

# TWC ENTERPRISES LIMITED

## MANAGEMENT INFORMATION CIRCULAR

For the Annual Meeting of Shareholders  
to be held at 11:30 a.m. on Wednesday, May 6, 2020

### SOLICITATION

This Management Information Circular (“Circular”) is forwarded to holders of common shares (“Common Shares”) of TWC Enterprises Limited (hereinafter called “TWC” or the “Corporation”) in connection with the solicitation of proxies by the management of the Corporation from the holders of Common Shares (the “Shareholders”) for use at the annual meeting of Shareholders to be held on Wednesday, May 6, 2020, at the hour of 11:30 a.m. (Eastern Time), at RattleSnake Point Golf Club, 5407 Regional Road 25, Milton, Ontario L9T 2X5 (“Meeting”) and at any adjournment thereof for the purposes set forth in the Notice of Meeting which accompanies this Circular. The solicitation of proxies by this Circular is being made by or on behalf of management of the Corporation and the total cost of solicitation will be borne by the Corporation. It is expected that the solicitation will be primarily by mail, but proxies may also be solicited personally, by advertisement or by telephone, by directors, officers or employees of the Corporation without special compensation or by TWC’s transfer agent, AST Trust Company (Canada) at nominal cost. The Corporation will reimburse brokers, custodians, nominees and other fiduciaries for the reasonable charges and expenses incurred in the forwarding of this proxy material to beneficial owners of shares. Unless otherwise indicated, the information given herein is as at April 1, 2020. All dollar amounts in this Circular are expressed in Canadian dollars unless otherwise indicated.

### APPOINTMENT OF PROXIES

The persons named in the accompanying form of proxy are representatives of management and are directors and/or officers of the Corporation (“Management Nominees”). **Each Shareholder has the right to appoint a person other than the persons named in the enclosed form of proxy, who need not be a Shareholder of the Corporation, to represent the Shareholder at the Meeting or any adjournment thereof. This right may be exercised by inserting the name of such person in the blank space provided in the form of proxy.**

To be valid, this proxy must be signed and deposited with AST Trust Company (Canada), by mail using the enclosed return postage prepaid envelope, or to AST Trust Company (AST), Attn: Proxy Department, P.O. Box 721, Agincourt, ON M1S 0A1 or by facsimile to 1-866-781-3111 (toll-free within North America) or 416-368-2502 or by email at [proxyvote@astfinancial.com](mailto:proxyvote@astfinancial.com) not later than May 4, 2020 at 11:30 a.m. (Eastern Time).

### ATTENDANCE AND VOTING

While as of this date of this Circular, we are intending to hold the Meeting in physical face to face format, we are continuously monitoring the current coronavirus (COVID-19) outbreak. In light of the rapidly evolving news and guidelines related to COVID-19, we ask that, in considering whether to attend the Meeting in person, Shareholders follow, among other thing, the instructions of the Public Health Agency of Canada (<https://www.canada.ca/en/public-health/services/diseases/coronavirus-disease-covid-19.html>) and any applicable additional provincial and local instructions. You should not attend the Meeting in person if you are experiencing any cold or flu-like symptoms, or if you or someone with whom you have been in close contact with has travelled to/from outside of Canada within the 14 days prior to the Meeting. All shareholders are strongly encouraged to vote prior to the Meeting by any of the means described in the form of proxy enclosed with this Circular.

## ATTENDANCE AND VOTING (cont'd)

We reserve the right to take any additional precautionary measures we deem appropriate in relation to the Meeting in response to further developments in respect to the COVID-19 outbreak including, if we consider necessary or advisable, providing a webcast version of the Meeting and/or hosting the Meeting solely by means of remote communication. Changes to the Meeting date and/or means of holding the Meeting may be announced by way of press release. Please monitor our Company press releases as well as our Company website at [www.twcenterprises.ca](http://www.twcenterprises.ca) for updated information. We advise you to check our Company website one week prior to the Meeting date for the most current information. We do not intend to prepare or mail an amended Circular in the event of changes to the Meeting format.

Only registered holders of Common Shares, or the persons appointed as proxy holder, are permitted to attend, speak at and vote on all matters that may properly come before the Meeting. However, in many cases, Common Shares beneficially owned by a holder (a **"Non-Registered Holder"**) are registered either:

- a) in the name of an intermediary (an **"Intermediary"**) that the Non-Registered Holder deals with in respect of the Common Shares, such as, among others, banks, trust companies, securities dealers, or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs, RDSPs, TFSAs and similar plans; or
- b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant.

In accordance with the requirements of National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer*, the Corporation has distributed copies of the notice of meeting, Circular, the form of proxy and the Corporation's 2019 Annual Report (which includes management's discussion and analysis of financial condition and results of operations and audited consolidated financial statements for the fiscal year ended December 31, 2019) (collectively, the **"meeting materials"**) to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward meeting materials to Non-Registered Holders who have not waived the right to receive them. Typically, Intermediaries will use a service company to forward meeting materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive meeting materials will either:

- a) be given a proxy which has already been signed by the Intermediary (often by a facsimile, stamped signature) which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Holder but which is otherwise uncompleted. The Non-Registered Holder should complete the proxy by indicating how they wish to vote. Please note that the holder does not need to sign this form of proxy as it has already been signed by the intermediary. Upon completion of the form of proxy the holder must deposit it with AST Trust Company (Canada), or
- b) more typically, be given a voting instruction form that must be completed and signed by the Non-Registered Holder in accordance with the directions on the voting instruction form.

## **ATTENDANCE AND VOTING (cont'd)**

In either case, the purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Common Shares which they beneficially own. Should a Non-Registered Holder who receives one of the above forms wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should insert the Non-Registered Holder's (or such other person's) name in the blank space provided or, in the case of a voting instruction form, follow the corresponding instructions on the form. In either case, Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or voting authorization form is to be delivered.

The meeting materials sent to non-objecting beneficial owners ("**NOBOs**") who have not waived the right to receive the meeting materials are accompanied by a voting instruction form. By returning the voting instruction form in accordance with the instructions noted thereon, a NOBO is able to instruct the voting of the Common Shares owned by it. Voting instruction forms, whether provided by the Corporation or by an Intermediary, should be completed and returned in accordance with the specific instructions noted thereon. The purpose of this procedure is to permit Non-Registered Holders to direct the voting of the Common Shares which they beneficially own.

***Non-Registered Holders should follow the instructions on the forms they receive and contact their Intermediary promptly if they need assistance.***

### **REVOCATION**

A registered Shareholder who has given a proxy may revoke the proxy by an instrument in writing, including another proxy bearing a later date, duly executed by the Shareholder or by his or her attorney authorized in writing, deposited with the Corporation as provided above. A Shareholder may also revoke a proxy in any other manner permitted by law.

A Non-Registered Holder may revoke a voting instruction form, or a waiver of the right to receive meeting materials and to vote, by contacting his or her Intermediary and complying with any applicable requirements imposed by such Intermediary. An Intermediary may not be able to revoke if it receives insufficient notice of revocation. Non-Registered Holders should carefully follow the instructions of their Intermediaries.

### **VOTING OF SHARES REPRESENTED BY PROXY**

Common Shares represented by proxies will be voted or withheld from voting in accordance with the instructions of the Shareholder on any ballot that may be called for and, if the Shareholder specifies a choice with respect to any matter to be acted upon at the Meeting, Common Shares represented by properly executed proxies will be voted accordingly.

In the absence of instructions with respect to a particular resolution, the Common Shares will be voted in favour of the resolution as indicated under the appropriate heading in this Circular.

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to the matters identified in the notice of meeting and other matters that may properly come before the Meeting or any adjournment thereof. Management is not aware of any such amendments, variations or other matters as of the date hereof.

### **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

As of April 1, 2020, there were 26,460,951 Common Shares issued and outstanding, each entitles its Shareholder to one vote at the Meeting. The record date for determining shareholders who are entitled to vote their Common Shares at the Meeting is April 1, 2020.

## **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF (cont'd)**

To the knowledge of the directors and officers of the Corporation, no person beneficially owns, or controls or directs, directly or indirectly, Common Shares carrying 10% or more of the voting rights attached to all issued Common Shares, other than: Paros Enterprises Limited ("Paros") and S.N.A. Management Limited ("S.N.A."), these two corporations are controlled by Mr. K. Rai Sahi, a director, Chairman, President and Chief Executive Officer of the Corporation, who beneficially owns, or controls or directs, directly or indirectly, 18,972,024 Common Shares (owned by Paros, S.N.A. and Mr. Sahi personally) carrying approximately 72% of the votes attached to the total outstanding Common Shares.

## **BUSINESS OF THE MEETING**

### **Audited Consolidated Financial Statements**

The audited consolidated financial statements of the Corporation for the fiscal year ended December 31, 2019, together with the auditors' report thereon, are included in the Corporation's 2019 Annual Report, which has been mailed to Shareholders herewith and are available on our website at [www.twcenterprises.ca](http://www.twcenterprises.ca) and on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Election of Directors**

The number of directors to be elected at the Meeting is eight (8). If a director nominee is unable to serve as a director for any reason prior to the Meeting, the Management Nominees reserve the right to vote for another nominee at their discretion.

The current process for the election of the Board of Directors of the Corporation is compliant with Canadian securities laws, including the requirements of the Toronto Stock Exchange ("TSX"). Under policies adopted by the Board, shareholders have the ability to vote for, or withhold from voting for, each individual director proposed for election to the Board of Directors of the Corporation.

The Board of Directors has adopted a policy that entitles each Shareholder to vote for each nominee on an individual basis.

The Corporation is exempt from the TSX majority voting policy by virtue of being majority controlled. The Board has nonetheless adopted a policy stipulating that if the votes in favour of the election of a nominee at a Shareholders' Meeting represent less than a majority of the Common Shares voted and withheld, the nominee will be expected to submit to the Board his or her resignation, to take effect upon acceptance by the Board. The Board will then have 90 days to accept the resignation, during which time an alternate Board member may be appointed. The Board, however, may reject the resignation under extenuating circumstances.

Unless directed otherwise, the Management Nominees designated in the enclosed form of proxy intend to vote for the election of the proposed nominees whose names are set out under the heading "Nominees for Election to the Board of Directors".

