

# ANDREW PELLER

— LIMITED —

## MANAGEMENT PROXY CIRCULAR

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# MANAGEMENT PROXY CIRCULAR

## General Information

This management proxy circular is furnished in connection with the solicitation by the management of Andrew Peller Limited (the "Corporation") of proxies to be used at the Annual Meeting of Shareholders of the Corporation (the "Meeting") to be held on September 8, 2021 at 3:00 p.m. (EST) and at any adjournment thereof for the purposes set forth in the enclosed notice of meeting (the "Notice of Meeting"). **The Meeting will be held as a completely virtual on-line meeting, which will be conducted via live webcast. Shareholders will not be able to attend the Meeting in person.** Registered shareholders and duly appointed proxyholders will be able to attend, participate, submit questions and vote at the Meeting online at <https://web.lumiagm.com/456844828>. Non-registered shareholders (being shareholders who hold their shares through a broker, investment dealer, bank, trust company, custodian, nominee or other intermediary) who have not duly appointed themselves as proxyholder may also virtually attend as guests. Guests will be able to virtually attend, listen and ask questions at the Meeting but will not be able to vote. Further information on how to attend and participate in the Meeting is contained below.

## Solicitation of Proxies

It is expected that the solicitation will be primarily by mail, subject to the Notice and Access process (as hereinafter defined), but proxies may also be solicited personally by regular employees of the Corporation at nominal cost. The cost of any such solicitation will be borne by the Corporation. The Corporation does not intend to pay any compensation for the solicitation of proxies by third parties but will pay the reasonable expenses of persons who are the registered but not beneficial owners of voting shares of the Corporation (such as brokers, dealers, other registrants under applicable securities laws, nominees, and/or custodians) for forwarding copies of the Notice of Meeting, form of proxy, circular and related material to beneficial owners. The Corporation will provide, without cost to such persons, upon request to the Secretary of the Corporation, additional copies of the foregoing documents required for this purpose.

## Appointment and Revocation of Proxies

The persons named in the enclosed form of proxy are directors of the Corporation. **A shareholder desiring to appoint some other person, who need not be a shareholder, to represent him or her at the Meeting, may do so by inserting such person's name in the blank space provided in the form of proxy or by completing another proper form of proxy.** To be voted at the Meeting, the enclosed form of proxy or another appropriate form of proxy must be duly completed and delivered 48 hours prior to the Meeting to Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1 (fax: +1-866-249-7775 within North America or +1-416-263-9524 from all other countries) or via the internet at [www.investorvote.com](http://www.investorvote.com).

A shareholder giving a proxy may revoke the proxy by instrument in writing executed by the shareholder or by his or her attorney authorized in writing, or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized and deposited either at the head office of the Corporation at 697 South Service Road, Grimsby, Ontario L3M 4E8 at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof, at which the proxy is to be used, with the chairman of the Meeting on the day of the Meeting or any adjournment thereof, or in any other manner permitted by law.

## Exercise of Discretion by Proxies

The persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. **In the absence of such direction, such shares will be voted FOR the election as directors of each of the nominees listed in this circular and FOR the appointment of PricewaterhouseCoopers LLP as auditors of the Corporation.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to all other matters which may properly come before the Meeting. At the time of printing this circular, the management of the Corporation knows of no such amendments, variations, or other matters to come before the Meeting.

## Voting Shares and Principal Holders thereof

The Corporation has two classes of shares outstanding, Class A Shares (Non-Voting) ("Class A Non-Voting Shares") and Class B Shares (Voting) ("Class B Shares"). The only class of shares of the Corporation which are entitled to vote on the matters set out in the Notice of Meeting is the Class B Shares. On July 30, 2021, the Corporation had outstanding 8,144,183 Class B Shares without nominal or par value, each carrying the right to one vote per share, and 35,476,611 Class A Non-Voting Shares. Class A Non-Voting Shares are non-voting securities and, in the event that a takeover bid is made for Class B Shares, the holders of Class

A Non-Voting Shares have no right to participate in such a takeover bid. Neither the Class A Non-Voting Shares nor the Class B Shares may be subdivided, consolidated, reclassified, or otherwise changed unless contemporaneously therewith the other class of shares is subdivided, consolidated, reclassified, or otherwise changed in the same manner and in the same proportion. In the event of liquidation, dissolution, or a winding-up of the Corporation all of the Corporation's property and assets available for distribution to the holders of Class A Non-Voting Shares and Class B Shares shall be paid or distributed equally, share for share, to the holders of Class A Non-Voting Shares and Class B Shares, respectively.

The Board of Directors of the Corporation ("Board of Directors" or the "Board") has fixed the close of business on July 30, 2021 as the record date for the Meeting.

To the knowledge of the directors and officers of the Corporation, Peller Family Enterprises Inc. owns, and controls directly, 4,994,108 Class B Shares of the Corporation representing 61.3% of the outstanding Class B Shares of the Corporation as at July 30, 2021. All of the issued and outstanding voting shares of Peller Family Enterprises Inc. are owned by members of the Peller family. None of the individual shareholders have sole voting power or control in respect of the shares of the Corporation as all voting matters are required to be approved by at least three shareholders that hold more than 50% of the voting shares of Peller Family Enterprises Inc.

John Peller owns, and controls directly, 950,090 Class B Shares of the Corporation representing 11.7% of the outstanding Class B Shares of the Corporation as at July 30, 2021.

As of July 30, 2021, CDS Clearing and Depository Services Inc., the nominee for The Canadian Depository for Securities Limited, is the registered owner of 1,784,266 Class B Shares representing approximately 21.9% of the outstanding Class B Shares. It is management's understanding that the Class B Shares registered in the name of CDS Clearing and Depository Services Inc. are beneficially owned by various brokers and other parties on behalf of clients and others, and the names of the beneficial owners of such Class B Shares are not known to the Corporation.

## **Beneficial Shareholders**

The information set forth in this section is of significant importance to many shareholders as a substantial number of shareholders do not hold shares in their own name and thus are considered non-registered beneficial shareholders. Only registered holders of Class B Shares (a "Registered Holder") or the persons they appoint as their proxyholder are permitted to vote at the Meeting. However, in many cases shares beneficially owned by a person (a "Beneficial Holder") are registered either: (i) in the name of an intermediary (an "Intermediary") including, among others, banks, trust companies, securities dealers, brokers, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs, and similar plans that the Beneficial Holder deals with in respect of the shares, or (ii) in the name of a clearing agency (such as the Canadian Depository for Securities Limited) of which the Intermediary is a participant. Beneficial Holders should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of shares can be recognized and acted upon at the Meeting. In accordance with the requirements of the Canadian Securities Administrators, the Corporation will have distributed copies of the notice of Meeting, this circular, and the enclosed form of proxy to the clearing agencies and Intermediaries for onward distribution to Beneficial Holders. If you are a Beneficial Holder, your Intermediary will be the entity legally entitled to vote your Class B Shares at the Meeting. Class B Shares held by an Intermediary can only be voted upon the instructions of the Beneficial Holder. Without specific instructions Intermediaries are prohibited from voting Class B Shares.

Applicable regulatory policy requires Intermediaries to seek voting instructions from Beneficial Holders in advance of the Meeting. Often the form of proxy supplied to a Beneficial Holder by its Intermediary is identical to the form of proxy provided to registered shareholders; however, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Holder. The majority of Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications Corporation ("Broadridge"). Broadridge typically mails a scannable voting instruction form in lieu of the form of proxy. The Beneficial Holder is requested to complete and return the voting instruction form to Broadridge by mail or facsimile. Alternatively, the Beneficial Holder may call a toll-free telephone number or access the internet to provide instructions regarding the voting of Class B Shares held by the Beneficial Holder. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Class B Shares to be represented at the Meeting. A Beneficial Holder receiving a voting instruction form cannot use that voting instruction form to vote Class B Shares directly at the Meeting as the voting instruction form must be returned as directed by Broadridge well in advance of the Meeting in order to have such Class B Shares voted.

Beneficial Holders should ensure that instructions with respect to the voting of their Class B Shares are communicated in a timely manner and in accordance with the instructions provided by their Intermediary or Broadridge, as applicable. Every Intermediary has its own mailing procedures and provides its own return instructions to clients which should be carefully followed by Beneficial Holders in order to ensure that their Class B Shares are voted at the Meeting.

Although a Beneficial Holder may not be recognized directly at the Meeting for the purpose of voting Class B Shares registered in the name of their Intermediary, a Beneficial Holder may attend the Meeting as proxyholder for the Intermediary and vote the Class B Shares in that capacity. Beneficial Holders who wish to attend the Meeting and indirectly vote their Class B Shares as a proxyholder should enter their own names in the blank space on the form of proxy or voting instruction form provided to them by their Intermediary and/or Broadridge, as applicable, and return the same in accordance with the instructions provided by their Intermediary and/or Broadridge, as applicable, well in advance of the Meeting. Registering the proxyholder is an additional step once a shareholder has submitted their proxy/voting instruction form. Failure to register a duly appointed proxyholder will result in the proxyholder not receiving a Username to participate in the meeting. To register a proxyholder, shareholders MUST visit <https://www.computershare.com/AndrewPeller> by 3:00 p.m. (EST) on September 3, 2021 and provide Computershare with their proxyholder's contact information, so that Computershare may provide the proxyholder with a Username via email.

The purpose of the above noted procedures is to permit Beneficial Holders to direct the voting of the Class B Shares which they beneficially own. Beneficial Holders should carefully follow the instructions and procedures of their Intermediary or Broadridge, as applicable, including those regarding when and where the form of proxy or voting instruction form is to be delivered.

## **Attending and Participating at the Online Meeting**

Registered Holders or Beneficial Holders who have appointed themselves or a third party proxyholder to represent them at the Meeting will appear on a list of shareholders prepared by Computershare, the transfer agent and registrar for the Meeting, and may vote at the Meeting. To have their Class B Shares voted at the Meeting, each Registered Holder or proxyholder will be required to enter their control number or username provided by Computershare at <https://web.lumiagm.com/456844828> prior to the start of the Meeting.

In order to vote, Beneficial Holders who appoint themselves as proxyholder must also register with Computershare at <https://www.computershare.com/AndrewPeller> after submitting their voting instruction form in order to receive a Username.

***Without a Username, proxyholders will not be able to participate online at the Meeting.***

It is important that you are connected to the internet at all times during the Meeting in order to vote when balloting commences. It is your responsibility to ensure connectivity for the duration of the Meeting.

Registered Holders and duly appointed proxyholders who were assigned a Username by Computershare can participate in the Meeting by clicking "**I have a login**" and entering a Username and Password before the start of the meeting:

- **Registered Holders:** The 15 digit control number located on the form of proxy or in the email notification you received is the Username and the Password is "peller2021".
- **Duly appointed proxyholders:** Computershare will provide the proxyholder with a Username after the voting deadline of 3:00 p.m. (EST) on September 3, 2021 has passed. The Password to the Meeting is "peller2021".

Voting at the Meeting will only be available for Registered Holders and duly appointed proxyholders. Beneficial Holders who have not appointed themselves as a proxyholder and who do not have a 15 digit control number of Username may attend the Meeting by clicking "**I am a guest**" and completing the online form. Beneficial Holders attending as a guest will be allowed to listen to the Meeting however will not be able to vote.

If you are using a 15 digit control number or username to login to the online meeting and you accept the terms and conditions, you will be provided the opportunity to vote by online ballot at the appropriate time on the matters put forth at the Meeting. If you have already voted by proxy and you vote again during the online ballot during the Meeting, your online vote during the Meeting will revoke your previously submitted proxy. If you have already voted by proxy and do not wish to revoke your previously submitted proxy, do not vote again during the online ballot.

