ACCORD FINANCIAL

# NOTICE OF ANNUAL MEETING OF SHAREHOLDERS AND MANAGEMENT INFORMATION CIRCULAR 2022

**TO BE HELD AT:**

**Toronto Board of Trade**
**3rd Floor, First Canadian Place**
**77 Adelaide Street West**
**Toronto, Ontario, Canada**

**Wednesday, May 4, 2022**
**4:15 p.m. (Eastern Daylight Time)**

# ACCORD FINANCIAL CORP.
# NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

**NOTICE** is hereby given that the 2022 Annual Meeting (the "Meeting") of Shareholders of **ACCORD FINANCIAL CORP.** (the "Company") will be held at:

**Toronto Board of Trade**
**3rd Floor, First Canadian Place**
**77 Adelaide Street West**
**Toronto, Ontario, Canada**

on **Wednesday, May 4, 2022**
at **4:15 p.m. (Eastern Daylight Time)**

**Record Date**: The Company has fixed **March 25, 2022** as the record date for the Meeting.

**IMPORTANT NOTICE**

The following business will be conducted at the Meeting:

1. to receive the Audited Consolidated Financial Statements of the Company for the fiscal year ended December 31, 2021, together with the auditors' report thereon;

2. to elect directors of the Company;

3. to appoint KPMG LLP, Chartered Professional Accountants, as auditors of the Company and to authorize the Company's directors, through their Audit Committee, to fix the remuneration to be paid to the auditors;

4. to transact such other business as may properly come before the Meeting or any adjournment thereof.

As a shareholder, you are entitled to attend the Meeting and to cast one vote for each common share that you own. If you are a registered shareholder and are unable to attend the Meeting, you will be able to vote on the items of business set out in 2, 3 & 4 above by completing the form of proxy included with the accompanying Management Information Circular (the "Circular"). The Circular explains how the voting process works.

If you are not able to be present at the Meeting, please exercise your right to vote by voting online at www.investorvote.com, by telephone at 1-866-732-VOTE (8683) or by signing and returning the enclosed form of proxy or voting instruction form to Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 so as to arrive not later than 4:15 p.m. (EDT) on the second business day preceding the date of the Meeting (namely, May 2, 2022) or any adjournment thereof. Please see the form of proxy received for more information on voting your shares.

The Circular provides additional information relating to the matters to be dealt with at the Meeting and forms part of this notice.

Dated at Toronto, Ontario, the 31st day of March 2022

**BY ORDER OF THE BOARD OF DIRECTORS**

Simon Hitzig
Secretary

# ACCORD FINANCIAL CORP.

# INVITATION TO SHAREHOLDERS

Dear Shareholder:

On behalf of Accord Financial's Board of Directors ("Board"), I am pleased to invite you to attend the Company's Annual Meeting of Shareholders to be held at Toronto Board of Trade, 3rd Floor, First Canadian Place, 77 Adelaide Street West, Toronto, Ontario, Canada, on Wednesday, May 4, 2022 at 4:15 p.m.

The Meeting gives you the opportunity to learn more about your Company, receive its financial results, and hear about our plans for the future. The items of business to be considered at this meeting are described in the Notice of Annual Meeting of Shareholders and accompanying Management Information Circular (the "Circular"). The Company strongly encourages that all shareholders vote their shares prior to the meeting, as it is important that your shares be represented and voted, by using the enclosed proxy or voting instruction form and voting in the manner detailed in the Circular. We encourage you to familiarize yourself with the information in the Circular in order to decide how you want to vote your shares. We look forward to your participation.

The Board and management thank you for your continued support.

Sincerely,

Simon Hitzig
President and CEO
Accord Financial Corp.

# ACCORD FINANCIAL CORP.

# MANAGEMENT INFORMATION CIRCULAR

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# ACCORD FINANCIAL CORP.