## **BUSINESS OF THE MEETING (cont'd)**

### **Nominees for Election to the Board of Directors**

The articles of the Corporation provide that the Corporation shall have a minimum of three directors and a maximum of sixteen directors. The Board currently consists of eight (8) directors. In accordance with the provisions of the articles of the Corporation, the Board has resolved to fix the size of the Board at eight directors and accordingly, has nominated eight (8) persons for election as directors at the Meeting.

The term of office for each director is from the date of the Meeting at which he or she is elected, or the date of appointment, if applicable, until the close of the next Annual Meeting of Shareholders or until his or her successor is duly elected.

The following table sets forth information with respect to each person proposed to be nominated for election as a director (each, a **“Proposed Director”**), including the number of Common Shares beneficially owned, or controlled or directed, directly or indirectly, by such person or such person's associates or affiliates as at the date of this Circular. The information as to Common Shares beneficially owned, or controlled or directed, directly or indirectly, not being within the knowledge of the Corporation has been furnished by the respective Proposed Director individually and included in the following table. The closing price of the Common Shares on the TSX on April 1, 2020 was \$8.75 which was the price used to calculate the value of the Common Shares held by the Proposed Directors.

The Proposed Directors are, in the opinion of the Board and management, well qualified to act as directors of the Corporation for the ensuing year and have confirmed their willingness to serve as directors. If a Proposed Director is unable to serve as a director for any reason prior to the Meeting, the Management Nominees reserve the right to vote for another nominee in their discretion, unless the Shareholder who has given such proxy or voting instruction form has directed that the Common Shares be withheld from voting on the election.

The following tables set out information as of April 1, 2020, unless otherwise indicated, regarding the Proposed Directors. All Proposed Directors are current directors of the Corporation.

During the past five years all directors have been employed in various capacities by the companies or firms indicated opposite their names unless otherwise noted.

## BUSINESS OF THE MEETING (cont'd)

### Nominees for Election to the Board of Directors (cont'd)

<b>Fraser R. Berrill</b> <i>Toronto, Ontario, Canada</i> Director since May 9, 2018  Independent			Mr. Berrill is the President of Fragin Holdings Limited, a private investment company, and former President, Chief Executive Officer and director of Renasant Financial Partners Ltd., a financial services and technology trading organization. He has served as a director of several public and private companies and is a former Board Chair of Vicwest Inc., formerly Vicwest Income Fund. Mr. Berrill is also a member of the Board of Governors of the University of Windsor. Mr. Berrill is a member of the Law Society of Upper Canada and holds a designation of Chartered Director from McMaster University.		
			Public company directorships in the past five years:		
			Morguard Real Estate Investment Trust (2011-2018) Pure Multi-Family REIT LP (2015 – present) Vicwest Inc. (2011 – 2017)		
Board/Committee membership	Overall attendance		Securities held		Total value of Common Shares held
			Common Shares	Options	
Board	4 of 5	80%	15,226	Nil	\$133,228
Environmental	2 of 2	100%			

<b>Patrick S. Brigham</b> <i>Toronto, Ontario, Canada</i> Director since June 30, 2009  Independent			Mr. Brigham, Honorary Consul to Finland, is the Chairman and Chief Executive Officer of Brigham Holdings Inc., a Toronto based investment company. Mr. Brigham founded Sunquest Vacations Ltd. in 1972 and was its Chief Executive Officer until its sale in 1995. Mr. Brigham is currently a director of a number of private companies and charitable organizations and is a former director of the Greater Toronto Airport Authority,		
			Other public company directorships during the past five years:		
			None		
Board/Committee membership	Overall attendance		Securities held		Total value of Common Shares held
			Common Shares	Options	
Board	5 of 5	100%	304,059	Nil	\$2,660,516
Compensation	1 of 1	100%			
Environmental	2 of 2	100%			

## BUSINESS OF THE MEETING (cont'd)

### Nominees for Election to the Board of Directors (cont'd)

<p><b>Paul D. Campbell</b>  <i>Toronto, Ontario, Canada</i>                      Director since May 20, 2010</p> <p>Independent</p>			<p>Mr. Campbell is currently Project Lead, Royal York Hotel, with Kingsett Capital and is also the CEO of Versacold Logistics Services. Mr. Campbell previously served on the advisory board of 20 Vic Management Inc. until 2017.</p> <p>Prior to October 1, 2010, Mr. Campbell served as President and Chief Executive Officer of SITQ Inc. since October 2001. SITQ Inc. was the office building, hotel and residential real estate investment, management and development arm of CDP Capital, the fund manager of Caisse de depot et placement du Quebec.</p> <p>Mr. Campbell holds the Chartered Director Designation from McMaster University.</p>		
			<p>Other public company directorships during the past five years:</p> <p>Cominar REIT (2018 – present)</p>		
Board/Committee membership	Overall attendance		Securities held		Total value of Common Shares held
			Common Shares	Options	
Board	4 of 5	80%	11,616	Nil	\$101,640
Compensation	1 of 1	100%			
Environmental	2 of 2	100%			

<p><b>Samuel J. B. Pollock</b>  <i>Toronto, Ontario, Canada</i>                      Director since June 4, 2008</p> <p>Independent</p>			<p>Mr. Pollock is Senior Managing Partner and Global-head of Infrastructure Operations of Brookfield Asset Management Inc.</p> <p>Mr. Pollock joined Brookfield's financial services operation in 1994 and has held various senior positions in the organization, including leadership of the company's financial advisory services and investment group.</p> <p>Mr. Pollock is a Chartered Professional Accountant and holds a business degree from Queen's University.</p>		
			<p>Other public company directorships during the past five years:</p> <p>Acadian Timber Corporation (2007 – 2015)                      Fraser Papers Inc. (2004 – 2011)</p>		
Board/Committee membership	Overall attendance		Securities held		Total value of Common Shares held
			Common Shares	Options	
Board	4 of 5	80%	Nil	Nil	Nil
Audit	3 of 4	75%			
Compensation	1 of 1	100%			

## BUSINESS OF THE MEETING (cont'd)

### Nominees for Election to the Board of Directors (cont'd)

<p><b>Angela Sahi</b>  <i>Mississauga, Ontario, Canada</i>                  Director since May 9, 2018</p> <p>Non-Independent</p>			<p>Ms. Sahi is Senior Vice President, Corporate Development for Morguard Corporation. Ms. Sahi joined Morguard in 2005 and is currently responsible for the Canadian multi-residential portfolio. Previously, she had responsibility for performing strategic evaluation of potential U.S. acquisitions and market analysis to identify performance characteristics and business opportunities. Previously, Ms. Sahi was a Consultant with both Ernst &amp; Young's Real Estate Advisory Group and Business Risk Services Group. She also worked in Ernst &amp; Young's Audit and Tax groups.</p> <p>Ms. Sahi has a Bachelor of Arts (Honors) and Gold Medal from the University of Western Ontario and holds a Certified Public Accountant designation.</p>		
			Public company directorships in the past five years:		
			Morguard Corporation (2017 – present)		
Board/Committee membership	Overall attendance		Securities held		Total value of Common Shares held
			Common Shares	Options	
Board Audit	5 of 5 4 of 4	100% 100%	Nil	Nil	Nil

<p><b>K. Rai Sahi</b>  <i>Mississauga, Ontario, Canada</i>                  Director since October 23, 1997</p> <p><i>Non-independent due to ownership/control of approximately 72% of outstanding Common Shares and member of management. See "Voting Shares and Principal Holders Thereof" with respect to the entities controlled by Mr. Sahi which have ownership/control over the outstanding Common Shares.</i></p>			<p>Mr. Sahi is Chairman, President and Chief Executive Officer of the Corporation. Mr. Sahi is Chairman and Chief Executive Officer of Morguard Corporation, a major Canadian public real estate and property management company.</p> <p>Mr. Sahi (FCPA, FCGA) has many years experience in public and private corporations including extensive experience dealing with financial reporting, standards, and policy.</p>		
			Other public company directorships during the past five years:		
			Morguard Corporation (1990 – present) Morguard Real Estate Investment Trust (1998 – present) Morguard North American Residential Real Estate Investment Trust (2012 – present) Temple Hotels Inc. (2015 – 2020)		
Board/Committee membership	Overall attendance		Securities held		Total value of Common Shares held
			Common Shares	Options	
Board	5 of 5	100%	18,972,024	Nil	\$166,005,210

## BUSINESS OF THE MEETING (cont'd)

### Nominees for Election to the Board of Directors (cont'd)

<p><b>Donald W. Turple</b>  <i>Vancouver, British Columbia, Canada</i>                      Director since November 23, 1998</p> <p>Independent</p>			<p>Mr. Turple is a real estate executive and consultant. He served as President of Aquilini Properties LP, a diversified real estate company based in Vancouver, British Columbia from 2008 to 2017. Prior to that time, Mr. Turple served as a consultant to Morguard Corporation holding a number of positions throughout his tenure including Vice President and Chief Financial Officer of TWC and Morguard .</p> <p>Mr. Turple is a Chartered Professional Accountant and has held senior operating and financial roles within public and private corporations.</p>		
			<p>Other public company directorships during the past five years:</p>		
			<p>Temple Hotels Inc. (2018 – 2020)</p>		
Board/Committee membership	Overall attendance		Securities held		Total value of Common Shares held
			Common Shares	Options	
Board Audit	5 of 5 4 of 4	100% 100%	85,403	Nil	\$747,276

<p><b>Jack D. Winberg</b>  <i>Willowdale, Ontario, Canada</i>                      Director since June 30, 2009</p> <p>Independent</p>			<p>Mr. Winberg is President and Chief Executive Officer of the Rockport Group of Companies, a real estate investment company.</p>		
			<p>Other public company directorships during the past five years:</p>		
			<p>None</p>		
Board/Committee membership	Overall attendance		Securities held		Total value of Common Shares held
			Common Shares	Options	
Board Compensation Environmental	5 of 5 1 of 1 2 of 2	100% 100% 100%	573,256 <sup>(1)</sup>	Nil	\$5,015,990

(1) Common Shares are held by corporations controlled by Mr. Winberg, or in which Mr. Winberg has a beneficial interest; Common Shares are held by Mr. Winberg directly or through his Registered Retirement Savings Plan; and Common Shares are held by Mr. Winberg's spouse directly or through her Registered Retirement Savings Plan.

## BUSINESS OF THE MEETING (cont'd)

### Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as set out below, to the best of the knowledge of management of TWC, no Proposed Director:

- (a) is, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including TWC) that,
  - (i) was subject to an order (as defined below) that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
  - (ii) was subject to an order that was issued after the Proposed Director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) is, as at the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any company (including TWC) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver manager or trustee appointed to hold its assets; or
- (c) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the Proposed Director.