If you are using the Username provided by Computershare to login to the online meeting (i.e. Computershare sent you an email with a Username), you must accept the terms and conditions in order to represent the shares appointed to you.

United States Beneficial Holders can attend and vote at the Meeting virtually. First, the Beneficial Holder must obtain a valid legal proxy from their broker, bank or other agent, and then register in advance to attend the Meeting. Follow the instructions from your broker, bank or agent included with these proxy materials, or contact your broker, bank or agent to request a legal proxy form. After first obtaining a valid legal proxy from your broker, bank or agent, to then register to attend the Meeting, you must submit a copy of your legal proxy to Computershare at:

Computershare  
100 University Avenue  
8<sup>th</sup> Floor  
Toronto, Ontario  
M5J 2Y1  
OR  
Email at [uslegalproxy@computershare.com](mailto:uslegalproxy@computershare.com)

Submission of the legal proxy must be labeled as “Legal Proxy” and be received no later than 3:00 p.m. (EST) on September 3, 2021. You will receive a confirmation by email. Please note that you are also required to register your appointment at <https://www.computershare.com/AndrewPeller>.

## **Notice and Access**

The Corporation has elected to use the notice and access process (“Notice and Access”) under National Instrument 54-101 – Communications with Beneficial Owners of Securities of a Reporting Issuer (“NI 54-101”) and National Instrument 51-102 – Continuous Disclosure Obligations, for distribution of this Circular and other meeting materials to registered shareholders of the Corporation and beneficial shareholders of the Corporation as set out above under the heading “Beneficial Shareholders”. Notice and Access allows issuers to post electronic versions of meeting materials, including circulars, annual financial statements and management discussion and analysis, online, via SEDAR and one other website, rather than mailing paper copies of such meeting materials to shareholders.

The Corporation has posted this Circular, the audited financial statements for the years ended March 31, 2021 and 2020 (the “Annual Financial Statements”) and the management discussion and analysis for the year ended March 31, 2021 (the “Annual MD&A”) on the Corporation’s SEDAR profile at [www.sedar.com](http://www.sedar.com) and the Corporation’s website at [www.andrewpeller.com](http://www.andrewpeller.com).

Although the Circular, Annual Financial Statements and Annual MD&A (collectively, the “Meeting Materials”) will be posted electronically online, as noted above, registered shareholders and beneficial shareholders (subject to the provisions set out above under the heading “Beneficial Shareholders”) will receive a “notice package” (the “Notice and Access Notification”), by prepaid mail, which includes the information prescribed by NI 54-101, and a proxy form (the “Form of Proxy”) or voting instruction form (“VIF”) from their respective intermediaries. Shareholders should follow the instructions for completion and delivery contained in the proxy or voting instruction form. Shareholders are reminded to review the Circular before voting. The Corporation will not use procedures known as 'stratification' in relation to the use of Notice and Access Provisions. Stratification occurs when a reporting issuer using the Notice and Access Provisions provides a paper copy of the information circular to some shareholders with the notice package.

The Corporation is not mailing the Meeting Materials directly to Non-Objecting Beneficial Owners (“NOBOs”). NOBOs are beneficial owners who have indicated that the issuer can know who they are. The Corporation does not intend to pay for the cost of delivery to Objecting Beneficial Owners (“OBOs”). OBOs will not receive the Meeting Materials unless the OBO’s Intermediaries assume the cost of delivery.

Shareholders will not receive a paper copy of the Meeting Materials unless they contact the Corporation, in which case the Corporation will mail the requested materials within three business days of any request, provided the request is made prior to the Meeting, as set out below. Shareholders with questions about Notice and Access may contact the Corporation toll free at 1-800-610-6610. Requests for paper copies of the Meeting Materials must be received at least five (5) business days in advance of the proxy deposit cut-off date, which is September 3, 2021. Therefore, in order to receive a paper copy of the Meeting Materials in advance of the proxy deposit cut-off date, your request must be received by August 26, 2021.

## BUSINESS OF THE MEETING

This circular contains information relating to the receipt of the Corporation's audited consolidated financial statements, the election of directors and the appointment of auditors.

### 1. Financial Statements

The audited consolidated financial statements of the Corporation for the year ended March 31, 2021 and the report of the auditors thereon will be presented to the shareholders at the Meeting. These audited consolidated financial statements form part of the 2021 Annual Report of the Corporation. You may obtain a copy of the 2021 Annual Report from the Secretary upon request. The full text of the 2021 Annual Report is available on the Corporation's website at [www.andrewpeller.com](http://www.andrewpeller.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

### 2. Election of Directors

The Board of Directors consists of 6 directors. Each director is elected to hold office until the close of the next annual meeting of shareholders.

**Unless it is specified in a proxy that such shares shall be withheld from voting in the election of any director, the persons named in the enclosed proxy intend to vote the shares represented by proxies for the election of each of the nominees whose names follow.**

Management of the Corporation does not contemplate that any of the nominees for directors will be unable to serve as a director but, if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy shall have the discretion to vote the shares represented by proxies for another nominee unless a proxy specifies that shares are to be withheld from voting in respect of the election of directors.

Directors' independence is based on an analysis of whether or not they hold a management position with the Corporation or have material relationships with the Corporation, either directly or indirectly. Mr. John Peller is not independent by virtue of his position as the Corporation's President and Chief Executive Officer ("CEO"). Dr. A. Angus Peller is not an independent director as he is an immediate family member, as defined in National Policy 58-201 and National Instrument 58-101, of the CEO of the Corporation.

The Board has established procedures to enable it to function independently of management and to facilitate open and candid discussion among the independent directors and the Board is satisfied that it can function independent of management. The Board also meets, as appropriate, without management present. The Board appoints an Independent Lead Director in order to provide leadership to the Corporation's independent directors. Under the Independent Lead Director's guidance, the independent members of the Board hold formal separate meetings, independent of management and the other non-independent directors, throughout the fiscal year. Independent directors are able to engage in discussions outside of regularly scheduled directors' meetings. Perry Miele was appointed the Independent Lead Director on July 28, 2020.

As discussed further below, the Audit, Finance, and Risk Committee is composed entirely of independent directors. The Chair of the Governance and Human Resources Committee is independent, and the majority of its members are independent. Where warranted, directors have the ability to engage outside advisors at the Corporation's expense to assist in the fulfillment of their duties.

The following table sets forth relevant information for each person proposed to be nominated for election as a director of the Corporation. Certain information set out below with respect to a nominee for election as a director is not within the knowledge of the Corporation and was provided by the respective nominee individually. Information as to the number of shares beneficially owned, or over which control or direction is exercised, directly or indirectly, not being within the direct knowledge of the Corporation, has been furnished by the respective directors individually and may include shares owned or controlled by spouses and/or children of such directors and/or companies controlled by the directors or their spouses and/or children:

Name	Province and Country of Residence	Principal Occupation	Director Since	Shares Beneficially Owned and Controlled as at July 30, 2021		Value <sup>(2)</sup>
				Class A Non-Voting Shares <sup>(1)</sup>	Class B Shares	
Bruder, Shauneen <sup>(3)</sup>	Ontario, Canada	Corporate Director	2018	9,190	-	\$81,883
Cosens, Mark W. <sup>(4)</sup>	Ontario, Canada	Managing Director, Kilbride Partners <i>Kilbride Partners is a private management advisory firm.</i>	2001	3,500	-	\$31,185
Miele, Perry J. <sup>(5)</sup>	Ontario, Canada	Chairman & Partner of Beringer Capital <i>Beringer Capital is a merchant banking and corporate finance firm specializing in the marketing and communications, specialty media, and advertising industries.</i>	2010	22,750	-	\$202,703
Peller, A. Angus M.D. <sup>(6) (9)</sup>	Ontario, Canada	Senior Medical Consultant to RBC Insurance	1991	173,420	50,000	\$2,100,172
Peller, John E. <sup>(7) (9)</sup>	Ontario, Canada	Chairman, President & CEO, Andrew Peller Limited	1989	4,887,381	950,090	\$54,092,564
Vimard, François <sup>(8)</sup>	Ontario, Canada	Corporate Director	2018	11,230	-	\$100,059

1. The number of Class A non-voting shares beneficially owned and controlled includes share based compensation awards granted to directors in the form of deferred share units.

2. At July 30, 2021, the TSX closing prices for Class A Non-Voting Shares and Class B Shares were \$8.91 and \$11.10 respectively.

3. Chair of the Governance and Human Resources Committee.

4. Chair of the Pension Committee.

5. Independent Lead Director.

6. Vice Chair of the Board of Directors.

7. Executive Chair of the Board of Directors.

8. Chair of the Audit, Finance and Risk Committee.

9. A. Angus Peller and John E. Peller, along with their siblings Joseph, James, Lori and Jeff, are directors of, and beneficially own, shares of Peller Family Enterprises Inc., which is the registered holder of 2,472,801 Class A Non-Voting Shares and 4,994,108 Class B Shares of the Corporation (not included above).

## Directors' Board and Committee Memberships in Other Public Entities

Director	Public Entity	Committee Memberships
Bruder, Shauneen	Canadian National Railway	Member of the Board of Directors Chairperson of the Governance, Sustainability & Safety Committee Member of the Human Resources and Compensation Committee Member of the Audit, Finance and Risk Committee
Peller, John E.	RBC Insurance	Member of the Audit Committee Chairperson of the Conduct Committee
Vimard, Francois	Goodfood Market Corp.  KP Tissue Inc.	Member of the Board of Directors Chairperson of the Audit Committee  Chairman of the Board of Directors Member of the Audit Committee

## Board and Committee Meeting Attendance

The following table sets forth the attendance record of the current directors at meetings of the directors and committees of the directors during the year ended March 31, 2021.

Directors	Board of Directors (4 Directors + 1 Director & Audit Meeting)	Governance and Human Resource Committee (4 Meetings)	Audit, Finance, and Risk Committee (4 Meetings)	Pension Committee (3 Meetings)
	<b>Eligible Number of Meetings Attended</b>			
Bruder, Shauneen <sup>(1)</sup>	5 of 5	4 of 4	4 of 4	N/A
Cosens, Mark W. <sup>(2)</sup>	5 of 5	4 of 4	4 of 4	3 of 3
Mallett DiEmanuele, Michelle E. <sup>(3)</sup>	5 of 5	4 of 4	4 of 4	N/A
Miele, Perry J. <sup>(4)</sup>	5 of 5	4 of 4	4 of 4	N/A
Peller, A. Angus <sup>(5)</sup>	5 of 5	4 of 4	N/A	3 of 3
Peller, John E. <sup>(6)</sup>	5 of 5	N/A	N/A	N/A
Vimard, Francois <sup>(7)</sup>	5 of 5	N/A	4 of 4	3 of 3

1. During fiscal 2021, Ms. Bruder was a member of the Governance and Human Resource Committee and the Audit, Finance and Risk Committee.
2. During fiscal 2021, Mr. Cosens was a member of the Governance and Human Resource Committee and the Audit, Finance, and Risk Committee, and Chair of the Pension Committee.
3. During fiscal 2021, Ms. Mallett DiEmanuele was a member of the Audit, Finance and Risk Committee and Chair of the Governance and Human Resources Committee. On June 18, 2021, Ms. Mallett DiEmanuele resigned from the Board of Directors and all Committees.
4. During fiscal 2021, Mr. Miele was a member of the Governance and Human Resource Committee and the Audit, Finance, and Risk Committee.
5. During fiscal 2021, Dr. Peller was a member of the Governance and Human Resources Committee and the Pension Committee.
6. During fiscal 2021, Mr. Peller was the Chair of the Board of Directors.
7. During fiscal 2021, Mr. Vimard was a member of the Pension Committee and Chair of the Audit, Finance and Risk Committee.