# MANAGEMENT INFORMATION CIRCULAR

## SOLICITATION OF PROXIES

The information contained in this Management Information Circular (the "Circular") is furnished in connection with the solicitation of proxies to be used at the Annual Meeting of Shareholders of Accord Financial Corp. (“Accord” or the "Company") to be held at Toronto Board of Trade, 3rd Floor, First Canadian Place, 77 Adelaide Street West, Toronto, Ontario at 4:15 p.m. on Wednesday, May 4, 2022 (the "Meeting"), and at all adjournments thereof, for the purposes set forth in the accompanying Notice of Meeting. It is expected that the solicitation will be made primarily by mail but proxies may also be solicited personally by directors, officers or employees of the Company. **The solicitation of proxies by this Circular is being made by or on behalf of the management of the Company.** The total cost of the solicitation will be borne by the Company.

## APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy accompanying this Circular are directors and officers of the Company. ***A shareholder of the Company has the right to appoint a person other than the persons specified in such form of proxy and who need not be a shareholder of the Company to attend and act for the shareholder and on the shareholder's behalf at the Meeting. Such right may be exercised by striking out the names of the persons specified in the form of proxy, inserting the name of the person to be appointed in the blank space provided in the form of proxy, signing the form of proxy and returning it in the reply envelope in the manner set forth in the accompanying Notice of Meeting, or if voting online at www.investorvote.com, by inserting the name of the person to be appointed proxy in the appropriate space.***

In the case of registered Shareholders, to be valid, a written proxy being deposited with the Company must be dated and manually signed by the Shareholder or his/her attorney authorized in writing or, if the Shareholder is a corporation, by a duly authorized officer or attorney. The proxy, to be acted upon, must be deposited with the Company by mail, through its registrar and transfer agent, Computershare Trust Company of Canada (“Computershare”), at its office at 100 University Avenue 8th Floor, Toronto, Ontario M5J 2Y1, Attention: Proxy Department, by hand to the same address in Toronto, Ontario, by internet at www.investorvote.com (in which case you will be prompted to enter your Control Number, which is located on the accompanying Form of Proxy) or by telephone, by calling 1-866-732-VOTE (8683) (toll free within North America), by 4:15 p.m. on May 2, 2022 or if the Meeting is adjourned, not later than 48 hours (excluding weekends and holidays) prior to the time of such adjourned Meeting.

A shareholder who has given a proxy has the right to revoke it as to any matter on which a vote has not already been cast pursuant to the authority conferred by that proxy and may do so: (i) by depositing an instrument in writing executed by the shareholder or by the shareholder's attorney who is authorized by a document that is signed in writing or by electronic signature that complies with the requirements of the Business Corporations Act (Ontario) (the “OBCA”); or (ii) by transmitting, by telephonic or electronic means, a revocation that is signed by electronic signature that complies with the requirements of the OBCA; or (iii) if voting online, by changing the name of, or deleting, the proxy previously appointed, in each case to be received (a) at the registered office of the Company, Suite 602, 40 Eglinton Avenue East, Toronto, Ontario, M4P 3A2 (or by fax at (416) 961-9443) or at the offices of Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, up to and including 4:15 p.m. (EDT) on the second business day immediately preceding the day of the Meeting, or any adjournment or postponement thereof, at which the proxy is to be used or (b) by the Chair of the Meeting on the day of the Meeting or any adjournment or postponement thereof before it is exercised on any particular matter or (c) if voting online, submitting the change before 4.15 pm (EDT) on the second business day immediately preceding the day of the meeting, or any adjournment or postponement thereof or (d) in any other manner permitted by law. A shareholder who has given a proxy may also revoke it in any other manner permitted by law.

## VOTING BY NON-REGISTERED SHAREHOLDERS

Only registered Shareholders of the Company or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, common shares of the Company are beneficially owned by a person (a “Non-Registered Holder”) and are registered either: (i) in the name of an intermediary (an “Intermediary”) with whom the Non-Registered Holder deals in respect of the common shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc.) 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 Company will have distributed copies of the Notice of Meeting, this Circular and form of proxy (collectively, the "meeting materials") to the Intermediaries for onward distribution to Non-Registered Holders.

Non-Registered Holders who have not waived the right to receive meeting materials will receive either a voting instruction form or, less frequently, a form of proxy. The purpose of these forms is to permit Non-Registered Holders to direct the voting of the shares they beneficially own. Non-Registered Holders should follow the procedures set out below, depending on which type of form they receive.