For the purposes of (a) above, “**order**” means:

- (a) a cease trade order;
- (b) an order similar to a cease trade order; or
- (c) an order that denied the relevant company access to any exemption under securities legislation,

that was in effect for a period of more than 30 consecutive days.

Until February 2011, Mr. Pollock was a director of Fraser Papers Inc. (“**Fraser Papers**”), an integrated specialty paper company that produces a broad range of specialty packaging and printing papers. On June 28, 2009, Fraser Papers and its subsidiaries filed for creditor protection under the *Companies Creditors Arrangement Act* in Canada and Chapter 15 of the U.S. Bankruptcy Code. In February 2011, the Ontario and Delaware courts overseeing these proceedings issued orders enabling the implementation of an amended plan of arrangement and compromise (the “**Plan**”) previously approved by Fraser Papers’ creditors. Fraser Papers completed the Plan in 2011.

## **BUSINESS OF THE MEETING (cont'd)**

### **Appointment of Auditors**

Deloitte LLP are currently the external auditors of the Corporation and have served in that capacity since 1997. From time to time, Deloitte LLP also provides consulting and non-audit services to the Corporation and its subsidiaries. It is the policy of the Audit Committee of the Corporation (the “**Audit Committee**”) to pre-approve audit and audit-related services as well as non-audit services. It is also the policy of the Audit Committee to consider whether the provision of services other than audit services is compatible with maintaining the auditor’s independence. Further information about the audit fees and fees for additional services can be found in the Corporation’s 2019 Annual Information Form. The board of directors of the Corporation (the “**Board**”) and the Audit Committee recommend that Deloitte LLP be appointed to serve as the Corporation’s auditors until the next Annual Meeting of Shareholders.

Unless directed otherwise, the Management Nominees designated in the enclosed form of proxy intend to vote in favour of (i) reappointing Deloitte LLP as auditor of the Corporation and to hold office until the next Annual Meeting of Shareholders, and (ii) authorizing the directors to approve and fix the remuneration to be paid to the auditors.

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

Executive compensation is the responsibility of the Board of Directors of the Corporation, supported by the Corporate Governance and Compensation Committee (“**Compensation Committee**”). The Corporation delivered strong results in 2019, demonstrating solid operational and financial performance surpassing its core financial and operating targets.

The Compensation Committee considered the financial performance of the Corporation in 2019, in addition to relevant criteria described in more detail below and believe that the executive compensation decisions reached are appropriate. The Chief Executive Officer, Chief Financial Officer and the other qualifying most highly compensated executive officers (as defined in the regulation under the Securities Act (Ontario) of the Corporation (the “**Named Executive Officers**” or “**NEO’s**”) did not have personal quantitative or qualitative goals set for 2019; however the Board had approved 2019 budget targets in line with the 2018 results for the Corporation which were met or exceeded on most measures. Further, there were a number of strategic objectives met during 2019.

As a policy, salaries and incentives are reviewed annually. Short term incentive targets remained at approximately their 2019 levels. No long term incentives were awarded.

During the most recently completed financial year, the NEO’s and Directors were not permitted to purchase financial instruments designed to hedge or offset a decrease in market value of the Common Shares, or securities convertible into Common Shares, granted as compensation or held, directly or indirectly, by the particular NEO or Director.

The Corporation does not have any specific plan to alter its executive compensation strategy at this time.

Certain executive officers of TWC are employed by Morguard Corporation or one of its subsidiaries (“Morguard”) and TWC does not directly or indirectly pay any compensation to them. Any variability in compensation paid by Morguard to the executive officers of TWC has no impact on TWC’s financial obligations. The total compensation received by the executive officers of TWC that are employed by Morguard is determined by Morguard in accordance with its executive compensation philosophy. For a detailed discussion of the objectives and elements of Morguard’s compensation program, see the most recent Management Information Circular of Morguard (the “Morguard Circular”), which may be accessed electronically under Morguard’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

## STATEMENT OF EXECUTIVE COMPENSATION (cont'd)

### Compensation Discussion and Analysis (cont'd)

#### *Executive Compensation Philosophy*

TWC's executive compensation policy is intended to attract, motivate and retain highly qualified and motivated executives and the key talent necessary for the Corporation to be successful in the highly competitive environment in which it operates. The compensation policy is designed to reward the achievement of performance goals and align the interests of executives with the interests of the Corporation's Shareholders and support the attraction and retention of qualified and experienced executives.

The Board's philosophy is to competitively compensate executives for total performance and contribution under the guiding principle – "pay for performance". The incentives paid to executives are based on the achievement of individual as well as corporate objectives and performance. Executives are rewarded based on both financial targets and specific objectives. Consequently, there is emphasis on incentives in the form of short-term and long-term incentives, which reflect underlying corporate performance in the short and long term. In developing this philosophy, the Board considered the risks associated with these policies to ensure incentives to mitigate risks that may have a material adverse effect on the Corporation. No director or "NEO" is permitted to purchase financial instruments without Board approval.

TWC's incentive compensation plans are designed to reward executives based on the performance of one or more of the following: (1) the Corporation, (2) the executive's operating group, and (3) the executive's individual performance. In determining incentive awards, executive performance is evaluated against key financial, strategic and operational measures tied to TWC's short and long-term objectives. A portion of compensation in the form of long-term incentives ensures that executives are making prudent decisions to generate sustainable growth in shareholder value. Additionally, long-term incentives are used selectively by the Board and, to date, have only been paid on an intermittent basis. Short-term incentives are similarly based, linking individual performance with operating group and the overall performance of TWC, with a substantial portion of executive pay at risk when measured against financial results and operational objectives.

The Corporation has an integrated approach to talent management and succession planning. The Corporation places focus on identification, assessment and development of executives and high-potential talent to build leadership capability and strengthen overall succession, ensuring there are future leaders to drive both short and long-term performance. While the Corporation has not adopted a target regarding the representation of women in executive officer positions, the Corporation believes that diversity is embedded in our talent management practices and it is focused on the development and advancement of women and visible minorities and other aspects of diversity. In terms of gender diversity, currently 0% of the executives of the Corporation and its subsidiaries are women (0 of 7).

Our philosophy of development and promotion from within strengthens our values and culture, aids in retention of talent and provides more options for succession. We complement this practice with selective external hiring to benefit from diverse experiences and fresh perspectives. The Corporation does not believe that quotas, strict rules or targets necessarily result in the identification or selection of the best candidates for executive officers. However, the Corporation is mindful of the benefit of diversity in the workplace; accordingly, both the level of female representation and diversity are considered as essential considerations in the selection process for new executive officers, in addition to the expertise and experience required. Annually, the Board reviews and discusses executive succession.

## STATEMENT OF EXECUTIVE COMPENSATION (cont'd)

### Compensation Discussion and Analysis (cont'd)

#### *Executive Compensation Philosophy (cont'd)*

Compensation is competitively positioned to align with each executive's role and responsibilities and the relevant markets in which the Corporation competes for talent. For the majority of executives, compensation is benchmarked using independently prepared compensation surveys and publicly disclosed information for executives with similar responsibilities. To further encourage retention, grants of long-term incentives are forfeited should an executive leave the Corporation prior to vesting. The Chief Executive Officer, Chief Financial Officer and the three other most highly compensated executive officers whose total compensation was individually, at the end of the most recently completed financial year, more than \$150,000 (as determined in accordance with the regulations under the *Securities Act* (Ontario)) of the Corporation (the "**Named Executive Officers**" or "**NEOs**") are not entitled by any contract or arrangement to termination or change of control benefits, and except for certain NEOs who have certain rights under a management employee agreement as discussed below under "Termination and Change of Control Benefits".

#### *Compensation Process*

Annually, the Compensation, Governance and Nominating Committee (the "**Committee**") reviews and recommends to the Board the approval of compensation for the Chief Executive Officer. The Committee also reviews and approves the compensation of other senior executives, including the NEOs. The Chief Executive Officer reviews and recommends to the Committee the compensation of other senior executives.

The major elements of the executive compensation program are:

Compensation Element	Payment Method	Program Objectives
Annual base salary	Cash	<ul style="list-style-type: none"> <li>• Reward skills, capabilities, knowledge and experience, reflecting the level of responsibility, as well as the contribution expected from each executive.</li> </ul>
Annual variable short-term incentive	Cash	<ul style="list-style-type: none"> <li>• Reward results during the current fiscal year based on contribution to a particular operating segment and the Corporation's overall performance.</li> </ul>
Long-term incentive	Share purchase loans	<ul style="list-style-type: none"> <li>• Align with long-term performance and added incentive for enhancing shareholder value.</li> <li>• Encourage retention and reward contribution to the long-term performance of the Corporation and demonstrated potential for future contribution.</li> </ul>
<b>Other Elements of Compensation</b>		
Benefits		<ul style="list-style-type: none"> <li>• Provide benefits that are comparable to peer companies.</li> </ul>
Perquisites		<ul style="list-style-type: none"> <li>• Part of overall competitive executive compensation package.</li> </ul>

The Corporation considers annual base salary and annual variable short-term incentives to be the most significant measure of overall compensation. The Corporation operates on the principle that base salaries should be competitive relative to the industry in order to attract the highest quality of management and that bonuses, if any, reflect individual performance in the context of the overall performance of the Corporation. The Corporation also provides long-term incentives on the principle that executive and employee compensation should be consistent with Shareholders' interests, so that management and Board incentives are aligned with owners' gains.

## **STATEMENT OF EXECUTIVE COMPENSATION (cont'd)**

### **Compensation Discussion and Analysis (cont'd)**

#### **Base Salary**

The base salary of executive officers is designed to be competitive and is determined by reference to individual performance, and the individual's relative worth and value to the organization. For external competitiveness, the market pricing of selected key or benchmark positions within a geographic area is used. Base salary is reviewed annually by the Committee as base salary adjustments are not automatic.

Mr. Sahi, the Chairman, President and Chief Executive Officer, received a base salary of \$280,000 in 2019 and is excluded from the Corporation's short-term incentive program.

#### **Short-Term Incentive**

Cash bonuses are awarded by the Corporation annually to certain individuals in an amount based on the achievements of the Corporation and the individual's performance objectives set at the beginning of each fiscal year. Deferral of bonuses is not an option.

The bonuses are paid in February in conjunction with the finalization of the year-end amounts.