## Majority Voting Policy

The Board believes that each of its members should carry the confidence and support of its shareholders. To this end the directors have unanimously adopted this Majority Voting Policy for Director Elections (the “Policy”). Further nominees for election to the Board will be asked to subscribe to this Policy before their names are put forward.

Forms of proxy for the vote at a shareholders’ meeting where directors are to be elected will enable the shareholder to vote in favour of, or to withhold from voting, separately for each nominee. In an uncontested election of directors of the Corporation, any nominee for director who receives a greater number of votes “withheld” from his or her election than votes “for” such election shall offer his or her resignation as a director to the Board promptly following the meeting of shareholders at which the director was elected. Upon receiving such offer of resignation, the Governance and Human Resources Committee (“GHR”) will consider such offer and make a recommendation to the Board whether or not to accept it. In considering whether or not to accept the resignation, the GHR will consider all factors deemed relevant by such committee including, without limitation, the stated reasons why shareholders “withheld” votes from the election of that nominee, the length of service, the qualifications of the director whose resignation has been tendered, such director’s contributions to the Corporation, and the Corporation’s corporate governance policies.

In considering the recommendation of the GHR, the Board will review the factors considered by such committee and such additional factors as the Board considers relevant.

The Corporation will announce the decision of the Board in a press release with respect to whether the Board has decided to accept such director’s resignation, which decision will be made within 90 days following the meeting of shareholders. If the resignation is accepted, the Board may, subject to any corporate law restrictions, leave the resultant vacancy unfilled until the next annual meeting of shareholders, fill the vacancy through the appointment of a new director whom the Board considers to merit the confidence of shareholders, or call a special meeting of shareholders to fill the vacant position.



Any director who tenders his or her resignation pursuant to this Policy shall not participate in the deliberations of any Board committee (including the GHR if such director is a member thereof) or the Board pertaining to such resignation offer.

This Policy only applies in circumstances involving an uncontested election of directors. For the purpose of this Policy, an “uncontested election of directors” means that the number of nominees for election as a director is the same as the number of directors to be elected to the Board and that no proxy material is circulated in support of one or more nominees who are not named as nominees in the applicable management information circular of the Corporation.

### **3. Appointment of Auditors**

The shareholders will be asked at the Meeting to pass a resolution confirming the re-appointment of PricewaterhouseCoopers LLP, Chartered Professional Accountants, Toronto, Ontario as auditors of the Corporation, to hold office until the next annual meeting of shareholders. PricewaterhouseCoopers LLP have been auditors of the Corporation since April 7, 1965.

Unless it is specified in a proxy that such shares shall be withheld from voting in respect of the appointment of auditors, the persons named in the enclosed form of proxy intend to vote in favour of the reappointment of PricewaterhouseCoopers LLP as auditors of the Corporation.

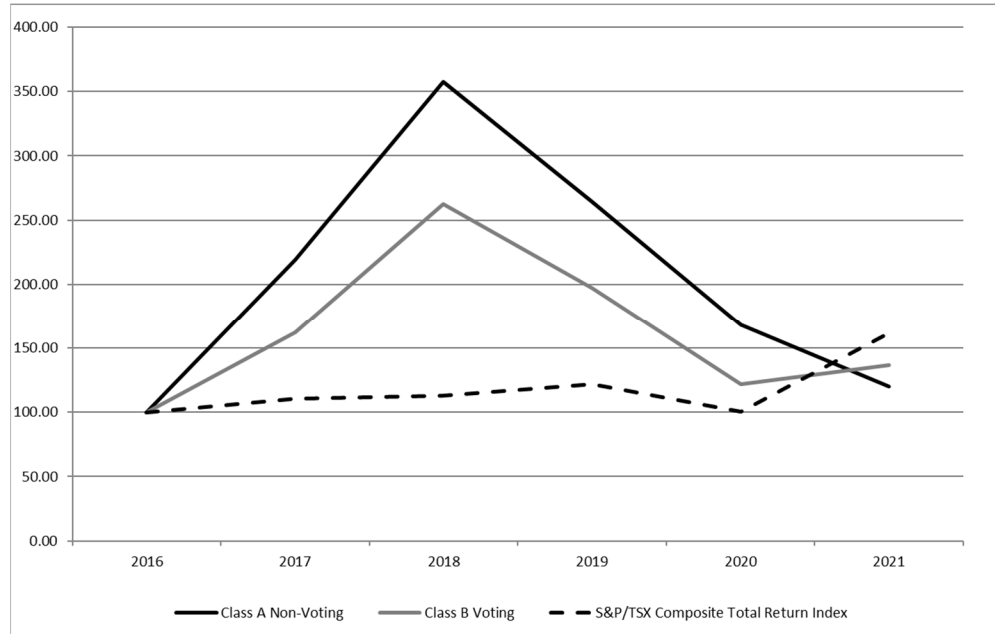
### **4. Other Business**

Management knows of no other matter to come before the Meeting. The accompanying proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting. If any other matters, which are not known to management, properly come before the Meeting, the shares represented by proxies in favour of the nominees specified in the enclosed form of proxy will be voted on such matters in accordance with the best judgment of such nominees.

## PERFORMANCE GRAPH

The Corporation's share capital is listed and posted for trading on the Toronto Stock Exchange ("TSX") under the symbols ADW.A (Class A Non-Voting Shares) and ADW.B (Class B Shares). The performance graph set out below compares the total cumulative shareholder return on the Class A Non-Voting Shares and Class B Shares for the period commencing on April 1, 2016 and ending on March 31, 2021 with the total return index value of the S&P/TSX Composite Total Return Index. The total returns assume an investment of \$100 and the reinvestment of dividends.

The Corporation achieved a total gain to shareholders of 119.9 percent over the last five years on the Class A Non-Voting Shares and a gain of 136.6 percent on the Class B Shares. The return to shareholders on the Class B Shares is affected by the low volume of trading in these shares.



The Chart below sets out the performance of the Corporation over the preceding five years compared to increases in both base and variable executive compensation. The Corporation uses EBITA (defined as earnings before interest, amortization, net unrealized gains and losses on derivative financial instruments, other (income) expenses and income taxes) to measure its performance.

Year	EBITA (\$ thousands)	% Growth	% Increase (Decrease) in Base Executive Compensation	% Increase in Incentive Compensation
2017	45,137	10.3%	5.5%	9.0%
2018	52,860	17.1%	2.9%	10.0%
2019	52,875	0.0%	6.0%	(28.0%)
2020	61,501	16.3%	2.94%	0.1%
2021	63,046	2.5%	(1.7%)	15.9%

The CEO and all other executive officers received increases in base compensation of \$7,500 for the most recently completed fiscal year. Total base compensation paid to the CEO amounted to \$3,261,800 for the five years ended March 31, 2021. Total base compensation for all executive officers of the Corporation amounted to \$7,909,500 over the same period.

The CEO and all other executive officers received incentive compensation of \$2,321,731 for the year ended March 31, 2021. Total incentive compensation received by the CEO and executive officers during the five years ended on March 31, 2021 amounted to \$11,611,263.

## REPORT ON DIRECTOR COMPENSATION

The Corporation's compensation practices for directors are designed to reflect the size and complexity of the Corporation, the time commitments required to fulfill their responsibilities and duties, and to confirm the importance placed on aligning directors' compensation with that of shareholders. The market competitiveness and form of directors' compensation is reviewed annually by the GHR and compared to directors' compensation for companies of similar size and scope in Canada. The companies reviewed are the same as those used to benchmark executive compensation (see Benchmarking of Executive Compensation). Unlike executive compensation, the director compensation plan is not designed to pay for performance; rather, directors receive retainers for their services to help ensure unbiased decision making.

The Corporation provides directors with a compensation package that consists of an annual retainer for sitting on the Board and each committee, meeting fees and a wine allowance. The Corporation's total compensation philosophy is targeted to meet the 50<sup>th</sup> percentile of selected consumer products companies within the comparator group. The compensation package is designed to attract and retain qualified individuals to sit on the Board. Each director is entitled to receive an annual wine allowance with a value of up to \$1,000.

On June 16, 2021, upon recommendation of the GHR, the Board of Directors provided non-executive directors with the opportunity to receive compensation in the form of equity to participate in the long-term success of the Corporation and to promote a greater alignment of interest between directors and shareholders for the duration of each director's tenure. Non-executive directors may elect to receive all or a portion of their annual cash compensation in the form of deferred share units (DSUs). If so elected, the Corporation will increase the compensation value by 25% and credit the director's notional account for the number of DSUs equal to the amount that the director elects to receive in DSUs divided by the volume weighted average trading price of the Class A Non-Voting Shares on the TSX for the five trading days ending on the last business day of the grant date. Dividend equivalents in the form of additional DSUs that are equal in value to dividends paid on Class A Non-Voting Shares are also credited to the director's notional account on each dividend payment date based on the number of DSUs in such director's notional account as of the dividend record date. DSUs credited to a director's notional account vest immediately and remain in such account for as long as he or she is a director. DSUs are automatically converted to Class A Non-Voting Shares upon resignation or retirement from the Board of Directors or death.

For the fiscal year ended March 31, 2021, each non-executive director was eligible to receive the following compensation:

Vice-Chair annual retainer	\$100,000
Director annual retainer	\$30,000
Independent Lead Director annual retainer	\$10,000
Audit, Finance, and Risk Committee Chair retainer	\$10,000
Governance and Human Resources Committee Chair retainer	\$10,000
Pension Committee Chair retainer	\$5,000
Committee meeting fee	\$2,000 in person, \$1,000 by telephone

Above values are cash compensation amounts that do not include the 25% increase in value should the non-executive director elect to receive compensation in the form of DSUs. The CEO does not receive any fees in his capacity as a director or Chairman.

## Summary of Directors' Compensation for Fiscal 2021

The following table sets forth all amounts of compensation earned by the directors (other than any director who was also an officer of the Corporation), including the annual retainer, committee, chair and meeting fees, and wine allowance for the fiscal year ended March 31, 2021. Directors of the Corporation are not entitled to any option-based awards or to participate in the Corporation's pension plan.

Name	Fees Earned (\$)					Fiscal 2020 10% Reduction <sup>(3)</sup>	Total Compensation	Allocation of Total Compensation	
	Chair Retainer	Board Retainer	Committee Meetings	Wine Allowance				In Cash (\$)	In DSUs <sup>(4)</sup> (\$)
Bruder, Shauneen E.	-	30,000	14,000	1,000	1,100		46,100	1,000	56,375
Cosens, Mark W.	5,000	30,000	20,000	1,000	1,375		57,375	57,375	-
Mallett DiEmanuele, Michelle E.	10,000	30,000	14,000	1,000	1,350		56,350	1,000	69,188
Miele, Perry J. <sup>(1)</sup>	10,000	30,000	14,000	1,000	1,375		56,375	56,375	-
Peller, A. Angus <sup>(2)</sup>	-	100,000	13,000	1,000	2,825		116,825	116,825	-
Vimard, Francois	10,000	30,000	13,000	1,000	1,350		55,350	55,350	-

1. Independent Lead Director.
2. Vice Chair of the Board of Directors.
3. As part of the Corporation's response to the COVID-19 pandemic, in Fiscal 2020, the Board of Directors took a reduction in compensation equivalent to 10% of fees earned in one quarter. This was repaid to Directors in Fiscal 2021.
4. Non-executive directors may elect to receive all or a portion of their annual cash compensation in the form of DSUs. If so elected, the compensation value is increased by 25%. The value disclosed in this column reflects the 25% increase in compensation and consists of the grant date value of compensation paid in DSUs on June 30, 2021 to non-executive directors.

