian Institute of Actuaries Canadian Pensioners' Mortality Pension Experience Subcommittee final report dated February 11, 2014 (CIA Report). More specifically, the Canada Pensioners Mortality ("CPM") Table Public Sector (CPM2014 PUBL) has been used with the generational projection of mortality improvement based upon the CIA MI-2017 mortality improvement scale published in 2017.

An adjustment has been made to the base mortality table (CPM2014 PUBL) to reflect the current premium levels being paid by the Corporation for life insurance coverage. This was reflected with a loading of 3.8%.

### Rates of Withdrawal

Termination of employment is assumed to be 0% for all ages in accordance with management discretion.

### Retirement Age

All active employees are assumed to retire at age 62 (or immediately if currently over age 62), which was based on the Corporation's retirement experience as well as the experience of other similar companies for which data was available.

## SECTION D — SUMMARY OF POST-RETIREMENT BENEFITS

The following is a summary of the plan provisions that are pertinent to this valuation, based on information provided by and discussions with the Corporation.

### Eligibility

All employees who retire from the Corporation are eligible for post-retirement life insurance benefits.

### Participant Contributions

The Corporation shall pay 100% of the cost of all post-retirement benefits for all eligible retirees.

### Length of Service

Length of service is defined as continuous service from the date of hire to the valuation date, measured in years and months.

### Summary of Benefits

#### Life Insurance

Upon retirement, eligible employees are entitled to post-retirement life insurance benefits for lifetime, as per the MEARIE plan, based upon the following table:

| Plan Option | Amount of Coverage   | Eligibility  |
|-------------|--|--|
| 1           | Flat \$2,000.  | Employee retires with less than 10 years of service in the Plan.   |
| 2           | 50% of final annual earnings, reducing by 2.5% of final annual earnings each year for 10 years, to a final benefit equal to 25% of final annual earnings.<br><br>Reduction occurs on the anniversary date of retirement. | Employee retires with 10 or more years of service in the Plan<br><br>OR<br><br>Employee was insured under the superseded plan and elected coverage under option 2, 3, or 4, or employee was not insured under the superseded plan. |
| 3           | 50% of final annual earnings.  | Employee was insured under the superseded plan and was hired on or after May 1, 1967 and elected coverage under option 1 only.   |

## ACTUARIAL CERTIFICATION

An actuarial valuation has been performed on the post-retirement non-pension benefit plans sponsored by Rideau St. Lawrence Distribution Inc. (the "Corporation") as at December 31, 2023, for the purposes described in this report.

In accordance with the Canadian Institute of Actuaries Consolidated Standards of Practice General Standards, we hereby certify that, in our opinion, for the purposes stated in the Executive Summary:

1. The data on which the valuation is based is sufficient and reliable for the purpose of the valuation;
2. The assumptions employed, as outlined in this report, have been selected by the Corporation as management's best estimate assumptions (no provision for adverse deviations). They are considered appropriate for purposes of the valuation;
3. All known legal and constructive obligations with respect to the post-retirement non-pension benefits sponsored by and identified by the Corporation are included in the calculations. The calculations have been made in accordance with our understanding of the requirements of the International Financial Reporting Standards ("IFRS") outlined in International Accounting Standard 19 – Employee Benefits ("IAS 19"); and
4. This report has been prepared, and our opinions given, in accordance with accepted actuarial practice in Canada.

We are not aware of any subsequent events after the date of completing this valuation that would have a significant effect on the valuation results contained herein.

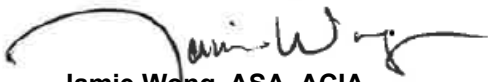
The latest date on which the next actuarial valuation should be performed is December 31, 2026. If any supplemental advice or explanation is required, please advise the undersigned.

Respectfully submitted,

**RSM CANADA CONSULTING LP**



**Stanley Caravaggio, FSA, FCIA**  
Director



**Jamie Wong, ASA, ACIA**  
Manager

Toronto, Ontario

February 26, 2024


**SECTION E —  
EMPLOYER CERTIFICATION**

**Post-Retirement Non-Pension Benefit Plan  
of Rideau St. Lawrence Distribution Inc.  
Actuarial Valuation as at December 31, 2023**

I hereby confirm, as an authorized signing officer of the administrator of the Post-Retirement Non-Pension Benefit Plan of Rideau St. Lawrence Distribution Inc. that, to the best of my knowledge and belief, for the purposes of the valuation:

- i) The membership data summarized in Section B is accurate and complete;
- ii) The assumptions upon which this report is based as summarized in Section C, are management's best estimate assumptions and are adequate and appropriate for the purposes of this valuation; and
- iii) The summary of Plan Provisions in Section D is an accurate and complete summary of the terms of the Plan in effect on December 31, 2023.