The Committee continues to review the targets for each of the components of the compensation program on an annual basis prior to the commencement of each fiscal year, taking into account the Corporation's strategic plan and priorities and other economic factors that may influence the targets and the criteria.

The bonuses are reviewed and approved by the Committee.

A bonus may be adjusted to reflect the effect of extraordinary, unusual or non-recurring items or to reflect an adjustment related to the degree of difficulty of activities undertaken by an individual. Consideration is also given to corporate and financial objectives, including performance and budget targets as well as revenue growth and cost containment.

For 2019, the Committee determined that bonuses for each NEO would be awarded on a discretionary basis.

#### **Long-Term Incentives**

The Corporation does not award long-term incentives.

## STATEMENT OF EXECUTIVE COMPENSATION (cont'd)

### Compensation Discussion and Analysis (cont'd)

#### *Stock Appreciation Rights*

The Board of Directors of Morguard (the "Morguard Board") may from time to time grant stock appreciation rights ("SARs") under Morguard's stock appreciation rights plan (the "Stock Appreciation Rights Plan"). TWC is a related entity of Morguard and certain officers of TWC are permitted to participate in the Stock Appreciation Rights Plan.

Pursuant to Morguard's executive compensation plan, a stock appreciation right grants a participant the right to receive, from Morguard, a cash payment per right in the amount equal to the excess, if any, of: (i) the fair market value, as of the date redeemed, of the common shares of Morguard less (ii) the fair market value of common shares of Morguard underlying the rights on the date of the grant and any amount required to be withheld by applicable law. Fair market value is defined as the closing price of the common shares of Morguard on the TSX for the trading day immediately preceding the applicable date.

Morguard's Human Resources, Compensation and Pension Committee (the "Morguard HR Committee") may determine when any stock appreciation right will become vested. However, in the absence of any other determination, vesting occurs: (i) as to one-tenth, on the first anniversary of the date of grant; and (ii) as to an additional one-tenth, on each of the second through tenth anniversaries on the date of the grant. The Morguard HR Committee granted nil stock appreciation rights to each of Mr. Tamlin and Mr. Finlayson in 2019 in connection with their services. No other stock appreciation rights were granted in 2019 to TWC officers. Mr. Tamlin and Mr. Finlayson became employees of Morguard on July 1, 2018.

The costs of SARs awarded to employees of Morguard (and its wholly-owned subsidiaries) who also serve as NEOs of TWC will be borne by Morguard and the Board of Directors of TWC are not required to approve such awards.

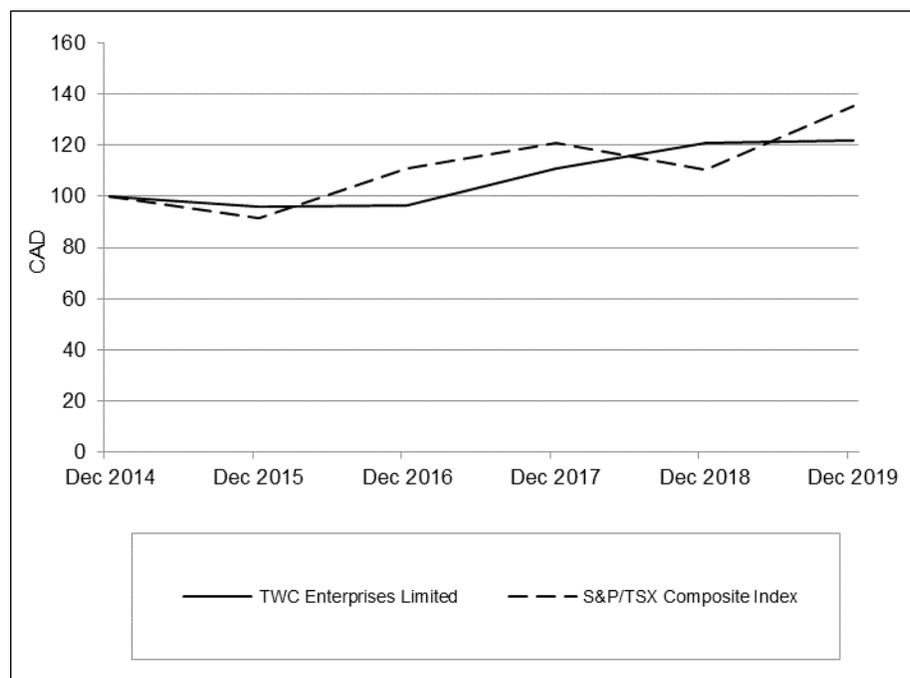
Details relating to Stock Appreciation Rights Plan are contained in the section below entitled "Incentive Plan Awards".

In 2018, there were 10,000 Stock Appreciation Rights issued to each of Mr. Tamlin and Mr. Finlayson.

## STATEMENT OF EXECUTIVE COMPENSATION (cont'd)

### Stock Performance Graph

The following performance graph and related table illustrate the cumulative total shareholder return on a \$100 investment in TWC's common shares compared with the return of the S&P/TSX Composite Index over the five most recently completed financial years ended December 31, 2019, assuming reinvestment of dividends. TWC Enterprises Limited is listed on the TSX under the symbol "TWC".



	<u>31-Dec-14</u>	<u>31-Dec-15</u>	<u>31-Dec-16</u>	<u>31-Dec-17</u>	<u>31-Dec-18</u>	<u>31-Dec-19</u>
TWC	\$113.30	\$108.74	\$109.39	\$125.73	\$136.98	\$121.83
S&P / TSX Composite	\$110.55	\$101.34	\$122.71	\$133.85	\$121.95	\$135.52

## STATEMENT OF EXECUTIVE COMPENSATION (cont'd)

### Summary of Compensation of Named Executive Officers

The following table sets forth the annual total compensation for 2019, 2018 and 2017 paid, awarded or earned by each of the NEOs for services rendered to the Corporation.

During the most recently completed financial year, the NEO's and Directors were not permitted to purchase financial instruments designed to hedge or offset a decrease in market value of the Units, or securities convertible into Units, granted as compensation or held, directly or indirectly, by the particular NEO or Director.

Name and Principal Position	Year	SARs Granted (#)	Option Based Awards	Salary (\$)	Non-Equity Incentive Plan Compensation		Pension Value (\$)	All Other Compensation (1) (\$)	Total Compensation (\$)
					Annual Incentive Plans (\$)	Long-term Incentive (value of exercised options) (\$)			
K. Rai Sahi Chairman and Chief Executive Officer	2019	Nil	Nil	280,000	Nil	Nil	Nil	84,000	364,000
	2018	Nil	Nil	276,000	Nil	Nil	Nil	84,000	360,000
	2017	Nil	Nil	272,000	Nil	Nil	Nil	83,000	355,000
Andrew Tamlin (3) Chief Financial Officer	2019	Nil	Nil	63,949	26,180	Nil	Nil	4,307	99,436
	2018	10,000	Nil	166,061	171,136	Nil	Nil	13,114	337,197
	2017	Nil	Nil	178,500	77,000	Nil	Nil	14,148	269,648
John Finlayson (2)(3) Chief Operating Officer	2019	Nil	Nil	198,850	100,000	Nil	Nil	813	299,663
	2018	10,000	Nil	191,600	200,000	Nil	Nil	11,222	402,822
	2017	Nil	Nil	188,700	100,000	Nil	Nil	18,411	307,111
Robert Visentin SVP, Investments	2019	Nil	Nil	250,000	100,000	Nil	Nil	27,366	377,366
	2018	Nil	Nil	250,000	100,000	Nil	Nil	27,230	377,230
	2017	Nil	Nil	250,000	100,000	Nil	Nil	22,239	372,239
Jamie King Vice President, Sales ClubLink Corporation ULC	2019	Nil	Nil	129,400	42,000	Nil	Nil	51,694	223,094
	2018	Nil	Nil	127,400	42,000	Nil	Nil	58,562	227,962
	2017	Nil	Nil	125,500	35,000	Nil	Nil	57,687	218,187

(1) All other compensation is described in the chart below.

(2) Mr. Finlayson holds the office of Vice President, ClubLink US LLC and Chief Operating Officer, ClubLink Corporation ULC.

(3) Andrew Tamlin and John Finlayson became employees of Morguard effective July 1, 2018. Their compensation earned post June 30, 2018 is being presented for information purposes only. The allocation of the total compensation disclosed in this table was determined by TWC solely for the purposes of this table, based on the time that was spent by Mr. Tamlin (100% from July 1, 2018 to November 18, 2018 and 34% from November 19, 2018 onwards) and Mr. Finlayson (100% for the entire time). The services of Mr. Tamlin and Mr. Finlayson are included in the management fee that TWC pays to Morguard.

## STATEMENT OF EXECUTIVE COMPENSATION (cont'd)

### Summary of Compensation of Named Executive Officers (cont'd)

#### All Other Compensation

The following table sets forth all other compensation for 2019, 2018 and 2017 paid, awarded or earned by each of the NEOs for services rendered to the Corporation. Unless described below, perquisites made available for each of the NEOs in the periods covered were in aggregate worth less than \$50,000 or 10% of the NEOs salary and bonus for the respective year.

		K. Rai Sahi	Andrew Tamlin	John Finlayson	Robert Visentin	Jamie King
<b>Director's Fees</b>	2019	\$84,000	Nil	Nil	Nil	Nil
	2018	\$84,000	Nil	Nil	Nil	Nil
	2017	\$83,000	Nil	Nil	Nil	Nil
<b>RRSP Contributions</b>	2019	Nil	Nil	Nil	\$12,500	\$6,420
	2018	Nil	\$8,018	\$9,580	\$12,500	\$6,370
	2017	Nil	\$8,925	\$9,435	\$12,500	\$6,275
<b>Commissions</b>	2019	Nil	Nil	Nil	Nil	\$40,018
	2018	Nil	Nil	Nil	Nil	\$47,614
	2017	Nil	Nil	Nil	Nil	\$47,449
<b>Perquisites</b>	2019	Nil	\$4,307	\$813	\$14,866	\$5,256
	2018	Nil	\$5,096	\$1,648	\$14,730	\$4,578
	2017	Nil	\$5,223	\$8,976	\$9,740	\$3,963
<b>TOTAL</b>	2019	\$84,000	\$4,307	\$813	\$27,366	\$51,694
	2018	\$84,000	\$13,114	\$11,228	\$27,230	\$58,562
	2017	\$83,000	\$14,148	\$18,411	\$22,240	\$57,687

Perquisites include items such as auto allowances and benefits and health/disability insurance benefits.