# REPORT ON EXECUTIVE COMPENSATION

## Compensation Summary

Andrew Peller Limited's compensation policies are designed to achieve the objectives of attracting and retaining key employees throughout the organization, motivating these employees to achieve both the short and long-term objectives of the Corporation, and aligning their interest with those of shareholders. The goal is to reward performance and to be competitive with compensation arrangements of other Canadian companies of similar size and scope of operations. The policies have been established to encourage and reward key employees for the performance of pre-established corporate revenue growth and profitability objectives.

The GHR has established compensation practices and processes that support the strategic direction of the Corporation. The GHR is committed to providing clear disclosure of the Corporation's compensation strategy, ensuring that the compensation decisions have resulted in a direct link between the compensation of executive officers, and enhanced value to shareholders. The GHR believes that the compensation practices of the Corporation have enhanced value to our shareholders.

## Compensation Responsibilities

As part of its mandate, the GHR has the responsibility to set the Corporation's compensation strategy, to assess the performance of the Executive Chairman and CEO, to make specific recommendations to the Board about the elements and design of the executive compensation package and to ensure that compensation is implemented within the design and intent of that strategy. Periodically the Corporation engages a consultant to assist the Committee with its review and analysis of executive compensation. In fiscal 2021, the GHR was comprised of the following directors: Chair: Michelle E. Mallett DiEmanuele, Members: Shauneen Bruder, Mark W. Cosens, Perry J. Miele and A. Angus Peller.

Several members of the GHR have held direct positions responsible for executive compensation. Collectively the members of the Committee have held a wide range of positions that have included responsibilities relating to executive compensation as members of boards of other public companies and organizations. In addition, certain members have performed consulting work related to the design of compensation and benefit packages, long-term incentive plans, and equity grants. Overall, the collective skills and experience of the GHR are judged to be suitable to fulfill its mandate.

## Compensation Process

The Board and its Committees continually evaluate the corporate governance policies and procedures of the Corporation. As part of its mandate, the Board is responsible for the supervision of the management of the business and affairs of the Corporation which includes reviewing, discussing, and approving the Corporation's five year strategic and annual business plan (the "Plans"). These Plans, as well as the results of operations for the current year, serve as the basis for assessing the performance and compensation of management. Set out below is the process followed by the Corporation in determining the compensation of executive officers.

- At the May GHR meeting the Committee reviews preliminary results for the previous fiscal year as well as preliminary personal objectives and performance against those objectives for the CEO and the executive officers for the preceding year. The preliminary annual incentive is also presented to the Committee along with draft personal objectives for the new fiscal year.
- At its June meeting the Board reviews the final results of the Corporation for the preceding year and the Plans of the Corporation. The GHR reviews the compensation design and strategy to ensure alignment with the results for the current year and the Plans. The GHR also reviews the achievement of CEO objectives for the preceding year and the CEO objectives for the current year, reviews compensation for all executive officers (base salary, annual incentive, and long-term incentive) against executive roles of similar job content or scope in the commercial industrial comparator market and recommends any changes in compensation for approval by the Board.
- At its November meeting the Board reviews financial results for the year to date compared to the Plans and management's estimate of year-end financial results. The GHR approves the salary budget for the upcoming year.
- At its February meeting the Board reviews financial results for the year to date compared to the Plans and management's estimate of year-end financial results. The GHR reviews performance of the CEO against his personal objectives.

In setting the strategy and in designing the various components of compensation, the GHR receives information from management, assessments from independent advisors, feedback on trends from the Corporation's comparative group of companies, and from general compensation trends across the country. Throughout the year, the Board and the GHR review progress against the Plans to determine if any changes are required to the Corporation's priorities.

## **Risks Associated with Compensation Programs**

The GHR is responsible for assessing the performance and approving the compensation of senior executives. Significant risks associated with compensation policies and practices are shared with the GHR and are also included in the Statement of Risks and Risk Mitigation Strategies which is updated annually. The Statement of Risks and Risk Mitigation Strategies is reviewed by the Audit, Finance, and Risk Committee. Using this and other knowledge of compensation practices, the GHR considers the implications of the associated risks involved with compensation policies and practices. Numerous practices are used by the Corporation to mitigate compensation programs that could potentially encourage excessive risk-taking including setting limits on incentive payments, using multiple targets to avoid a one-dimensional focus, setting realistic targets, reviewing performance against targets on a regular basis, and ensuring that the Board reviews major acquisitions, divestitures, and capital budgets. No risks that are reasonably likely to have a material adverse effect on the Corporation have been identified.

## **Benchmarking of Executive Compensation**

The Corporation uses the advice from independent compensation consultants, Corporate Governance Partners (the “Source”) to undertake market comparisons and provide advice on developing appropriate compensation programs including salary, benefits, pension, and annual and long-term incentive plans. The group used to undertake market comparisons is Korn Ferry’s Commercial Industrial Group excluding Retail, Leisure & Hospitality comparator group which consists of 262 Canadian companies. The information from the comparator group is size adjusted to be comparable to the Corporation.

Each component of the Corporation’s compensation is designed to pay at the 50<sup>th</sup> percentile of the comparator group for executive officers, other than the CEO, whose design is to pay at the 75<sup>th</sup> percentile. Annual incentive is paid if the Corporation were to meet its overall financial objectives. Additional incentive payments may be made in the event that, in the opinion of the GHR, a successful project was completed that resulted in enhanced value to shareholders.

## **Performance Based Compensation Mix**

The Corporation’s strategy for executive compensation is designed to drive and reward performance and to align the executive officers’ compensation with the interests of its shareholders. Accordingly, a significant portion of compensation is at risk by virtue of the annual and long-term incentive plans which are tied to corporate profitability and shareholder value.

Assuming that target levels of financial results are achieved:

- 64% of the CEO’s total compensation is determined by achievement the Corporation’s financial targets.
- 33% to 46% of other executive officer’s total compensation is determined by achievement the Corporation’s financial targets.

Differences in performance-based compensation for executive officers reflect market differentials driven by the impact each individual has on operating results.

## **Executive Compensation-Related Fees**

There were no external executive compensation-related consultant fees paid during the year ended March 31, 2021.

## **Termination and Change of Control Benefits in Employment Agreements**

The Corporation has employment agreements with most executive officers which include compensation in lieu of notice in amounts that are considered substantially consistent with legal requirements. No other agreements with respect to future termination or change of control exist with Named Executive Officers (“NEOs”) or other executive officers.

## **Components of Executive Compensation**

The executive officers’ compensation package provides a balanced set of elements designed to deliver the objectives of the compensation policy. The fixed elements of the package; namely salary, benefits, perquisites, and the pension plan provide a competitive base of secure compensation necessary to attract and retain executive talent. The variable elements, the annual and long-term incentive plans, are designed to balance short-term gains with the long-term interests of the Corporation and motivate performance to achieve the Corporation’s goals. The long-term incentive plan also aligns executive officers’ interests with those of shareholders and helps retain executive talent. The combination of the fixed elements and the variable incentive opportunities delivers a competitive compensation package relative to the Corporation’s comparator group.

Total direct compensation for executive officers, including the NEOs (as set out in the Summary Compensation Table below), is comprised of three components: base salary, short term incentive, and long-term incentive. Compensation arrangements for the executive officers are reviewed annually by the GHR and presented to the Board of Directors for approval.

The Corporation maintains a comprehensive benefits program for its executive officers which includes participation in a pension and other retirement plans, a comprehensive health care program (group life coverage, short and long-term disability, medical, dental, vision, and out of country coverage), and vacation entitlements. Certain perquisites and other personal benefits are also provided to the executive officers including car allowances or the provision of leased vehicles, a wine allowance, and for certain executive officers, payment of annual professional dues and club memberships.

The Corporation maintains a defined contribution pension plan and supplementary executive retirement plan for its executive officers which is funded at the rate of 12.5% of an executive officer's base salary.

#### *Base Salary*

Base salaries for executive officers are designed to be competitive with executive roles of similar job content or scope in the commercial industrial comparator market. In determining base salaries, the GHR receives recommendations from the CEO and assesses an executive officer's past performance, experience, and level of responsibility. The GHR also considers the profitability of the Corporation for the preceding year, the anticipated profitability for the following year, and the date of the last annual increase in base salary of an executive officer. Salaries for executive officers, including the NEOs, are recommended by the GHR to the Board for approval. The GHR considers base salary adjustments on an annual basis as part of its comprehensive review of executive compensation at meetings held each June. The GHR may also approve mid-year base salary adjustments in the event of a promotion or a significant change in an individual's responsibilities.

Assessments of the individual performance of executive officers of the Corporation are prepared by way of an evaluation process in conjunction with other senior executives. The results of these assessments are presented for review by the CEO to the GHR.

In conjunction with and based upon the results of the assessment, as well as other internal compensation data (including length of service and other executive's salaries), external compensation data (including data provided by the Sources), the performance of the Corporation for the prior year, and projected profitability of the Corporation for upcoming year, on the recommendation of the CEO, the GHR will recommend increases in annual salaries for the NEOs and other executive officers for approval by the Board.

#### *Annual Incentive*

The annual incentive plan is a mechanism for the payment of performance-based incentive payments. The primary objective of the plan is to motivate and provide an incentive to executive officers to achieve specified financial goals and meet certain business initiatives. Executive officers and other members of management participate in the short term incentive plan. The target percentages are as follows: CEO – 75% of base salary, Executive Vice Presidents – 35% of base salary and Vice Presidents – 25% of base salary. Threshold, Target and Maximum levels of performance are established for the program. The CEO, the CFO and Executive Vice President, IT and the Executive Vice President of Operations receive an incentive payment that is dependent on the Corporation achieving prescribed revenue (25% of total cash incentive), consolidated EBITA (75%). For other executive officers, the plan provides for the payment of incentives dependent upon the Corporation achieving prescribed revenue, consolidated EBITA and divisional revenue and EBITA targets. The level of the incentive for each executive officer is determined by a review of market data provided by the Source for executive roles of similar job content or scope in the commercial industrial comparator market. The GHR views these incentive payments as an integral part of an executive's compensation package.

In fiscal 2021, the Corporation's annual incentive expense was \$1,166,655.

#### *Long-term Incentive*

The Corporation believes that the best incentive plans also include a securities-based component designed to allow executive officers to align their long-term interests with those of the Corporation's shareholders. On September 13, 2017, the Corporation established a Share Based Compensation Plan to advance the interests of the Corporation and its subsidiaries by enhancing its ability to attract and retain employees, managers and directors, to reward such individuals for their sustained contributions and to encourage such individuals to take into account the long-term financial performance of the Corporation and the creation of shareholder value through their participation in the Corporation's share capital.

For fiscal 2021, the target percentages for the long-term incentive plan are as follows: CEO – 100% of base salary; Executive Vice Presidents – 50% of base salary; Vice Presidents – 25% of base salary.

During fiscal 2021, the Corporation awarded executives a combination of stock options and PSUs under the long-term incentive plan as follows: 387,200 stock options were granted with a grant date fair value of \$770,284 and 82,840 PSUs were granted with a grant date fair value of \$384,792, which assumes 100% vesting of PSUs and an Adjustment Factor of 0.5. The grant date fair value of the stock options is determined using the Black Scholes Option Pricing Model, which is consistent with the valuation for accounting purposes in accordance with International Financial Reporting Standards 2, *Share Based Payment*. The Black Scholes Option Pricing Model requires the use of subjective assumptions, including the expected stock price volatility, and therefore, it does not necessarily provide a reliable single measure of the fair value of the stock options granted. The grant date fair value of the PSUs awarded is determined using the Market Value of the Class A Non-Voting Shares on the grant date. The actual amount payable in respect of the PSUs will depend on, among other things, the achievement of certain performance conditions during the Performance Period. The value disclosed above represents the minimum payout under the performance criteria.