(a) Voting Instruction Form. In most cases, a Non-Registered Holder will receive, as part of the meeting materials, a voting instruction form. If the Non-Registered Holder does not wish to attend and vote at the meeting (or have another person attend and vote on the Holder's behalf), the voting instruction form must be completed, signed and returned in accordance with the directions on the form. If a Non-Registered Holder wishes to attend and vote at the meeting (or have another person attend and vote on the Holder's behalf), the Non-Registered Holder must complete, sign and return the voting instruction form in accordance with the directions provided and a form of proxy giving the right to attend, and vote will be forwarded to the Non-Registered Holder.

(b) Form of Proxy. Less frequently, a Non-Registered Holder will receive, as part of the meeting materials, a form of proxy that may have already been signed by an Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of shares beneficially owned by the Non-Registered Holder, but which is otherwise not completed. If the Non-Registered Holder does not wish to attend and vote at the meeting (or have another person attend and vote on the Non-Registered Holder's behalf), the Non-Registered Holder must complete the form of proxy and deposit it with the Company's registrar and transfer agent, Computershare, at its office at 100 University Avenue 8th Floor, Toronto, Ontario M5J 2Y1, Attention: Proxy Department, or by internet or telephone pursuant to the instructions provided in the form of proxy, by 4:15 p.m. May 2, 2022 or if the Meeting is adjourned, not later than 48 hours (excluding weekends and holidays) prior to the time of such adjourned Meeting. If a Non-Registered Holder wishes to attend and vote at the meeting (or have another person attend and vote on the Non-Registered Holder's behalf), the Non-Registered Holder must insert the Non-Registered Holder's (or such other person's) name in the blank space provided. Non-Registered Holders should follow the instructions on the forms they receive and contact their Intermediaries promptly if they need assistance.

## VOTING OF SHARES REPRESENTED BY MANAGEMENT PROXIES

The persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed by proxy on any ballot that may be called for in accordance with the instructions thereon. **In the absence of such specifications, such shares will be voted in favour of each of the matters referred to herein.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments to or variations of matters identified in the Notice of Meeting and with respect to other matters, if any, which may properly come before the Meeting. At the date of this Circular, the management of the Company knows of no such amendments, variations, or other matters to come before the Meeting. However, if any other matters which are not known to management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxy.

## VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

As at the date hereof, the Company had 8,558,913 issued and outstanding common shares ("shares"), each carrying one vote. Each holder of a share of record at the close of business on March 25, 2022, the record date established for notice of the Meeting, will, unless otherwise specified herein, be entitled to one vote for each share held by such holder on all matters proposed to come before the Meeting, except to the extent that such holder has transferred any such shares after the record date and the transferee of such shares establishes ownership thereof and makes a written demand, not later than 10 days before the Meeting, to be included in the list of shareholders entitled to vote at the Meeting, in which case the transferee will be entitled to vote such shares at the Meeting.

At the date hereof, to the knowledge of the management of the Company, the only persons beneficially owning, directly or indirectly, or exercising control or direction over, more than 10% of the issued and outstanding shares of the Company are as follows:

| Shareholder | Number of Common Shares | % of Issued and Outstanding Common Shares |
|---|---|---|
| Oakwest Corporation Limited ("Oakwest") | 2,121,051 | 24.78% |
| Hitzig Bros., Hargreaves & Co. Inc. ("Hitzig Bros.") | 2,000,000 | 23.37% |
| 3502236 Canada Inc. ("3502236") | 1,047,840 | 12.24% |

Management understands that Mr. Simon Hitzig, President and CEO ("CEO") of the Company, is a director, officer and shareholder of Hitzig Bros. Management further understands that Mr. David Beutel, Chair of the Board of Directors ("Chair") of the Company, is also a director, officer and shareholder of Oakwest. Management also understands that 3502236 Canada Inc. is a family holding company of, amongst others, Mr. Robert Tom, an employee of the Company who is a director, officer and shareholder of 3502236.

# BUSINESS OF THE MEETING

## FINANCIAL STATEMENTS

The Audited Consolidated Financial Statements of the Company for the fiscal year ended December 31, 2021 and the auditors' report thereon are included in the Company's 2021 Annual Report, which was mailed to shareholders with this Circular.