#### Outstanding Option Based Awards

The following table sets forth all option-based awards outstanding for each Named Executive Officer as of December 31, 2019.

Name	Number of securities underlying unexercised options – (SARs) <sup>(1)</sup>	Option exercise price (\$)	Option expiration date	Value of unexercised options – SARs (\$)	Value vested During 2019 (\$)
K. Rai Sahi	-	-	-	-	-
Andrew Tamlin	10,000	168.00	-	330,000	33,000
John Finlayson	10,000	168.00	-	330,000	33,000

Notes:

- (1) SARs based on common shares of Morguard (TSX: MRC). SARs granted to Mr. Tamlin and Mr. Finlayson are compensation for Morguard -related services and are included here for complete disclosure purposes only. All compensation related to SARs grants will be paid by Morguard and there is no reimbursement by TWC for such compensation.

## STATEMENT OF EXECUTIVE COMPENSATION (cont'd)

### Narrative Discussion

#### *Stock Appreciation Rights*

The Morguard Board approved the Stock Appreciation Rights Plan on March 20, 2008.

A stock appreciation right grants a participant the right to receive, from Morguard, a cash payment per right in an amount equal to the excess, if any, of: (i) the fair market value as of the date redeemed of Morguard's common shares (the "Common Shares") less (ii) the fair market value of the Common Shares underlying the rights on the date of the grant and any amount required to be withheld by applicable law. Fair market value is defined as the closing price of the Common Shares on the Toronto Stock Exchange ("TSX") for the trading day immediately preceding the applicable date.

Under the Stock Appreciation Rights Plan, Morguard may grant SARs to an eligible person, defined as a director, officer, employee or consultant of Morguard, or an affiliate of Morguard Corporation.

Morguard Corporation's Human Resources, Compensation and Pension Committee (the "HR Committee") may determine when any SAR will become vested, however, in the absence of any other determination, vesting occurs: (i) as to one-tenth, on the first anniversary of the date of grant; and (ii) as to an additional one-tenth, on each of the second through tenth anniversaries of the date of grant.

Unvested SARs will be immediately terminated and be null and void if the participant's employment with the Trust is terminated for cause and the rights will be cancelled by Morguard. If the holder of SARs is terminated without cause, vested SARs will be paid in accordance with the Stock Appreciation Rights Plan and unvested SARs will vest as determined by the HR Committee. If the holder of SARs voluntarily resigns, all unvested rights will cease vesting and expire and terminate on the date of termination, while vested rights will be reduced by 50% and be paid according to the Stock Appreciation Rights Plan. If the holder's employment is terminated for any other reason (including death or disability) the holder's SARs that have not become vested as of the date of termination will accelerate and immediately vest on such date. The HR Committee shall have the authority to amend, suspend or terminate the Stock Appreciation Rights Plan or any SAR granted thereunder without obtaining the approval of Morguard's shareholders in order to: (i) amend any terms relating to the granting or exercise of SARs, including the terms relating to the eligibility for and limitations or condition on participation in the Stock Appreciation Rights Plan, the amount and payment of the exercise price (other than a reduction thereof) or the vesting, exercise, expiry (subject to certain exceptions) of the SARs; (ii) make changes that are necessary or desirable to comply with applicable laws, rules or regulations of any applicable governmental entity or stock exchange having jurisdiction; correct or rectify any ambiguity, defective provision, error or omission in the Stock Appreciation Rights Plan or in any SAR or make amendments of a "housekeeping" nature; (iii) amend any terms relating to the administration of the Stock Appreciation Rights Plan; and (iv) make any other amendment that does not require shareholder approval by virtue of the Stock Appreciation Rights Plan, applicable laws or applicable requirements of any stock exchange or governmental entity, provided such amendment, suspension or termination does not adversely alter or impair any previously granted SAR without such holder's consent, and is made in compliance with applicable laws, rules, regulations, by-laws and policies of, and receipt of any required approvals from, any applicable governmental entity or stock exchange having jurisdiction.

In the event of any stock dividend, stock split, combination or exchange of shares, merger, consolidation, spin-off or other distribution (other than normal cash dividends) of Morguard's assets to its shareholders, or any other change in the capital of Morguard affecting Common Shares, the HR Committee will make such proportionate adjustments, if any, as the HR Committee in its discretion may deem appropriate to reflect such change (for the purpose of preserving the value of the SARs), with respect to previously granted SARs.

## **STATEMENT OF EXECUTIVE COMPENSATION (cont'd)**

### **Narrative Discussion (cont'd)**

#### *Stock Appreciation Rights (cont'd)*

In the event of a merger, amalgamation, or other transaction pursuant to which the Common Shares are converted into other property, whether in the form of securities of another corporation, cash or otherwise, (each a "Substitution Event"), then any surviving or acquiring corporation or entity shall assume any SAR outstanding under the Stock Appreciation Rights Plan or shall substitute similar SARs (including an award to acquire the same consideration paid to the security holders in the transaction effecting the Substitution Event) for those SARs outstanding under the Stock Appreciation Rights Plan. In the event any surviving corporation or acquiring corporation or entity refuses to assume such SARs or to substitute similar stock or unit options for those SARs outstanding under the Stock Appreciation Rights Plan, then with respect to such SARs, the vesting of such SARs (and, if applicable, the time during which such SARs may be exercised) shall be accelerated in full, and the SARs shall terminate if not exercised (if applicable) at or prior to such event.

Notwithstanding any other provision of the Stock Appreciation Rights Plan, in the event of a potential Substitution Event, the Morguard Board shall have the power to make such changes to the terms of the SARs, as it considers fair and appropriate in the circumstances, including but not limited to: (i) accelerating the date on which SARs, become exercisable; (ii) otherwise modifying the terms of the SARs, to assist such holders in participating in any arrangement leading to a Substitution Event; and thereafter; (iii) terminating, conditionally or otherwise, the SARs, not exercised following successful completion of the Substitution Event. If the Substitution Event is not completed within the time specified (as the same may be extended), the accelerated SARs which vested will be reinstated as unvested SARs and if such SARs were exercised the amount paid by Morguard on exercise of the SARs will be reimbursed by the previous holder of the SARs, and the original terms applicable to such SARs will be reinstated.

Should there be a change of control of Morguard (excluding increased ownership by Paros Enterprises Limited, K. Rai Sahi or related parties) vesting of all outstanding SARs will accelerate in full. If the change of control or potential change of control is not completed within the time specified therein (as the same may be extended), the accelerated SARs which vested will be reinstated as unvested SARs and if any such SARs were exercised, the previous holder of such SARs shall reimburse any amount paid by Morguard on such exercise.

At this time, the HR Committee does not intend to grant SARs on an annual basis.

### **Pension Plan Benefits**

The Corporation does not have any defined benefit pension or deferred compensation plans.

### **Termination and Change of Control Benefits**

#### *Management Employment Agreements*

The Company does not have any management employment agreements.

## STATEMENT OF EXECUTIVE COMPENSATION (cont'd)

### Director Compensation

The Compensation, Governance and Nominating Committee reviews director compensation annually and make recommendations on the appropriate level of remuneration to the Board. In reviewing the directors' compensation, the Committee considers the responsibilities and time commitment of the directors and benchmarks compensation against comparable Canadian corporations.

During the year ended December 31, 2019, eligible members of the Board received compensation in accordance with the following remuneration schedule.

Annual retainers and meeting fees	Amount
Chair retainer	\$79,000
Board retainer	\$24,000
<i>Additional retainers:</i>	
Chair of the Audit Committee	\$6,250
Chairs of other Board committees	\$3,600
<i>Meeting fees:</i>	
Each Board/committee meeting attended	\$1,000
Each Board/committee phone meeting or meeting less than 15 minutes in duration attended	\$500

Where more than one meeting, such as a board of directors meeting and a committee meeting, is held on the same day, fees are paid *per diem*. The directors are additionally entitled to be reimbursed for their reasonable out-of-pocket expenses incurred in connection with the Corporation.

The Corporation paid \$361,400 in 2019 (\$353,025 in 2018) in respect of recurring directors' fees including amounts paid to Mr. K. Rai Sahi as Chairman, which are noted as compensation in the table under the section entitled "Summary of Compensation of Named Executive Officers".

The following table shows the amounts earned by individual directors during the fiscal year ended December 31, 2019.

Name <sup>(1)</sup>	Board retainer (\$)	Committee Chair retainer (\$)	Board attendance fees (\$)	Committee attendance fees (\$)	Options (#)	Non-equity incentive (\$)	All other compensation (\$)	Total (\$)
Fraser R. Berrill	25,000	Nil	4,000	2,000	Nil	Nil	Nil	31,000
Patrick S. Brigham	25,000	Nil	5,000	3,000	Nil	Nil	Nil	33,000
Paul D. Campbell	25,000	Nil	4,000	3,000	Nil	Nil	Nil	32,000
John Lokker	25,000	Nil	5,000	4,000	Nil	Nil	Nil	34,000
Samuel J. B. Pollock	25,000	3,600	4,000	4,000	Nil	Nil	Nil	36,600
Angela Sahi	25,000	Nil	5,000	4,000	Nil	Nil	Nil	34,000
Donald W. Turple	25,000	6,200	5,000	4,000	Nil	Nil	Nil	40,200
Jack D. Winberg	25,000	3,600	5,000	3,000	Nil	Nil	Nil	36,600

(1) Mr. Sahi is the Chairman of the Board but is not listed in this table. His total compensation, including amounts earned as the Chairman and a director of the Board, is disclosed under the section entitled "Summary of Compensation of Named Executive Officers".

## STATEMENT OF EXECUTIVE COMPENSATION (cont'd)

### Director Compensation (cont'd)

#### *Share ownership guideline*

TWC does not have share ownership guidelines for directors at this time.

### Directors' and Officers' Liability Insurance

The Corporation maintains directors' and officers' liability insurance for the benefit of its directors and officers against liabilities incurred by them in such capacities, excluding liabilities brought about or contributed to by fraud or dishonesty of the insured or based upon or attributable to any property or advantage gained by the insured and to which the insured was not legally entitled. The policy covers claims made against the insured (subject to the policy terms and conditions) during the policy period with a total aggregate limit of \$30 million during the policy year and a limit of \$30 million in respect of each loss or claim. The policy is subject to a \$100,000 self-insured retention for the corporate reimbursement section only. The premium payable by the Corporation for this coverage during the fiscal year ended December 31, 2019 was \$109,335 (2018 – \$109,335).