Subject to the adjustment provisions provided for in the Share Based Compensation Plan and the applicable rules and regulations of all regulatory authorities to which the Corporation is subject (including the TSX), a maximum of 3,358,149 Class A Non-Voting Shares are reserved for issuance under the Plan, representing 10% of the total issued and outstanding Class A Non-Voting Shares at the date the plan was approved.

The aggregate maximum number of Class A Non-Voting Shares available under the Share Based Compensation Plan may be used for any type of award. The aggregate number of Class A Non-Voting Shares issued to any one insider of the Corporation under the Share Based Compensation Plan or any other proposed or established security-based compensation arrangement within any one-year period, shall not exceed 5% of the issued and outstanding Class A Non-Voting Shares.

#### *Benefits and Perquisites*

Benefits and perquisites are elements of compensation designed to provide a level of security with respect to the health and welfare of the executive officers of the Corporation. These are fixed elements of compensation and are not dependent on individual performance.

All employees of the Corporation, including the CEO, participate in a benefits program that is based upon the same competitive market practices as base salary. Medical, dental, short and long-term disability, vision, and life insurance are all included in the program.

Car allowances or company provided vehicles are granted to executive officers of the Corporation at a fixed amount which vary by level of each executive officer and is based upon competitive market practices. This program is reviewed periodically to ensure that levels provided are competitive with the market.

Executive officers, other than the CEO, are provided with a wine allowance that amounts to \$1,500 – \$3,000 annually depending on their position. The CEO does not have a limit on his wine allowance.

Certain senior executives including the CEO, are provided with club memberships. All executive officers are provided with an annual medical review at the Corporation's cost. These perquisites are reviewed periodically to ensure they are competitive with the market.



## Summary Compensation Table

The following table sets forth all compensation paid, payable, awarded, granted, given or otherwise provided directly or indirectly, by the Corporation, to each of the following individuals for the financial year ended March 31, 2021: (a) CEO (b) CFO and (c) each of the three most highly compensated executive officers, other than the CEO and CFO, at the end of the fiscal year ended March 31, 2021; and (d) each individual that would be included in (c) but for the fact that the individual was not an executive officer at March 31, 2021 (collectively, the “Named Executive Officers” or “NEOs”):

Name and Principal Position	Year	Salary (\$)	Share-based awards <sup>(1)</sup> (\$)	Option-based awards <sup>(2)</sup> (\$)	Annual non-equity incentive plans	Pension Value <sup>(3)</sup> (\$)	All other compensation <sup>(4)</sup> (\$)	Total Compensation (\$)
Peller, John E. Executive Chairman and CEO	2021	683,400	170,890	341,774	512,550	85,425	72,069	1,866,108
	2020	683,400	170,861	342,030	293,405	85,146	60,405	1,635,247
	2019	670,000	167,539	335,302	201,000	82,708	66,714	1,523,263
Attridge, Steve. <sup>(5)</sup> CFO and Executive Vice President IT	2021	330,400	41,341	82,758	115,640	41,300	22,212	633,651
	2020	330,400	41,318	82,627	66,197	41,083	26,179	587,804
	2019	186,667	40,013	80,205	26,133	22,923	157,550	513,491
O’Brien, Patrick R. <sup>(6)</sup> Executive Vice President, Sales	2021	275,000	34,420	68,832	96,250	34,375	20,680	529,557
	2020	143,846	34,415	90,572	33,058	17,981	11,108	330,980
Wall, Brendan P. Executive Vice President, Operations	2021	267,500	33,444	67,042	93,625	33,437	23,095	518,143
	2020	267,500	33,465	67,135	53,595	30,436	33,047	485,178
	2019	257,200	32,183	64,610	36,008	34,823	33,588	458,412
MacLeod, Shawn B. Executive Vice President, Marketing	2021	250,100	31,307	62,663	87,535	31,262	22,300	485,167
	2020	250,100	31,272	62,765	49,018	31,148	24,822	449,125
	2019	244,600	30,634	61,268	20,546	30,479	25,888	413,415

- The dollar values presented in the table represent the grant date fair value of the PSUs awarded to the NEOs on September 8, 2020. Grant date fair value is determined using the Market Value of the Class A Non-Voting Shares on the grant date. The PSUs vest on the third anniversary of the grant date. This value has not been, and may never be, realized by the NEOs. The actual amount payable in respect of the PSUs will depend on, among other things, the achievement of certain performance conditions during the Performance Period. The amount payable above represents the minimum payout under the performance criteria.
- The dollar values presented in the table represent the grant date fair value of the Options awarded to the NEOs on September 8, 2020. Grant date fair value is determined using the Black Scholes Option Pricing Model, which is consistent with the valuation for accounting purposes in accordance with International Financial Reporting Standards 2, *Share Based Payment*. The Black Scholes Option Pricing Model requires the use of subjective assumptions, including expected stock price volatility, and therefore, it does not necessarily provide a reliable single measure of the fair value of the Options granted. Key assumptions include a risk-free interest rate of 0.54%, which is based on a Government of Canada 10-year benchmark bond yield at the date of grant, expected volatility of 24.41%, estimated dividend yield of 1.82% and a 10-year expected life of the Options. The Options expire 10 years from the date of grant and vest in tranches, equally over a three-year period on each anniversary of the grant date, commencing on the first anniversary of the grant date. This value has not been, and may never be, realized by the NEOs. The actual gains, if any, on the exercise of the Options will depend on the value of the Class A Non-Voting Shares on the TSX on the exercise date.
- Amounts identified as Pension Value for John E. Peller, Steve Attridge, Patrick R. O’Brien, Brendan P. Wall, and Shawn B. MacLeod represent the Corporation’s contributions towards the Corporation’s Defined Contribution Pension Plan and Supplementary Executive Retirement Plan.
- Other compensation consists of the items discussed in the section titled “Benefits and Perquisites” above. During the year, an automobile allowance was paid to each NEO in the amount of \$32,780 to John E. Peller and \$20,400 each to Steve Attridge, Patrick R. O’Brien, Brendan P. Wall and Shawn B. MacLeod.
- Steve Attridge was appointed CFO & Executive Vice President, IT on September 4, 2018. Other compensation for the year ended March 31, 2019 includes relocation costs incurred.
- Patrick R. O’Brien was appointed Executive Vice-President, Sales on September 23, 2019. His annual base compensation is \$275,000.

## Share Based Compensation Plan

On September 13, 2017, the Corporation established a Share Based Compensation Plan (the “Plan”). Under the Plan, the Corporation is authorized to award Options, DSUs, PSUs and RSUs to eligible participants which will be settled in shares issued from treasury. Eligible participants include directors, officers, current or past full-time or part-time employees and consultants to the Corporation. Unless otherwise defined herein, capitalized terms in this section shall have the meanings assigned to such terms in the Plan.

### *Stock Options*

An Option is a right to purchase a Class A Non-Voting Share for a fixed exercise price. Options shall be for a fixed term and exercisable from time to time as determined in the discretion of the Board, provided that no option shall have a term exceeding ten years. If an Option expires during a black-out period, or within two days thereof, its term will be extended to the date which is the fifth business day after the end of the black-out period.

The number of Class A Non-Voting Shares subject to each Option, the exercise price of the Option, the expiration date of each Option, the extent to which each Option is exercisable from time to time during the term of the Option and other terms and conditions relating to each such Option shall be determined by the Board. If no specific determination is made by the Board, the term of the option shall be ten years, the exercise price shall be the Fair Market Value of the Class A Non-Voting Shares and the Options shall vest on the anniversary of the date of grant in equal instalments over a three-year period. “Fair Market Value” is defined in the Share Based Compensation Plan as the volume weighted average trading price of the Class A Non-Voting Shares on the TSX for a five trading day period immediately preceding the date of grant.

With the consent of the Board, a Participant may elect to surrender Options, in whole or in part and, in lieu of receiving the Class A Non-Voting Shares to which the surrendered Options relate, receive the number of Class A Non-Voting Shares, disregarding fractions, which, when multiplied by the market value of the Class A Non-Voting Shares, have a value equal to the product of the number of Class A Non-Voting Shares to which the surrendered Options relate multiplied by the difference between the market value of such Class A Non-Voting Shares and the Exercise Price of such Options, less any amount withheld on account of income taxes, which withheld income taxes will be remitted by the Corporation. A Participant may also elect, subject to the approval of the Board, to surrender such Options in whole or in part and, in lieu of receiving the Class A Non-Voting Shares to which the surrendered Options relate, receive cash equal to the product of the number of Class A Non-Voting Shares to which the surrendered Options relate multiplied by the difference between the market value of such Class A Non-Voting Shares and the Exercise Price of such Options, less any amount withheld on account of income taxes, which withheld income taxes will be remitted by the Corporation. Upon any such cashless exercise of Options, the number of Class A Non-Voting Shares remaining reserved for issuance under the Plan will be reduced by the total number of Class A Non-Voting Shares to which the surrendered Options relate irrespective of the number of Class A Non-Voting Shares which are issued to the Participant.

### *Deferred Share Units*

A DSU is a right, redeemable only after the Participant ceases to be an Eligible Participant, to receive such number of Class A Non-Voting Shares from treasury as may be determined by the Board based on the Fair Market Value of a specified number of Class A Non-Voting Shares on the termination date of a Participant. Unless otherwise determined by the Board, DSUs will vest upon the Participant ceasing to be an Eligible Participant and there will be no exercise price payable for DSUs. If the redemption date for a DSU falls within a black-out period, or within two days thereof, the redemption date will be extended to the date which is the fifth business day after the end of the black-out period. Unless otherwise determined by the Board, each Participant who holds DSUs as of the record date applicable to any dividend declared by the Board in respect of the Class A Non-Voting Shares will be credited with dividend equivalents in respect of such DSUs, which will be immediately converted, in accordance with such terms and conditions as the Board determines, into additional DSUs with an initial value equal to the amount of such dividend equivalents.

### *Performance Share Units*

A PSU is a right to receive a specified number of Class A Non-Voting Shares upon the achievement of performance goals, which will be based on one or more performance measures, as determined by the Board, over a period to be specified by the Board in the Award Agreement. Unless otherwise determined by the Board in respect of any specific grant of PSUs, PSUs will vest upon the achievement of the performance goals within a three-year period and there will be no exercise price payable for PSUs. If the redemption date for a PSU falls within a black-out period, or within two days thereof, the redemption date will be extended to the date which is the fifth business day after the end of the black-out period. Unless otherwise determined by the Board, each Participant who holds PSUs as of the record date applicable to any dividend declared by the Board in respect of the Class A Non-Voting Shares will be credited with dividend equivalents in respect of such PSUs, which will be immediately converted, in accordance with such terms and conditions as the Board determines, into additional PSUs with an initial value equal to the amount of such dividend equivalents.

### *Restricted Share Units*

An RSU is a right to receive a Class A Common Share issued from treasury after the passage of time or on such other terms and conditions as the Board may determine. RSUs may be redeemed for Class A Non-Voting Shares only after they have vested. Unless otherwise determined by the Board, there will be no exercise price payable for RSUs and any time-based restriction period for the vesting of RSUs will be at least three years.