**Rideau St. Lawrence Distribution Inc.**

|                         |  |
|-------------------------|--|
| <u>Feb 26, 2024</u>     |  |
| Date                    | Signature  |
| <u>Malcolm McCallum</u> | <u>CFO</u>   |
| Name                    | Title  |



APPENDIX —  
DETAILED ACCOUNTING SCHEDULES



**Rideau St. Lawrence Distribution Inc.**  
**Estimated Benefit Expense (IAS 19)**

02/26/2024

|  | Projected *<br>CY 2024 | Projected *<br>CY 2025 | Projected *<br>CY 2026 |
|--|------------------------|------------------------|------------------------|
| Discount Rate at January 1                 | 4.65%                  | 4.65%                  | 4.65%                  |
| Discount Rate at December 31               | 4.65%                  | 4.65%                  | 4.65%                  |
| Assumed Increase in Employer Contributions | Expected **            | Expected **            | Expected **            |

**A. Change in the Net Defined Benefit Liability/(Asset) Recognized in Balance Sheet**

|  |                |                |                |
|--|----------------|----------------|----------------|
| Net Defined Benefit Liability/(Asset) as at January 1          | 107,788        | 108,024        | 107,947        |
| Defined Benefit Cost Recognized in Income Statement            | 6,239          | 5,974          | 6,019          |
| Defined Benefit Cost Recognized in Other Comprehensive Income  | -              | -              | -              |
| Benefits Paid by the Employer                                  | (6,003)        | (6,051)        | (6,092)        |
| <b>Net Defined Benefit Liability/(Asset) as at December 31</b> | <b>108,024</b> | <b>107,947</b> | <b>107,874</b> |

**B. Determination of Defined Benefit Cost**

**B1. Determination of Defined Benefit Cost Recognized in Income Statement**

|  |              |              |              |
|--|--------------|--------------|--------------|
| Current Service Cost                                       | 1,365        | 1,089        | 1,140        |
| Interest Cost  | 4,874        | 4,885        | 4,879        |
| <b>Defined Benefit Cost Recognized in Income Statement</b> | <b>6,239</b> | <b>5,974</b> | <b>6,019</b> |

**B2. Remeasurements of the Net Defined Benefit Liability/(Asset) Recognized in Other Comprehensive Income**

|   |              |              |              |
|---|--------------|--------------|--------------|
| Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions   | -            | -            | -            |
| Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions | -            | -            | -            |
| Net Actuarial Loss/(Gain) arising from Experience Adjustments             | -            | -            | -            |
| Return on Plan Assets (Excluding Amounts Included in Net Interest Cost)   | -            | -            | -            |
| Change in Effect of Asset Ceiling   | -            | -            | -            |
| <b>Defined Benefit Cost Recognized in Other Comprehensive Income</b>      | <b>-</b>     | <b>-</b>     | <b>-</b>     |
| <b>Total Defined Benefit Cost</b>   | <b>6,239</b> | <b>5,974</b> | <b>6,019</b> |

**C. Change in the Present Value of Defined Benefit Obligation**

|  |                |                |                |
|--|----------------|----------------|----------------|
| Present Value of Defined Benefit Obligation as at January 1          | 107,788        | 108,024        | 107,947        |
| Current Service Cost   | 1,365          | 1,089          | 1,140          |
| Interest Cost  | 4,874          | 4,885          | 4,879          |
| Benefits Paid  | (6,003)        | (6,051)        | (6,092)        |
| Net Actuarial Loss/(Gain)  | -              | -              | -              |
| <b>Present Value of Defined Benefit Obligation as at December 31</b> | <b>108,024</b> | <b>107,947</b> | <b>107,874</b> |

\* Projected CY 2024, 2025, and 2026 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

\*\* Based on expected benefits to be paid to those eligible for benefits.



**Rideau St. Lawrence Distribution Inc.**  
**Estimated Benefit Expense (IAS 19)**

02/26/2024

|  | <b>Projected *</b><br><b>CY 2024</b> | <b>Projected *</b><br><b>CY 2025</b> | <b>Projected *</b><br><b>CY 2026</b> |
|--|--------------------------------------|--------------------------------------|--------------------------------------|
| Discount Rate at January 1                 | 4.65%                                | 4.65%                                | 4.65%                                |
| Discount Rate at December 31               | 4.65%                                | 4.65%                                | 4.65%                                |
| Assumed Increase in Employer Contributions | Expected **                          | Expected **                          | Expected **                          |

**D. Calculation of Component Items**

**Interest Cost**

|   |         |         |         |
|---|---------|---------|---------|
| Present Value of Defined Benefit Obligation as at January 1 | 107,788 | 108,024 | 107,947 |
| Benefits Paid   | (3,002) | (3,026) | (3,046) |
| Accrued Benefits  | 104,787 | 104,999 | 104,901 |
| Interest Cost   | 4,874   | 4,885   | 4,879   |

**Expected Present Value of Defined Benefit Obligation as at December 31**

|  |         |         |         |
|--|---------|---------|---------|
| Present Value of Defined Benefit Obligation as at January 1            | 107,788 | 108,024 | 107,947 |
| Current Service Cost   | 1,365   | 1,089   | 1,140   |
| Benefits Paid  | (6,003) | (6,051) | (6,092) |
| Interest Cost  | 4,874   | 4,885   | 4,879   |
| Expected Present Value of Defined Benefit Obligation as at December 31 | 108,024 | 107,947 | 107,874 |

**E. Net Actuarial Loss/(Gain)**

**Net Actuarial Loss/(Gain) as at December 31**

|  |         |         |         |
|--|---------|---------|---------|
| Expected Present Value of Defined Benefit Obligation | 108,024 | 107,947 | 107,874 |
| Actual Present Value of Defined Benefit Obligation   | 108,024 | 107,947 | 107,874 |
| Net Actuarial Loss/(Gain) as at December 31          | -       | -       | -       |

\* Projected CY 2024, 2025, and 2026 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

\*\* Based on expected benefits to be paid to those eligible for benefits.

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