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The stock option plan was cancelled effective November 20, 2014.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at April 1, 2020, the aggregate outstanding indebtedness owing to the Corporation or any of its subsidiaries in connection with all executive officers, directors, employees and former executive officers, directors and employees of the Corporation or its subsidiaries is set forth in the following table:

AGGREGATE INDEBTEDNESS (\$)		
Purpose	To the Corporation or its Subsidiaries (\$)	To Another Entity (\$)
Share Purchase	1,257,568	Nil

The following executives are, or at any time since the beginning of 2019, indebted to the Corporation or any of its subsidiaries through the Corporation's Employee Share Purchase Loan Program:

Indebtedness of Directors and Executives Under Employee Share Purchase Loan Program <sup>(1)</sup>						
Name and Principal Position	Involvement of Corporation or Subsidiary	Largest Amount Outstanding During 2019 (\$)	Amount Outstanding as at April 1, 2020 (\$)	Financially Assisted Securities Purchased During 2019 (#)	Security for Indebtedness as at April 1, 2020 (#) <sup>(1)</sup>	Amount Forgiven during 2019 (\$)
Robert Visentin Former SVP, Investments	A subsidiary of the Corporation was lender	1,257,568	Nil	Nil	Nil	Nil

<sup>(1)</sup> The amounts outstanding are repayable upon the sale of the Common Shares pledged as security for the indebtedness and within 30 days of termination of employment or otherwise in accordance with a severance agreement.

## STATEMENT OF EXECUTIVE COMPENSATION (cont'd)

For indebtedness incurred under the Employee Share Purchase Loan Program, the applicable interest rate is fixed on January 1st each year and is equal to the prime rate posted by the Corporation's principal bank on the date of the Compensation, Governance and Nominating Committee's meeting. In 2019, the interest rate was fixed at the rate of 3.95% per annum and was payable quarterly in arrears on the 29th day of the following month. The indebtedness matured January 31, 2020.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed in this Circular, the Corporation is not aware of any material interest, direct or indirect, of any informed person, proposed director, or associate or affiliate of any informed person or proposed director of the Corporation, in any transaction since the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

## MANAGEMENT CONTRACTS

Management functions of the Corporation and certain of its subsidiaries are performed to a substantial degree by individuals other than by the directors or executive officers of the Corporation or its subsidiaries. These individuals are not employed by the Corporation but some of whom have been elected or appointed directors and senior officers of the Corporation.

### Eugene Hretzay

Eugene Hretzay served as Vice President, General Counsel & Secretary of the Corporation until his retirement effective January 31, 2014. He continues to act as Secretary of the Corporation. Mr. Hretzay is not an employee of the Corporation and provides his services by way of monthly billing paid to Lexervice P.C., a professional law corporation owned by Mr. Hretzay, the registered office of which is located at 104 Ravine Edge Drive, Richmond Hill, Ontario L4E 4J6. Mr. Hretzay is a resident of Richmond Hill, Ontario. During the year ended December 31, 2018, the Corporation incurred fees paid or payable to Lexervice P.C. of \$36,000 (2018 - \$36,000).

### Morguard Corporation

The Corporation has a management services contract (the "**Morguard Management Services Contract**") with Morguard Corporation and its affiliated corporations (together, the "**Morguard Group**"). Morguard Corporation's registered office is located at Suite 1000, 55 City Centre Drive, Mississauga, Ontario L5B 1M3. Pursuant to the Morguard Management Services Contract, the Morguard Group provides managerial and consultative services to assist the businesses of the Corporation and its subsidiaries through the services of certain of its senior officers and consultants (as listed below) on a non-exclusive basis. The amount paid or payable by the Corporation to Morguard Corporation during the year ended December 31, 2019 was \$695,000 (2018 - \$843,000). The individuals listed below are not separately compensated under the Morguard Management Services Contract for the services they provide to the Corporation.

## MANAGEMENT CONTRACTS (cont'd)

### Morguard Corporation (cont'd)

John Finlayson, Georgetown, Ontario	Mr. Finlayson serves as Chief Operating Officer of the Company.
Beverley G. Flynn, Toronto, Ontario	Ms. Flynn maintains the corporate filings and records of the Corporation and serves as a Director and Officer in various subsidiary entities.
Mark Bradley, Milton, Ontario	Mr. Bradley provides advice on development and planning matters.
Bonnie Long, Toronto, Ontario	Ms. Long provides advice on tax matters.
Robert McFarlane, Mississauga, Ontario	Mr. McFarlane provides internal audit services.
K. Rai Sahi, Mississauga, Ontario *	Mr. Sahi serves as Chairman, President, Chief Executive Officer of the Corporation and provides such duties and exercises such powers as are normally associated with such position. Mr. Sahi is separately compensated by the Corporation under his employment with the Corporation as disclosed under the heading "Statement of Executive Compensation".
Angela Sahi, Mississauga, Ontario	Ms. Sahi provides advice on strategic matters.
Andrew Tamlin, Newmarket, Ontario	Mr. Tamlin serves as Chief Financial Officer of the Company.
Robert Wright, Carlisle, Ontario	Mr. Wright provides advice on strategic and tax matters.

\*Mr. Sahi is an informed person by virtue of being an executive officer and director of Morguard Corporation and being the beneficial holder of over 10% of the outstanding Common Shares of Morguard Corporation.

The officers and directors of Morguard Corporation and their municipalities of residence are listed below:

#### **Directors**

Chris J. Cahill, Paris, France  
 Graeme M. Eadie, Toronto, Ontario  
 David A. King, Victoria, British Columbia  
 Timothy J. Murphy, Toronto, Ontario  
 Michael S. Robb, Newport Coast, California  
 Bruce K. Robertson, Toronto, Ontario  
 Angela Sahi, Mississauga, Ontario  
 K. Rai Sahi, Mississauga, Ontario  
 L. Peter Sharpe, Toronto, Ontario

#### **Officers**

Beverley G. Flynn, Toronto, Ontario  
 Paul Miatello, Toronto, Ontario  
 K. Rai Sahi, Mississauga, Ontario  
 Robert Wright, Carlisle, Ontario  
 Robert McFarlane, Toronto, Ontario  
 Angela Sahi, Mississauga, Ontario  
 Brian Athey, Toronto, Ontario

The Company has provided an unsecured revolving demand credit facility to Morguard in the amount of \$50,000,000 with no fixed maturity date. This facility has been utilized for short-term borrowing needs from time to time in 2018 and 2019. The facility bears interest at TWC's short-term borrowing rate plus 10 basis points. Morguard has provided an unsecured revolving demand credit facility to TWC in the amount of \$50,000,000 with no fixed maturity date. This facility has been utilized for short-term borrowing needs from time to time in 2018 and 2019. This facility bears interest at Morguard's short-term borrowing rate plus 10 basis points. Net interest earned for the year ended December 31, 2019 on the above facilities amounted to \$1,489,000. There was \$269,000 net interest earned in 2018.

## MANAGEMENT CONTRACTS (cont'd)

### **Paros Enterprises Limited**

Paros Enterprises Limited ("**Paros**") is a privately owned company whose controlling shareholder is the Chairman, President and Chief Executive Officer of the Corporation and is also the controlling shareholder of the Corporation.

The Corporation has provided an unsecured revolving demand credit facility to Paros in the amount of \$5,000,000, with no fixed maturity date. This facility bears interest at prime plus 1% per annum. During the years ended December 31, 2019 and 2018, there was nothing outstanding under this facility.

Paros has provided an unsecured revolving demand credit facility to TWC in the amount of \$5,000,000, with no fixed maturity date. This facility bears interest at prime plus 1% per annum. During the years ended December 31, 2019 and 2018 there was nothing outstanding under this facility.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

TWC is committed to the highest standards of corporate governance. The Directors believe that sound corporate governance practices are essential to the well-being of the Corporation and its Shareholders. The Board and committees of the Corporation review and refine these practices regularly in light of Canadian regulatory initiatives.

Effective June 30, 2005, National Instrument 58-101 - *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) and National Policy 58-201 - *Corporate Governance Guidelines* (“**NP 58-201**”) were adopted in each of the provinces and territories of Canada requiring issuers to disclose corporate governance practices and providing guidance on such practices. Effective January 1, 2020, amendments to the *Canada Business Corporations Act* (“CBCA”) came into effect requiring CBCA – incorporated issues to include prescribed diversity disclosure in their annual proxy circulars. In addition, TWC is subject to National Instrument 52-110 - *Audit Committees*.

TWC has adopted Codes of Conduct and Conflict of Interest Guidelines that govern the behaviour of its directors, officers and employees. The Corporate Governance and Compensation Committee is responsible for monitoring compliance with the standards and annually requires the guidelines be reviewed and signed by all directors and officers.

The corporate governance practices adopted by the Corporation are set out below.

### BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

The primary responsibility of the Board is to foster the long-term success of the Corporation consistent with the Board's responsibility to the Shareholders of the Corporation to maximize shareholder value. The Board facilitates its exercise of independent supervision of the Corporation's management through frequent meetings, both with and without members of the Corporation's management (including members of management that are also directors) being in attendance. In fulfilling its mandate, the Board, among other things, has the following duties and objectives:

- assessing the effectiveness of the Board, Committees and Directors;
- succession planning for the Corporation including appointing and monitoring senior management;
- development and maintenance of written position descriptions for the Chief Executive Officer, the Lead Director and Committees of the Board;
- adoption of a strategic planning process for the Corporation;
- the integrity of the Corporation's internal control and management information systems;
- adoption of a communications policy for the Corporation;
- review of management authority and establishing limits based on the size and nature of proposed transactions; and
- identification of the principal risks of the Corporation's business and ensuring the implementation of appropriate systems to manage these risks.

The Board of Directors has adopted the formal mandate set out in Schedule “A” to the Circular. See “Nominees for the Election to the Board of Directors” above with respect to directorships of other reporting issuers.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES (cont'd)

### BOARD OF DIRECTORS (cont'd)

During 2019, the Corporation's Board of Directors held five board meetings, four Audit Committee meetings, one Compensation, Governance & Nominating Committee meeting, and two Environmental, Health & Safety Committee meetings. The following is a record of the directors attendance at the following meetings.