### *Retirement, Termination and other causes of Cessation of Employment*

Where a Participant's employment or term of office terminates by reason of retirement, then any Awards held by the Participant that have not vested at the date of retirement will continue to vest in accordance with the vesting conditions set out in the Award Agreement, unless otherwise determined by the Board. Any Options held by the Participant that were exercisable at the date of retirement will continue to be exercisable until expiration of the Options in accordance with the Award Agreement.

Where a Participant's employment or term of office terminates by reason of termination by the Corporation without cause, death or disability, then (A) any Options held by the Participant that are exercisable at the termination date continue to be exercisable by the Participant until the earlier of (i) in the case of the Participant's death, the date that is 365 days from the date of the Participant's death, or (ii) in the case of Participant's disability, the date that is 90 days from the date of the Participant's disability, or (iii) in the case of the Participant's termination without Cause, the date that is 90 days after the termination date; and (ii) the date on which the exercise period of the particular Option expires. Any Options held by the Participant that are not exercisable at the Participant's termination date, death or disability immediately expire and are cancelled on the termination date of the Participants employment or term of office, as applicable, date of the participant's death or date of Participant's disability; and (B) a pro-rata portion of the Participant's unvested RSUs and/or PSUs will vest on the next scheduled vesting date set forth in the respective Award Agreement based on the number of days since the date of grant to the date of such termination and such RSUs and/or PSUs will be redeemed and certificates issued to the Participant or the Participant's beneficiary as if the Participant had remained employed until the next scheduled vesting date set forth in the Award Agreement.

Where a Participant's employment or term of office terminates by reason of voluntary resignation by the Participant, then (A) any Options held by the Participant that are exercisable at the termination date continue to be exercisable by the Participant until the earlier of (i) the date that is 90 days from the termination date and (ii) the date on which the exercise period of the particular Option expires and (B) the Participant's unvested RSUs and/or PSUs shall immediately expire and are cancelled on the termination date or at a time as may be determined by the Board, in its sole discretion. Any Options held by the Participant that are not exercisable at the termination date immediately expire and are cancelled on the termination date.

Where a Participant's employment or term of office terminates by reason of termination by the Corporation for cause then any Awards held by the Participant, whether or not exercisable at the termination date, immediately expire and are cancelled on the termination date or at a time as may be determined by the Board, in its sole discretion.

A Participant's eligibility to receive further grants of Awards under the Plan ceases as of the date that the Corporation provides the Participant with written notification that the Participant's employment or term of office, as the case may be, is terminated, notwithstanding that such date may be prior to the last day of the Participant's employment or term of office with the Corporation.

### *Transferability of Awards*

Awards granted under the Plan are non-transferable and non-assignable to anyone other than in cases of the death or disability of a Participant as permitted under the Plan.

### *Amendment Provisions in the Plan*

Subject to the terms of the Plan and any applicable requirements of the TSX, the Board may, without notice or shareholder approval, at any time or from time to time, amend the Plan for the purposes of:

- i. amendments of a "housekeeping" nature;
- ii. a change to the provisions of any Award concerning vesting, assignability and effect of termination of a Participant's employment or cessation of a Participant's term of office;
- iii. the amendment of the cashless exercise features payable in cash or in securities, whether or not such feature provides for a full deduction of the number of underlying securities from the Plan reserve;
- iv. the addition of a form of financial assistance and any amendment to a financial assistance provision which is adopted;
- v. subject to the terms of the Share Based Compensation Plan, a change to advance the date on which any Option may be exercised under the Plan; and

- vi. a change to the Eligible Participants of the Plan, including a change which would have the potential of broadening or increasing participation by insiders.

Notwithstanding the foregoing, the approval of Shareholders is required for the following amendments to the Plan:

- i. any change to the maximum number of Class A Non-Voting Shares issuable from treasury under the Plan, including an increase to the fixed maximum number of Class A Non-Voting Shares or a change from a fixed maximum number of Class A Non-Voting Shares to a fixed maximum percentage, other than an adjustment pursuant to the provisions of Share Based Compensation Plan;
- ii. any amendment which reduces the exercise price, if any, of any Award after the Awards have been granted or any cancellation of an Award and the substitution of that Award by a new option with a reduced price, except in the case of an adjustment pursuant to the provisions of the Share Based Compensation Plan;
- iii. any amendment which extends the exercise period of any Award beyond the original exercise period, except in case of an extension due to a black-out period;
- iv. any amendment which would permit any Award granted under the Plan to be transferable or assignable by any Participant other than as allowed by the provisions of the Share Based Compensation Plan;
- v. any amendment which increases the maximum number of Class A Non-Voting Shares that may be issued to (i) insiders of the Corporation; or (ii) any one insider under the Plan or any other proposed or established security based compensation arrangement in a one-year period, except in case of an adjustment pursuant to the provisions of the Share Based Compensation Plan; and
- vi. any amendment to the amendment provisions of the Plan.

*Summary of issued awards:*

The following table provides information concerning the Corporation's awards under the Plan as of March 31, 2021:

<b>Component of Share Based Compensation Plan Approved by Shareholders</b>	<b>Number of Securities to be issued upon exercise of outstanding options or rights (#)</b>	<b>Percentage of Corporation's outstanding Class A Non-Voting Shares represented by number of securities to be issued upon exercise of outstanding options or rights (%)</b>	<b>Weighted average exercise price of outstanding options or rights (\$)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities to be issued upon exercise of outstanding options or rights) (#)</b>	<b>Percentage of Corporation's outstanding Class A Non-Voting Shares represented by number of securities remaining available for future issuance under equity compensation plans (%)</b>
Stock options	1,041,800	2.93%	\$11.89 <sup>(1)</sup>	708,200	1.99%
Share based awards <sup>(2)</sup>	174,950	0.49%	N/A	1,433,199	4.03%

1. The weighted average exercise price of the outstanding Options is calculated based on the weighted average exercise price as of March 31, 2021.

2. Share based awards in the table include PSUs issued to participants under the long-term incentive plan as well as DSUs issued to participants under the annual incentive plan.

The following table provides information concerning the burn rate for the Corporation’s equity compensation plans for the fiscal years ended March 31:

Component of Share Based Compensation Plan Approved by Shareholders	Number of Securities granted under equity compensation plans	
	March 31, 2021	March 31, 2020
Stock options	1,041,800	730,300
Share based awards <sup>(1)</sup>	174,950	182,397
Total	1,216,750	912,697
Burn rate <sup>(2)</sup>	3.43%	2.55%

1. Share based awards in the table include PSUs issued to participants under the long-term incentive plan as well as DSUs issued to participants under the annual incentive plan.
2. Calculated as the percentage obtained by dividing the number of securities granted under the Corporation’s equity compensation plans during the fiscal year ended divided by the weighted average number of Class A Non-Voting Shares outstanding for the year ended March 31, 2021 of 35,471,394 (2020 – 35,835,372).

## Executives’ Option-Based Awards and Share-Based Awards

The following table sets forth details of all awards that were issued to each NEO during the year ended March 31, 2021.

Name and Principal Position	Year of Grant	Option-based Awards <sup>(1)</sup>				Share-based Awards <sup>(2)</sup>		
		Number of securities underlying unexercised options	Option exercise price	Option expiration date	Value of unexercised in-the-money options <sup>(3)</sup>	Number of share-based awards that have not vested	Market or payout value of share-based awards that have not vested <sup>(4)</sup>	Market or payout value of vested share-based awards not paid out or distributed
Peller, John E. CEO	2019	60,200	17.27	September 12, 2028	-	-	-	\$129,537
	2020	86,100	14.15	September 11, 2029	-	24,150	\$130,772	-
	2021	171,800	9.29	September 8, 2030	\$264,572	36,790	\$199,218	-
Attridge, Steve <sup>(5)</sup> CFO and Executive Vice President IT	2019	14,400	17.27	September 12, 2028	-	-	-	\$30,937
	2020	20,800	14.15	September 11, 2029	-	5,840	\$31,624	-
	2021	41,600	9.29	September 8, 2030	\$64,064	8,900	\$48,194	-
O’Brien, Patrick R. <sup>(6)</sup> Executive Vice President, Sales	2020	22,800	13.99	September 23, 2029	-	4,920	\$26,642	-
	2021	34,600	9.29	September 8, 2030	\$53,284	7,410	\$40,125	-
Wall, Brendan P. Executive Vice President, Operations	2019	11,600	17.27	September 12, 2028	-	-	-	\$24,883
	2020	16,900	14.15	September 11, 2029	-	4,730	\$25,613	-
	2021	33,700	9.29	September 8, 2030	\$51,898	7,200	\$38,988	-
MacLeod, Shawn B. Executive Vice- President, Marketing	2019	11,000	17.27	September 12, 2028	-	-	-	\$23,518
	2020	15,800	14.15	September 11, 2029	-	4,420	\$23,934	-
	2021	31,500	9.29	September 8, 2030	\$48,510	6,740	\$36,497	-

1. The securities underlying the Options are Class A Non-Voting Shares. For further details concerning the terms of the Options generally, see the section of this Circular above entitled “Report on Compensation – Share Based Compensation Plan – Stock Options”.

2. The securities underlying the PSUs are Class A Non-Voting Shares. For further details concerning the terms of the Options generally, see the section of this Circular above entitled "Report on Compensation – Share Based Compensation Plan – Performance Share Units".
3. The value of the unexercised in-the-money Options as at March 31, 2021 is the difference between the closing price of the Class A Non-Voting Shares on March 31, 2021 on the TSX (\$10.83) and the exercise prices. This value has not been, and may never be, realized by the NEO. The actual gains, if any, on exercise will depend on the value of the Class A Non-Voting Shares on the TSX on the date of the Option exercise. The value in the table assumes 100% vesting of all Options granted to the NEO.
4. PSUs generally vest on the third anniversary of their grant, following which a participant is entitled to receive an amount equal to the product achieved by multiplying (i) the number of vested PSUs in the participant's PSU account and the Adjustment Factor between 0.5 and 2.0 which is determined based on the Corporation's achievement of certain financial targets over the Performance Period. The value of the unvested PSUs as at March 31, 2021 is based on closing price of the Class A Non-Voting Shares on March 31, 2021 on the TSX. The value in the table assumes 100% vesting of PSUs and an Adjustment Factor of 0.5 for PSU grants. The value of the vested PSUs as at March 31, 2021 is based on the actual Adjustment Factor of 0.61. This value has not been, and may never be, realized by the NEO. The actual value realized, if any, will depend on the value of the Class A Non-Voting Shares on the TSX on the vesting date.
5. Steve Attridge was appointed CFO & Executive Vice President, IT on September 4, 2018.
6. Patrick R. O'Brien was appointed Executive Vice President, Sales on September 23, 2019.