## ELECTION OF DIRECTORS

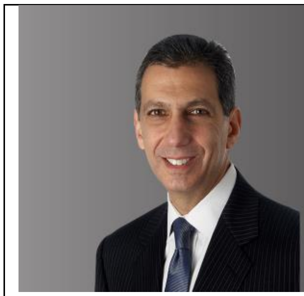
Management will propose at the Meeting that the seven nominees named on pages 4 to 6 below be elected directors. The current Board comprises of a majority of independent directors. All directors so elected will hold office until the next annual meeting of shareholders of the Company or until their successors are elected or appointed. The persons named in the enclosed form of proxy intend to cast the votes to which the shares represented by such proxy are entitled for the election of the nominees whose names are set forth below, unless the shareholder who has given such proxy has directed that the shares be withheld from voting in the election of one or more particular directors. Management of the Company does not contemplate that any of the nominees will be unable to serve as a director, but if that should occur for any reason at or prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. The Board approved each of the directors to be nominated for election.

The Board has adopted a policy regarding majority voting in the election of directors. This states that if the number of votes withheld for a particular director nominee is more than the votes in favour of such director, the director nominee will be required to immediately submit his resignation to the Company's Board for consideration by it. For further details regarding this policy see Majority Voting Policy ("MVP") on page 20 below.

### Nominees for Election to the Board of Directors

Each year directors are elected or re-elected to the Board. The seven nominee director profiles below summarize each nominated director's skills and experience. They have been selected based on their collective ability to contribute to the broad range of issues that the Board considers when overseeing the Company's business and affairs. Six of the seven nominated directors are independent which ensures that the Board is able to operate independently of management and make decisions in the best interest of the Company and its shareholders.

The following table sets forth certain information with respect to the persons nominated by management for election to the Company's Board.



Independent director.

**Burt Feinberg, New York, New York, U.S.A.**
**Principal Occupation:** Managing Director and Head of Asset Based Lending and Fund/Lender Finance at Apple Bank

Mr. Feinberg holds an MBA in Finance from the NYU Stern Business School and a BA from Binghamton University. Mr. Feinberg is currently Managing Director and Head of Asset Based Lending and Fund/Lender Finance at Apple Bank focused on bank market lending and brings extensive experience in corporate finance, direct lending, asset-based lending, leveraged finance, retail finance, as well as equipment finance/leasing. Previously he served as a consultant to boutique investment banks in placing debt and equity and as an advisor to financial institutions/asset managers and banks in starting new business initiatives. Prior to that he served as Managing Director and Group Head of CIT Commercial & Industrial and before that with FINOVA Capital Corp. holding various management positions Mr. Feinberg has been appointed to the Board effective April 1, 2022 and is standing as a nominee for the first time.

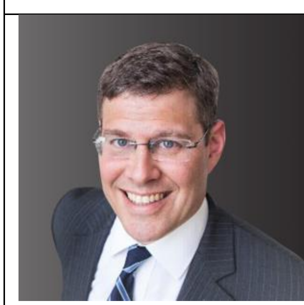
| Common Shares Held (#) / Value ($)[4] | Convertible debentures Held (#) / Value ($)[5] | Stock Options Vested & Held (#) |
|---|---|---|
| Nil | Nil | Nil |

Independent director.
Chair of the Board.

**David Beutel, Toronto, Ontario, Canada**
**Principal Occupation:** Vice President and Secretary, Oakwest Corporation Limited (investment company)

Mr. Beutel holds a B.A. from University of Pennsylvania and a MBA from Schulich School of Business at York University. Mr. Beutel is a Vice President and Secretary of Oakwest, a private investment management and holding company. Prior to this, Mr. Beutel was the co-founder and managing partner of Belweather Capital Partners Inc., a merchant banking and private investment company in Toronto. He is Chair of Diamond Estates Wines and Spirits Inc. (TSX-V: DWS) as well as being a director of several private companies. Mr. Beutel was appointed as Chair of the Company's Board on May 1, 2021 and has been a director of Accord since May 7, 2014. He is a member of the Company's Audit and Credit Committees.

| Common Shares Held (#) / Value ($)[4] | Convertible debentures Held (#) / Value ($)[5] | Stock Options Vested & Held (#) |
|---|---|---|
| 2,121,051[2] / $17,816,828 | Nil | Nil |



Independent director.