Director	Board of Directors	Audit	Compensation, Governance & Nominating	Environmental, Health & Safety
Fraser S. Berrill	4 of 5	N/A	N/A	2 of 2
Patrick S. Brigham	5 of 5	N/A	1 of 1	2 of 2
Paul D. Campbell	4 of 5	N/A	1 of 1	2 of 2
John Lokker	5 of 5	4 of 4	N/A	N/A
Samuel J.B. Pollock	4 of 5	3 of 4	1 of 1	N/A
Angela Sahi	5 of 5	4 of 4	N/A	N/A
K. Rai Sahi (Chair)	5 of 5	N/A	N/A	N/A
Donald W. Turple	5 of 5	4 of 4	N/A	N/A
Jack D. Winberg	5 of 5	N/A	1 of 1	2 of 2

The Board consisted of seven independent directors (Messrs. Berrill, Brigham, Campbell, Lokker, Pollock, Turple, and Winberg), being a majority of the board of directors. Mr. Sahi is not independent as a result of his substantial ownership position in TWC as well as his management role.

The independent directors meet as they deem necessary. In 2019, the independent directors met four times.

The Board has not developed a written position description for the Chief Executive Officer; however, it is the responsibility of the Chief Executive Officer to report to the Board and maintain open communication with board members. In fulfilling his mandate, the Chief Executive Officer has responsibilities including implementing board initiatives, developing a strategic plan for the Corporation and providing leadership in the operational management of the business.

New directors are provided with an orientation and education program that includes information regarding the duties and obligations of directors, the business and operations of the Corporation, documents from recent board meetings and opportunities for meetings and discussion with senior management of the Corporation and other directors. In addition to having extensive discussions with the Chairman of the Board, new directors receive a Director's Handbook including governance policies and mandates, historical public information and minutes of prior meetings of the Board and applicable committees. The orientation is further tailored to that director's individual needs and areas of interest.

In addition, TWC encourages its directors to take advantage of continuing education opportunities, provides information and updates to directors on relevant topics, asks management and, where advantageous, outside experts to give presentations to the Board and will, upon request, reimburse directors for continuing education programs attended.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES (cont'd)

### BOARD OF DIRECTORS AND EXECUTIVE OFFICERS (cont'd)

The following are the number and proportion, expressed as a percentage, of members of the Corporation's board of directors and as executive officers, including all of the Corporation's major subsidiaries (as that term is defined in National Instrument 55-104 *Insider Reporting Requirements and Reports Exemptions* and the *Business Corporations Regulations 2001*) who have self-identified as being a woman, visible minority, person with a disability or an aboriginal person (collectively "**Designated Groups**"). There is currently one woman (13%), two visible minorities (22%), nil aboriginal peoples (0%) and nil persons with disabilities (0%) on the Board, and there is currently nil women (0%), one visible minority (17%), nil aboriginal peoples (0%) and nil persons with disabilities (0%) that are executive officers. The number and proportion of directors and members of senior management who have self-identified as being a member of a Designated Group have been furnished by the respective directors and members of senior management on a voluntary basis and such responses have not been independently verified by the Company.

In assessing candidates and selecting nominees for the Board and the appointment of executive officers, diversity, including representation by Designated Groups, is an important factor considered by the Board and the Compensation Governance and Nominating Committee. At this time, the Board has not adopted targets or written policies regarding Designated Groups on the Board or in executive officer positions, however a written policy relating to the identification and nomination of women trustees was adopted during 2017. At this time, the Board does not believe that quotas, strict rules and targets necessarily result in the identification or selection of the best candidates for directors or executive officers. However, having assessed the benefit of diversity in the composition of the Board of Directors, the Board considers and has directed the Compensation Governance and Nominating Committee to consider the level of representation of Designated Groups in executive officer positions and on the Board and view the level of Designated Group representation and diversity, including diversity in age, geography, background and ethnicity as essential considerations, in addition to required expertise and experience, in evaluating potential candidates for nomination to the Board or appointment to an executive officer position.

The Company has not adopted term limits for directors. At this time, the Company believes that term limits have the potential to cause the loss of key Board contributors with a proven track record who possess valuable institutional memory. Instead, the Company believes that less rigid mechanisms of Board renewal are more suitable. Further, Shareholders have the ability to evaluate and vote on all director nominees annually at the Meeting.

All governance policies are reviewed and assessed by the Board on an annual basis.

### COMMITTEES

TWC has three committees: (i) Audit; (ii) Compensation, Governance and Nominating; and (iii) Environmental, Health and Safety. The directors may create additional committees as they determine necessary or desirable for the purposes of properly governing the affairs of the Corporation. The committee chairs do not have written position descriptions; however, the Board instructs each committee chair of their responsibilities in ensuring the committee mandate is implemented; responsible items are completed and reported to the Board regularly.

Committee members are appointed immediately following the Meeting. Outlined below is a description of the committees of the Board, their mandates and activities.

Each member of a committee serves at the pleasure of the Board until he or she resigns, is removed or ceases to be a Director of the Corporation.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES (cont'd)

### COMMITTEES (cont'd)

#### ***Audit Committee***

The Audit Committee assists the Board of Directors in fulfilling its financial oversight responsibilities. The Audit Committee reviews the financial statements, the adequacy of the system of internal control, the financial reporting process and management of financial risks, the nature and scope of the audit process as proposed by the external and internal auditors and the Corporation's disclosure controls and procedures. The roles and responsibilities of the Audit Committee are specifically defined so as to provide appropriate guidance to committee members as to their duties. The Audit Committee provides and facilitates communication between TWC's internal and external auditors and the Board to discuss and review specific issues as appropriate.

The Audit Committee is composed entirely of financially literate, independent directors. The Audit Committee met 4 times during the year ended December 31, 2019. The members of the Audit Committee are Messrs. Lokker, Pollock, Turple (chair) and Ms. Sahi.

For further information relating to the Audit Committee, please refer to the "Audit Committee Information" in the Corporation's Annual Information Form dated March \_\_, 2020, which has been filed with securities regulators and may be accessed at [www.sedar.com](http://www.sedar.com) and at [www.twcenterprises.ca](http://www.twcenterprises.ca).

#### ***Compensation, Governance and Nominating Committee***

The purpose of the Compensation, Governance and Nominating Committee is to provide a focus on governance that will enhance the Corporation's performance and to assist the board in fulfilling their obligations relating to human resources and compensation and to establish a plan of continuity and development for the Corporation.

The Committee has the responsibility to develop a long-term plan for board composition and propose nominees that take into consideration the current strengths, skills and experience on the board, retirement dates and the strategic direction of the Corporation; monitor and make recommendations regarding the orientation, education and ongoing development of directors; review the Corporation's structures and procedures to ensure the directors function independently of management; recommend any reports on corporate governance that may be required or considered advisable; and review and recommend responses to any Shareholder proposals.

The Committee uses annual board, committee and director assessments to determine what experience, if any, should be added to the Board and uses the network of personal contacts in the golf, tourism, railway and investment industries of the members of the Board for identifying potential new Board members. The Committee may also utilize the services of a professional search firm to assist in the identification of director candidates when necessary.

Additionally, the responsibilities, powers and operation of the Committee include establishing the Corporation's senior officer compensation policy and practices, reviewing and approving the corporate goals and objectives relevant to the compensation of the Chief Executive Officer and other senior officers and evaluating their performance in light of these goals and objectives; overseeing the Corporation's incentive compensation plans and preparing an annual report on executive compensation to the Board. The Committee is also responsible for recommending to the Board any changes to director compensation.

The Compensation, Governance and Nominating Committee is composed entirely of independent directors. The Committee met once during 2019. The members of the Committee are Messrs. Brigham, Campbell, Pollock (chair), and Winberg.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES (cont'd)

### COMMITTEES (cont'd)

#### ***Compensation, Governance and Nominating Committee (cont'd)***

The Board routinely conducts both formal and informal assessments of its committees, members and the Board as a whole. Overall corporate performance is measured by issues such as revenue, profitability, staff turnover, costs, administrative efficiency and other applicable initiatives being undertaken in the year, which should provide future Shareholder benefit. To the extent applicable, the Board seeks to ensure that base salaries are competitive relative to the industry and that bonuses, if any, reflect individual performance in the context of the overall performance of the Corporation.

The process undertaken by the Board to identify potential candidates for nomination as directors will include assessing the skill sets required by the Board in general to enable it to function effectively and properly, evaluating the skills possessed by the then current directors and identifying gaps in the skills represented on the Board, seeking individuals who possess the skills required by the Board (either through referrals by colleagues or, if necessary, by using professional search firms), interviewing candidates who express an interest in joining the Board to determine whether the candidate would be a positive addition to the Board, and, upon determining acceptable candidates, recommending them for nomination to the Board.

#### ***Environmental, Health and Safety Committee***

The Committee's mandate is to monitor the Corporation's environmental, health and safety practices and procedures through a continuing assessment of the Corporation's approach to environmental, health and safety and to make policy recommendations with respect thereto.

The Committee consists of not fewer than three independent directors and fulfills its mandate with the following duties:

- (i) monitor on a regular basis the existing health, safety and environmental practices and procedures of the Corporation for compliance with applicable legislation, conformity with industry standards and prevention or mitigation of losses;
- (ii) review and consider reports and recommendations to be issued by the Corporation or by an external party relating to health, safety or environmental issues, together with management's response thereto;
- (iii) advise and make recommendations to the Board of Directors as appropriate on matters relating to health, safety and the environment;
- (iv) meet separately as deemed necessary with the employees responsible for health, safety and environmental matters and report to the Board on such meetings;
- (v) review the findings of any significant examination by regulatory agencies or external environmental, health and safety auditors;
- (vi) obtain reports on a timely basis in respect of all notices, complaints, investigations, incidents and proceedings relating to the Corporation or its assets by governmental authorities or others and all judgments and orders in respect of such matters;
- (vii) oversee matters related to appropriate employee training standards;
- (viii) review environmental, health and safety audits and assessments of compliance and seek to ensure the Corporation is exercising due diligence;
- (ix) oversee matters related to compliance with applicable permits, laws and regulations; and
- (x) oversee matters related to the adequacy of insurance coverages and the exercise of appropriate diligence with respect to environmental, health and safety matters.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES (cont'd)

### COMMITTEES (cont'd)

#### *Environmental, Health and Safety Committee (cont'd)*

On at least an annual basis, the Committee reviews and assesses the adequacy of this mandate and recommends any proposed changes to the Board of Directors.

The members of the environmental, health and safety committee are Messrs. Berrill, Brigham, Campbell, and Winberg (Chair). The Committee met twice during the year ended December 31, 2019.