## Shareholdings of Executives

Executive	Year	Share Ownership		Change during year	
		Total Shares <sup>(1)</sup>	Value <sup>(2)</sup>	Shares Purchased/ Reinvestment	Value of Shares Purchased/ Reinvestment
Attridge, Steve <sup>(5)</sup> CFO and Executive Vice President IT	2021	1,344	\$14,556	1,344	\$14,556
	2020	-	-	-	-
	2019	-	-	-	-
Berti, Gregory J. Vice President, Global Markets, Industry Relations & Business Development	2021	99,512	\$1,077,715	2,333	\$25,266
	2020	97,179	\$802,699	902	\$7,451
	2019	96,277	\$1,273,745	679	\$8,983
Cole, James H. Executive Vice President, Business to Consumer	2021	37,607	\$407,284	1,391	\$15,065
	2020	36,216	\$299,144	453	\$3,742
	2019	35,763	\$473,144	(1,254)	\$(16,590)
Hawthorne, J. Gavin Vice President, Sales and Marketing (Global Vintners Inc.)	2021	3,752	\$40,634	953	\$10,321
	2020	2,799	\$23,120	45	\$372
	2019	2,754	\$36,435	33	\$437
MacLeod, Shawn B. Executive Vice President, Marketing	2021	10,565	\$114,419	2,565	\$27,779
	2020	8,000	\$66,080	-	-
	2019	8,000	\$105,840	3,000	\$39,690
McDonald, Craig D. Vice President, Winemaking	2021	24,623	\$266,667	1,265	\$13,700
	2020	23,358	\$192,937	191	\$1,578
	2019	23,167	\$306,499	112	\$1,482
O'Brien, Patrick <sup>(6)</sup> Chief Commercial Officer	2021	-	-	-	-
	2020	-	-	-	-
Peller, John E. Executive Chairman and CEO	2021	5,344,041 <sup>(3)</sup>	\$60,631,225 <sup>(4)</sup>	14,410	\$156,060
	2020	5,329,631 <sup>(3)</sup>	\$43,880,239 <sup>(4)</sup>	-	-
	2019	5,329,631 <sup>(3)</sup>	\$70,644,030 <sup>(4)</sup>	-	-
Presutto, Sara E. <sup>(7)</sup> Executive Vice President, People & Culture	2021	923	\$9,996	923	\$9,996
	2020	-	-	-	-
	2019	-	-	-	-
Wall, Brendan P. Executive Vice President, Operations	2021	61,268	\$663,532	4,857	\$52,601
	2020	56,411	\$465,955	932	\$7,698
	2019	55,479	\$733,987	701	\$9,274

1. Class A Non-Voting Shares and Class B Shares as of March 31, 2021, March 31, 2020 and March 31, 2019. The above shareholdings do not include the value of share based awards granted under the share based compensation plan.
2. Value is based on the Class A Non-Voting Share close price on the TSX on March 31, 2021 at \$10.83, March 31, 2020 at \$8.26 and March 31, 2019 at \$13.23 per share and the Class B Share close price on the TSX on March 31, 2021 at \$13.73, March 31, 2020 at \$8.11 and March 31, 2019 at \$13.37.
3. At March 31, 2021, Mr. John E. Peller beneficially owned 4,393,951 Class A Non-Voting Shares (March 31, 2020 and March 31, 2019 – 4,379,541) and 950,090 Class B Shares (March 31, 2020 and March 31, 2019 – 950,090).
4. The value of Mr. John E. Peller’s Class A Non-Voting and Class B Shares respectively as of March 31, 2021 was \$47,586,489 and \$13,044,736; March 31, 2020 was \$36,175,009 and \$7,705,230; \$57,941,327 and \$12,702,703 as of March 31, 2019.
5. Mr. Steve Attridge became an Officer on September 4, 2018.
6. Mr. Patrick R. O’Brien became an Officer on September 23, 2019.
7. Ms. Sara E. Presutto became an Officer on June 11, 2018.

## Pension Plan Benefits

The Executive Chairman and CEO and other executive officers are members of a Defined Contribution Retirement Savings Plan (“DCRPP”) and Supplementary Executive Retirement Plan (“SERP”). The Corporation contributes 12.5% of an executive officer’s base salary to the plans. They are not permitted to make additional contributions. Contributions are deposited into a member’s DCRPP account and are invested according to the direction of the individual plan member. Account balances accumulate as additional contributions are made during a year and by any returns generated on the investment. Contributions in excess of the Income Tax Act maximum are contributed to the SERP member’s account. Investment selection is determined by the Corporation and is currently invested in a balanced fund investment account. In the event that a member retires or has their employment terminated, the member is required to transfer the balance contained in their DCRPP account to a personal locked-in RRSP. Upon retirement the balance in their SERP is paid as a lump sum in cash or in periodic payments over a term not to exceed ten years. In the event the member’s employment is terminated prior to retirement, they are entitled to the full cash value of their SERP.

The following table details the estimated benefit for the DCRPP & SERP accruing to the NEOs as at March 31, 2021.

Name	Accumulated value at April 1, 2020 (\$)	Contributions made during the year (\$)	Gain/(Loss) during the year (\$)	Accumulated value at March 31, 2021 (\$)
Peller, John E. Executive Chairman and CEO	2,915,023	85,425	511,945	3,512,393
Attridge, Steve CFO and Executive Vice President IT	63,543	41,300	19,195	124,038
O’Brien, Patrick R. Executive Vice President, Sales	154,026	34,375	60,440	248,841
Wall, Brendan P. Executive Vice President, Operations <sup>(1)</sup>	547,535	167,234	83,131	797,900
MacLeod, Shawn B. Executive Vice President, Marketing	72,777	31,262	21,775	125,814

1. Brendan P. Wall transferred \$133,797 into the plan during the year; \$33,437 was contributed by the Corporation during the year.

## DIRECTORS & OFFICERS INSURANCE

The Corporation has purchased directors' and officers' liability insurance with a limit of liability of \$10 million per policy year to cover directors and officers individually and collectively as a group and to cover the Corporation for its liability to indemnify the directors and officers pursuant to the Corporations by-laws. The entire premium of \$33,000 for the year ended March 31, 2021 was borne by the Corporation. The Corporation bears the following for each loss; \$0 for each claim made against a trustee, director, or officer, \$25,000 for each claim made against the Corporation, and \$50,000 for securities-related claims.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed in this circular, no informed person (as such term is defined in National Instrument 51-102) of the Corporation, nominee for election as a director of the Corporation or, to the knowledge of the directors and executive officers of the Corporation, their respective associates or affiliates, has or had any material interest, direct or indirect, in any transaction or any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

## INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as otherwise disclosed in this circular, no person who has been a director or executive officer of the Corporation at any time since the beginning of its last completed financial year, no proposed nominee for election as a director of the Corporation nor any associate or affiliate of such persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

## ADDITIONAL INFORMATION

Additional information relating to the Corporation, including its Annual Information Form dated June 16, 2021 for the fiscal year ended March 31, 2021, is filed with the Canadian Securities Administrators. Financial information is provided in the Corporation's financial statements and related Management's Discussion and Analysis ("MD&A") for the fiscal year ended March 31, 2021. This information can be accessed through SEDAR at [www.sedar.com](http://www.sedar.com) or obtained by request to the Secretary of the Corporation who will promptly provide such information, free of charge, to a shareholder of the Corporation. Copies of the Corporation's financial statements and MD&A may also be accessed at [www.andrewpeller.com](http://www.andrewpeller.com).

### General

Unless otherwise noted, information contained herein is given as of July 30, 2021. The management of the Corporation knows of no matters to come before the Annual Meeting of Shareholders other than the matters referred to in the Notice of Meeting.

### Shareholder Proposals

Holders of Class B Shares have the right to raise matters at the annual meeting of shareholders of the Corporation. All proposals for matters to be raised at the Meeting must be submitted in writing to the Secretary of the Corporation either by mail or by hand at 697 South Service Road, Grimsby, Ontario L3M 4E8. The Corporation has determined that the final date by which it must receive shareholder proposals for any matter to be raised at the next annual meeting is May 1, 2022.

The contents and the sending of this Management Proxy Circular have been approved by the Board of Directors of the Corporation.

Grimsby, Ontario this 30<sup>th</sup> day of July 2021

*signed "Steve Attridge"*

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Steve Attridge  
Secretary



## **APPENDIX A**

### **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

#### **Corporate Governance**

The Board of Directors and its Committees continually evaluate the corporate governance policies and procedures of the Corporation. The Board of Directors believes that strong corporate governance improves the Corporation's performance and investor confidence. The Corporation is currently subject to the corporate governance guidelines and disclosure requirements mandated by the Canadian Securities Administrators (the "CSA") in National Policy 58-201 ("NP 58-201") and National Instrument 58-101 ("NI 58-101").

The following sets out the Corporation's overview of its corporate governance practices. This overview has been prepared by the Governance and Human Resources Committee of the Board and has been approved by the Board of Directors.

#### **Board of Directors**

The Board of Directors is responsible for the overall stewardship of the business and affairs of the Corporation, and for acting in the best interests of the Corporation. The size of the Board is reviewed annually by the Governance and Human Resources Committee. The Board is of the view that the proposed size and membership of the Board (six directors are nominated for election at the Meeting) will provide the breadth and depth of experience necessary to provide effective leadership to the Corporation. All persons standing for election to the Board are reviewed to ensure that the Board continues to have a majority of independent directors. Of the six directors nominated for election, the Board has determined that a majority (four) are independent, as defined by NP 58-201 and NI 58-101. Messrs. Cosens, Miele and Vimard and Mses. Bruder are all independent directors.

#### **Director Search and Succession Planning**

The Governance and Human Resources Committee is responsible for the review of possible candidates for membership on the Board of Directors and recommends the nominees to the Board for approval. At least annually the Committee reviews the skills and attributes necessary for the effective functioning of the Board in light of the business strategy and direction of the Corporation. When recruiting new directors, the Committee considers, among other things, the vision and business strategy of the Corporation, the skills and competencies of the current directors, the existence of any gaps in Board skills, and the attributes and experience new directors should have in order to best contribute to the Corporation's business plan and strategies. Key criteria that are used include: possession of the highest personal and professional ethics and integrity, an understanding of the wine and consumer products industries, experience in marketing and sales, technology, executive compensation, financial expertise, and experience in working in a government regulated industry. The Committee maintains a list of potential director candidates that possess the attributes that match these criteria. The Board does strive for diversity and takes into account factors such as gender, ethnic background, and geographic residency when considering new directors. However, the Board considers the knowledge, skills, experience, and character of an individual to be the most important criteria in determining the value he or she may bring to the Board.

#### **Director Term Limits**

In order to facilitate Board renewal, the Board has adopted term limits for the independent directors. Each term is three years and there is a maximum of three such terms for a total of nine years of service on the Board. At its discretion, the Board may extend the limit beyond the maximum if circumstances warrant.

#### **Gender Diversity**

The Board of Directors believes that a Board comprised of highly qualified directors from diverse backgrounds and who reflect the demographics of the markets in which the Corporation operates and the Corporation's shareholder, customer and employee base, will enhance Board decision-making. The Governance and Human Resources Committee will, when identifying candidates to recommend for appointment/election to the Board:

- a) consider only candidates who are highly qualified based on their talents, experience, expertise and personal skills, character and qualities;
- b) take into account criteria that promote diversity, including gender, age and ethnicity.

The same considerations are applicable in identifying senior executives of the Corporation. At present, there is one female senior executive with the Corporation (10% of senior executives) and one director nominated for election is female (17% of directors). The Corporation has had senior female executives continuously for more than 12 years and since 1993, the Corporation has had at least one female director on its Board.

The Corporation has not however adopted a specific target regarding women on its Board. While diversity is an important consideration, the Corporation cannot make a commitment to select a Board candidate whose gender is a decisive factor above all other considerations and the Corporation must have flexibility to add qualified Board members when they become available, and this may mean adding male or female candidates, as appropriate. As a result, at this time the Governance and Human Resources Committee has not adopted a written policy concerning women on the Board or in executive positions, or formal targets to be achieved by a special date for the gender composition of the Board or executive officers.

## **Board Mandate**

As part of its mandate, the Board of Directors is responsible for the supervision of the management of the business and affairs of the Corporation. The Board is not involved in the direct daily functioning of the Corporation.

The strategic planning process is initiated by the Corporation's CEO and is developed with input from senior management. The Board discharges its responsibility by reviewing, discussing, and approving the Corporation's five-year strategic plan and annual business plan to oversee that the strategic plan enhances and preserves the business of the Corporation and its underlying value. The strategic plan details the strengths, opportunities, weaknesses, and risks of key initiatives as determined by senior management of the Corporation. Management reports to the Board on a quarterly basis by comparing the actual performance to the annual business plan. Any changes in the Corporation's strategic plan and annual business plan are discussed between the directors and management.

The Board's mandate also includes: reviewing and approving the major business development initiatives including acquisitions and divestitures, operating and capital budgets, dividend policies, quarterly and annual financial statements, security offerings, financing, shareholder communications, officer appointments, executive compensation, reviewing and assessing the Corporation's risk management processes, internal control and management information systems, and ensuring that management is running the Corporation's operations within the strategic framework set by the Board.

The Corporation treats the accurate and timely communication with shareholders and other key stakeholders as a key responsibility. Management has developed a disclosure policy which is reviewed periodically and approved by the Board. The most recent changes were adopted by the Board on June 16, 2021 as part of the Corporation's ongoing review of its disclosure controls and procedures.

All quarterly and annual reports, management's discussion and analysis, press releases, the annual information forms, and proxy circulars are reviewed and approved by the Board. As directed by the Board, management is given the responsibility of complying with regulatory disclosure requirements and responding to questions raised by shareholders and members of the investment community.

The Board meets on a regularly scheduled basis at least four times a year, or otherwise as required. A summary of directors' attendance at Board and committee meetings is set forth on page 7 of this Circular. Executive officers of the Corporation are available for discussion with regard to any questions or concerns which may arise between such meetings.

## **Position Descriptions**

The Governance and Human Resources Committee has developed a position description for the Chairman of the Board of the Corporation, the Vice Chair of the Board, Independent Lead Director, and chairs of each of the committees including a description of objectives for which such individuals are responsible. The responsibilities of the Chairman of the Board are set out in the Board mandate and the responsibilities of each committee chair are set out in each committee's mandate. The Chairman of the Board is responsible for the efficient organization and operation of the Board and its committees. The Chairman is also responsible for ensuring the effective communication between the Board and management and that the Board effectively carries out its mandate. The responsibilities of each committee chair are also set out in each committee's mandate. The Independent Lead Director is responsible for ensuring the Board is able to function independently of management.

The Board has adopted a written position description for the CEO which sets out the CEO's responsibilities, including: enhancing corporate organizational effectiveness; developing business strategies for key issues and opportunities; reviewing key human resource activities; ensuring effective information systems; and working with the Board to fulfill the Corporation's corporate governance requirements. The CEO is evaluated having regard to his fulfillment of the objectives set out in his position

description as viewed against certain other corporate objectives which are determined by the strategic plan and financial budgets approved by the Board, against the overall corporate performance, and against his individual performance. For further information, see the “Statement of Executive Compensation” in this Circular.

## **Orientation and Continuing Education**

The Corporation provides new directors with access to the CEO and all other members of senior management to give each director an understanding of the Corporation and its business. The Chairman reviews with new directors the role of the Board, its committees and its directors, and the expectations of each member including the rules and regulations with regard to the trading of the securities of the Corporation. The Governance and Human Resources Committee is also responsible for providing directors with orientation and ongoing education with respect to the Corporation and its business activities. Updates on the Corporation’s business activities and legal or regulatory developments are provided to directors on a regular basis to ensure that directors have the necessary knowledge about the Corporation’s business to discharge their responsibilities effectively. All directors are also encouraged to visit the Corporation’s facilities with a view to enabling them to better understand the Corporation’s business.

## **Ethical Business Conduct**

As part of the Corporation’s commitment to effective corporate governance, all directors, officers, and employees of the Corporation must act in accordance with the Corporation’s Code of Conduct (the “Code”). The Code has been adopted by the Board of Directors and senior management, and requires every officer, director, and employee to observe high standards of business and personal ethics as they carry out their duties and responsibilities. The Code sets forth guidelines, policies, and procedures which comprise the core principles that are applicable to all directors, officers, and employees of the Corporation and address ethical conduct, conflicts of interest, and compliance with the law. The Code is administered by the Executive Vice President, People and Culture who oversees and monitors the implementation of the Code and reports to the Board on such implementation and monitoring and all matters that arise in relation to its provisions, including any departures or waivers of compliance. The Corporation has incorporated compliance with the Code into its internal controls and monitors compliance on an ongoing basis. A person may obtain a copy of the Code by request to the Secretary of the Corporation. The Board also ensures that directors exercise independent judgment in considering transactions in respect of which a director or executive officer has a material interest by requiring all directors to adhere to the Corporation’s conflict of interest policy and by the declaration of conflict of interest requirements mandated by the *Canada Business Corporations Act*.

The Board has adopted a Whistleblower Policy. The Whistleblower Policy sets out responsibilities, policies, and procedures in conjunction with any reports that are made pursuant to the Code and also governs the reporting and investigation of allegations of suspected improper activities in respect of accounting, internal controls or auditing matters, violations of law, and general violations of the Code. NI 52-110 requires that the Audit, Finance, and Risk Committee ensure that there are procedures in place for the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing conduct. The Audit, Finance, and Risk Committee has approved the Whistleblower Policy and the reporting mechanisms contained therein in order to fulfill its responsibilities.

## **Board and Committee Assessments**

The Chairman of the Board is responsible for the effective operation of the Board and its Committees. Issues regarding quality of information and Board performance are reviewed at Board meetings. The Chairman has made himself available at all times for discussions with individual Board members regarding Board performance. In carrying out his responsibilities, the Chairman also regularly reviews the contributions of individual directors and considers whether the current composition of the Board promotes effectiveness and efficiency in its decision-making. To date, the Chairman has been of the view that Board performance has been more than satisfactory.

The Governance and Human Resources Committee is responsible for assessing the effectiveness of the Board, its Committees, and each individual director on an annual basis in accordance with a Statement and Policy on Director Assessment. In addition, the Chairman of the Corporation and the Chair of the Governance and Human Resources Committee meet to review individual director assessments. The Chair of the Governance and Human Resources Committee reports to the Board on the evaluation of the performance of the Board and each Committee on an annual basis.

## **Shareholder Relations and Feedback**

The Corporation communicates regularly with its shareholders. At the Corporation's annual meeting, a full opportunity is afforded for shareholders to raise questions regarding the Corporation's activities. In addition, the CFO & Executive Vice President, IT is responsible for investor relations and the CEO is responsible for corporate communications and public relations. Together, they address investor concerns and ensure that every inquiry receives a full and timely response.

## **Reports of Committees of the Board**

The Board discharges its responsibilities directly and through its Committees. The Board has established three standing Committees and delegated certain of its responsibilities to each of the Committees. In this regard, each of the Committees is mandated to carry out certain responsibilities and to make recommendations and report to the Board. The three standing Committees of the Board are: the Audit, Finance, and Risk Committee, the Governance and Human Resources Committee, and the Pension Committee. Only directors who are independent, as defined in NP 58-201 and NI 58-101, or as defined in National Instrument 52-110 in respect of the Audit, Finance, and Risk Committee, serve on the Audit, Finance and Risk Committee. All individual directors have the right to engage outside advisors at the Corporation's expense in the appropriate circumstances and each of the Board's committee's reviews requests for such engagement. A brief summary of each Committee's mandate follows.

### **Audit, Finance, and Risk Committee**

Chair: Francois Vimard. Members in fiscal 2021 included: Shauneen Bruder, Mark W. Cosens, Michelle E. Mallett DiEmanuele and Perry J. Miele

The Audit, Finance, and Risk Committee are composed entirely of independent directors, as required by National Instrument 52-110 ("NI 52-110"). All members of the Committee are considered by the Board to be financially literate by way of their business experience and educational background.

The Committee's mandate includes assisting the Board in fulfilling its oversight responsibilities for the Corporation's internal control and management's information systems. The Committee is also responsible for reviewing and recommending for approval, annual financial statements and management's discussion and analysis of the financial condition of the Corporation and the results of its operations, the Notice of Annual Meeting of Shareholders and related Management Information Circular, the Annual Information Form, and press releases prior to public disclosure.

The Committee also includes among its responsibilities: recommending the appointment, compensation, and retention of the external auditors; pre-approval of the non-audit services to be provided to the Corporation or any of its subsidiaries; satisfying itself that adequate procedures are in place for the review and disclosure of financial information extracted or derived from the Corporation's financial statements; establishing procedures for the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of information regarding questionable accounting matters; and reviewing and approving the Corporation's hiring policies regarding employees or former employees of the external auditor.

Management reviews with the Board the principal risks in the Corporation's business and ensures that the appropriate policies and procedures are in place to manage those risks. The Committee also regularly reviews the key financial risks in the Corporation, including the integrity of the financial reporting system, insurance coverage, wine supply, and foreign exchange.

The integrity of the Corporation's internal control and management information systems is one of the primary responsibilities of the Corporation's management and is reviewed on an annual basis by the Committee. The Committee meets at least quarterly with the external auditors to review any issues regarding the disclosure of financial information and meets privately without the participation of management at least annually to review any internal control and management information weaknesses.

The Committee has full access to the Corporation's auditors and reviews with the Board any matters raised during any discussions with the auditors.

Certain additional information regarding the Audit, Finance, and Risk Committee and related matters, including fees paid to the Corporation's external auditors as required by NI 52-110 may be found in the "Report of the Audit Committee" included in Corporation's Annual Information Form, a copy which can be found at [www.sedar.com](http://www.sedar.com).

## **Governance and Human Resources Committee**

Chair: Michelle E. Mallett DiEmanuele. Members in fiscal 2021 included: Shauneen Bruder, Mark W. Cosens, Perry J. Miele and A. Angus Peller.

The Committee is charged by the Board with the responsibility for developing the Corporation's approach to governance issues, including developing the Corporation's governance guidelines and ensuring that members of the Committee have sufficient experience and knowledge of governance issues to be able to ensure that the Corporation complies with its governance practices.

The Committee's mandate also includes: reviewing the performance of the CEO including the formulation and setting of corporate objectives; identifying and recommending candidates for nomination to the Board of Directors; providing directors with orientation and education; developing a system for measuring the performance of the Board and its Committees as well as the performance of individual directors; assessing the performance and approving the compensation of senior executives; periodically reviewing the compensation of the Board and its Committees; and overseeing and reviewing the Corporation's health, safety, and environmental management systems.

As noted above, the Committee is responsible for identifying and proposing nominees for election to the Board. The Committee looks for new nominees who have expertise in an area of strategic interest to the Corporation, the ability to devote the time required for director's service, and a willingness to serve on the Board and any of its Committees.

In 2018, the Committee conducted an internal review of directors' compensation to ensure that the Board's compensation is consistent with the roles, responsibilities, and risks assumed by each member. Fee changes as a result of this review were effective September 12, 2018. The Committee presented its findings to the Board to ensure that compensation is sufficient to attract and retain Board members of the calibre and experience necessary to oversee the management of the Corporation.

The Committee is responsible for reviewing the Corporation's succession plans on an annual basis including the appointment of senior management, a performance evaluation of each position, and a review of the succession plan for each senior management position. The independent directors, under the leadership of the Independent Lead Director, also review succession planning at separate meetings independent of the non-independent directors. The Committee is also responsible for matters of executive compensation, including approval of share based compensation awards. For further information, see the "Report on Executive Compensation" in this Circular.

## **Pension Committee**

Chair: Mark W. Cosens. Members in fiscal 2021 included: A. Angus Peller and Francois Vimard.

The Committee's mandate is to oversee the discharge by the Corporation of its fiduciary responsibilities over the Corporation's pension plans. These responsibilities include: the setting of investment policies and goals; the establishment of procedures for the selection and review of the investment manager; and the establishment of measurement guidelines to assess performance of the Pension Plans assets.