### ADDITIONAL INFORMATION

This Circular, the 2019 Annual Report, other disclosure documents and additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com) as well as on the Corporation's website at [www.twcenterprises.ca](http://www.twcenterprises.ca). Financial information is provided in the comparative financial statements and the Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended December 31, 2019 as contained in the Corporation's 2019 Annual Report, which is available to security holders on request by contacting the Secretary of the Corporation at:

TWC Enterprises Limited  
15675 Dufferin Street,  
King City, Ontario L7B 1K5.  
Phone: 905.841.3730  
Fax: 905.841.1134

### OTHER BUSINESS

The Corporation knows of no other business to come before the meeting other than the matters referred to in the accompanying Notice of Annual Meeting of Shareholders.

### DIRECTORS' APPROVAL

The Board of Directors of the Corporation has approved the contents and the sending of this Circular.

DATED this 1<sup>st</sup> day of April, 2020.

### **TWC Enterprises Limited**

Signed: "Andrew Tamlin"

Andrew Tamlin  
Chief Financial Officer

## SCHEDULE A

### BOARD OF DIRECTORS MANDATE

#### I. INTRODUCTION

- A. The primary responsibility of the Board of Directors (the “**Board**”) of TWC Enterprises Limited (the “**Corporation**”) is to foster the long-term success of the Corporation consistent with the Board’s responsibility to the shareholders of the Corporation to maximize shareholder value.
- B. The Board is statutorily responsible for managing or supervising the management of the business and affairs of the Corporation.
- C. These terms of reference are prepared to assist the Board and management of the Corporation in clarifying responsibilities and ensuring effective communication between the Board and management of the Corporation.

#### II. COMPOSITION AND BOARD ORGANIZATION

- A. Nominees for directors are initially considered and recommended to the Board by the Compensation, Governance and Nominating Committee of the Board, approved by the entire Board and elected annually by the shareholders of the Corporation. Directors may be appointed by the Board as permitted under the *Canada Business Corporations Act* (the “**CBCA**”) or the Corporation’s Articles.
- B. A majority of directors comprising the Board will be unrelated directors. The Board defines an unrelated director pursuant to the TSX guidelines, as amended, specifically as a director who is independent of management and is free from any interest and any business or other relationship that could, or could reasonably be perceived to, materially interfere with the director’s ability to act with a view to the best interests of the Corporation, other than interests and relationships arising from shareholding.
- C. Certain of the responsibilities of the Board referred to herein may be delegated to committees of the Board. The responsibilities of those committees will be as set forth in their terms of reference, as amended from time to time by the Board.

#### III. DUTIES AND RESPONSIBILITIES

##### A. Managing the Affairs of the Board

The legal obligations of the Board are described in detail in Section IV. Subject to these legal obligations and to the Articles and By-Laws of the Corporation, the Board retains the responsibility for managing its own affairs, including

- i) planning its composition and size;
- ii) selecting its Chair;
- iii) nominating qualified candidates for election to the Board;
- iv) appointing committees and their members;
- v) determining director compensation; and
- vi) assessing the effectiveness of the Board, committees and directors in fulfilling their responsibilities.

### **III. DUTIES AND RESPONSIBILITIES (cont'd)**

#### **B. Management and Human Resources**

The Board has the responsibility for:

- i) the appointment and succession of the Chief Executive Officer of the Corporation (the “CEO”), monitoring and evaluating CEO performance, approving CEO compensation and providing advice and counsel to the CEO in the execution of the CEO’s duties and responsibilities;
- ii) approving terms of reference for the CEO;
- iii) reviewing CEO performance at least annually, against agreed upon written objectives;
- iv) approving decisions relating to senior management of the Corporation, including the:
  - a) appointment and discharge of officers;
  - b) compensation and benefits for executive officers;
  - c) acceptance of outside directorships on public companies by executive officers (other than not-for-profit organizations); and
  - d) employment contracts, termination and other special arrangements with executive officers, or other employee groups.
- v) ensuring succession planning programs are in place, including programs to train and develop management of the Corporation;
- vi) approving certain matters relating to all employees of the Corporation, including:
  - a) the annual salary policy/program for employees;
  - b) new benefit programs or material changes to existing programs;
- vii) material benefits granted to retiring employees outside of benefits received under approved pension and other benefit programs.
- viii) undertake a Board self-assessment annually and communicate the outcome to shareholders of the Corporation.

#### **C. Strategy and Plans**

The Board has the responsibility to:

- i) participate with management of the Corporation, in the development of, and ultimately approve, the Corporation’s strategic plan;
- ii) approve the annual business plans that enable the Corporation to realize its objectives;
- iii) approve annual capital and operating budgets which support the Corporation’s ability to meet its strategic objectives;
- iv) approve political donations policies and budgets;
- v) approve the entering into, or withdrawing from, lines of business that are, or are likely to be, material to the Corporation;
- vi) approve financial and operating objectives used in determining compensation if they are different from the strategic, capital or operating plans referred to above;
- vii) approve material divestitures and acquisitions;
- viii) approve major leases and capital expenditures; and
- ix) monitor the Corporation’s progress towards its goals, and to revise and alter its direction through management in light of changing circumstances.

### **III. DUTIES AND RESPONSIBILITIES (cont'd)**

#### **D. Financial and Corporate Issues**

The Board has the responsibility to:

- i) take reasonable steps to ensure the implementation and integrity of the Corporation's internal control and management information systems;
- ii) monitor operational and financial results;
- iii) approve annual financial statements, review quarterly financial results and approve release thereof by management of the Corporation;
- iv) approve the management information circular and, to the extent applicable, the annual information form and documents incorporated by reference therein;
- v) declare dividends;
- vi) approve financings, changes in authorized capital, issue and repurchase of shares, issue of debt securities, listing of shares and other securities, issue of commercial paper, the issue and distribution of prospectuses, offering or information memorandums and other similar disclosure documents and issue of indentures;
- vii) recommend appointment of external auditors of the Corporation and approve auditors' remuneration;
- viii) approve banking resolutions and significant changes in banking relationships;
- ix) approve appointments, or material changes in relationships with corporate trustees;
- x) review coverage, deductibles and key issues regarding corporate insurance policies, including key person insurance and directors' and officers liability and reimbursement insurance;
- xi) approve contracts, leases and other arrangements or commitments that may have a material impact on the Corporation; and
- xii) approve the commencement or settlement of litigation that may have a material impact on the Corporation.

#### **E. Business and Risk Management**

The Board has the responsibility to:

- i) ensure management identifies the principal risks of the Corporation's business and implements appropriate systems to manage these risks;
- ii) review operating and financial performance of the Corporation relative to its budgets or objectives;
- iii) receive, at least annually, reports from management of the Corporation on matters relating to, among others, ethical conduct, employee health and safety, human rights and related party transactions;
- iv) assess and monitor management control systems, including:
  - a) assessing information provided by management of the Corporation and others (e.g. internal and external auditors) about the effectiveness of management control systems; and
  - b) understanding the principal risks of the Corporation and review whether the Corporation achieves a proper balance between risk and returns, and that management of the Corporation ensures that systems are in place to address the risks identified.

**III. DUTIES AND RESPONSIBILITIES (cont'd)**

**F. Policies and Procedures**

The Board has the responsibility to:

- i) approve and monitor compliance with all significant policies and procedures by which the Corporation is operated;
- ii) direct management to ensure the Corporation operates at all times within applicable laws and regulations and to the highest ethical and moral standards; and
- iii) review significant new corporate policies or material amendments to existing policies (including, for example, policies regarding business conduct, conflict of interest and the environment).

**G. Compliance Reporting and Corporate Communications**

The Board has the responsibility to:

- i) ensure the Corporation has in place effective communication processes with shareholders and other stakeholders of the Corporation and financial, regulatory and other recipients;
- ii) approve interaction with shareholders of the Corporation on all items requiring shareholder response or approval;
- iii) ensure that the financial performance of the Corporation is adequately reported to shareholders, other security holders and regulators on a timely and continuous basis;
- iv) ensure the financial results are reported fairly and in accordance with applicable generally accepted accounting principles;
- v) ensure the timely reporting of any other developments that have a significant and material impact on the value of the Corporation; and
- vi) report annually to shareholders of the Corporation on the Board's stewardship for the preceding year (e.g. the Annual Report).

**IV. GENERAL LEGAL OBLIGATIONS OF THE BOARD OF DIRECTORS**

**A.** The Board is responsible for:

- i) directing management of the Corporation to ensure legal requirements have been met, and documents and records have been properly prepared, approved and maintained;
- ii) approving changes in the Articles and By-Laws of the Corporation, matters requiring shareholder approval, and notices and agendas for shareholder meetings; and
- iii) approving the Corporation's legal structure, name, logo and related intellectual property, mission statement and vision statement.

#### **IV. GENERAL LEGAL OBLIGATIONS OF THE BOARD OF DIRECTORS (cont'd)**

##### **B. The CBCA identifies the following as legal requirements for the Board:**

- i) to manage or supervise the management of the business and affairs of the Corporation (CBCA S. 102(1)), including the relationships among the Corporation, its affiliates, their shareholders, directors and officers;
- ii) in respect of each director, to act honestly and in good faith with a view to the best interests of the Corporation (CBCA S. 122(1)(a));
- iii) in respect of each director, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances (CBCA S. 122(1)(b));
- iv) to act in accordance with its obligations contained in the CBCA, the *Securities Act* (Ontario) and similar securities legislation in each applicable province and territory of Canada, other relevant legislation, regulations, rules and policies and the Corporation's Articles and By-laws;
- v) in particular, it should be noted that the following matters must be considered by the Board as a whole (CBCA S. 115(3)):
  - a) submit to the shareholders any question or matter requiring the approval of the shareholders;
  - b) fill a vacancy among the directors or in the office of auditor or the appointment of additional directors;
  - c) issue securities or shares of a series except in the manner and on the terms authorized by the directors;
  - c.1) issue shares of a series under Section 27 except as authorized by the directors;
  - d) declare dividends;
  - e) purchase, redeem or otherwise acquire shares issued by the Corporation;
  - f) the payment of a commission to any person in consideration of that person purchasing or agreeing to purchase shares of the Corporation from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares;
  - g) approve a management information circular;
  - h) approve a take-over bid circular, issuer bid circular or directors' circular;
  - i) approve any financial statements of the Corporation; or
  - j) adopt, amend or repeal the By-laws of the Corporation.