**David Spivak, Vancouver, British Columbia, Canada**
**Principal Occupation:** President, Brockstreet Capital

Mr. Spivak holds an MBA from the University of Chicago, a Bachelor of Commerce from the University of Manitoba and is a Certified Public Accountant (inactive) and has completed the CICA In-Depth Tax Course. Mr. Spivak is currently President of Brockstreet Capital, an investment and corporate finance advisory firm, and prior to that was Group CFO and SVP Corporate Development of Persis Holdings Ltd., a private investment company. David previously served as the CFO of Seaspan Corporation, the world's largest containership lessor. The majority of David's career was spent at Citigroup in Toronto and New York, where he held numerous positions, including Managing Director in the Investment Banking and Equity Capital Markets Groups. He is currently a Director of Höegh LNG Partners LP and a past member of the TSX Listings Advisory Committee. Mr. Spivak has been appointed to the Board effective April 1, 2022 and is standing as a nominee for the first time.

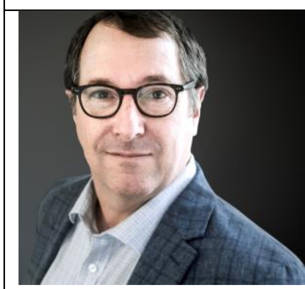
| Common Shares Held (#) / Value ($)[4] | Convertible debentures Held (#) / Value ($)[5] | Stock Options Vested & Held (#) |
|---|---|---|
| 2,500 / $21,000 | Nil | Nil |

Independent director.

**Jean Holley, Alpharetta, Georgia, U.S.A.**
**Principal Occupation:** Corporate director

Ms. Holley holds a B.S. in Computer Science/Electrical Engineering from Missouri University Science & Technology, and a M.S. in Computer Science/Engineering from Illinois Institute of Technology in Chicago. Ms. Holley has over 30 years' experience in information technology, serving as Chief Information Officer for a variety of global companies including Brambles Limited, Tellabs and USG Corp. She has served on OneSpan's (Nasdaq: OSPN) board as an independent director since 2006 where she chairs the Corporate Governance and Nominating Committee and is a member of the Management Development and Compensation Committee. Since 2017, Ms. Holley has also served on Herc Holding's (NYSE: HRI) board as an independent director where she is a member of the Compensation and Government Committees. Ms. Holley has been a director of Accord since May 6, 2020 and is Chair of the Company's Compensation Committee.

| Common Shares Held (#) / Value ($)[4] | Convertible debentures Held (#) / Value ($)[5] | Stock Options Vested & Held (#) |
|---|---|---|
| Nil | Nil | Nil |



Mr. Hitzig is President and CEO of Accord and, hence, a non-independent director.

**Simon Hitzig, Toronto, Ontario, Canada**
**Principal Occupation:** President and CEO of the Company

Mr. Hitzig joined Accord Financial Ltd., the Company's non-recourse factoring subsidiary, as President and CEO in 2011. He moved to Accord Financial Corp. in 2016 as Senior Vice President, Corporate Development and was promoted to President and CEO on Oct. 1, 2018, at which time he also joined the Board of Directors. Prior to joining Accord, he spent 20 years with various subsidiaries of Dundee Corporation and DundeeWealth Inc., where he held executive positions in marketing, product development and distribution strategy. Mr. Hitzig completed his MBA at Georgetown University in Washington DC and has a B.A. from York University in Toronto.

| Common Shares Held (#) / Value ($)[4] | Convertible debentures Held (#) / Value ($)[5] | Stock Options Vested & Held (#) |
|---|---|---|
| 2,222,090 [3] / $18,665,556 | 550 / $558,250 | 4,000 / 12,000 |

Independent director.

**Gary Prager, Wake Forest, North Carolina, U.S.A.**
**Principal Occupation:** Managing Partner, Cygnus Advisers (business and financial consulting)

Mr. Prager has over 38 years' experience in corporate finance. He worked for 18 years with CIT as an Executive Vice President in its Corporate Finance Group. He was also a Managing Director of GB Credit Partners, the investment management affiliate of Gordon Brothers Group. Mr. Prager holds a MBA from the University of North Carolina. He has also completed Advanced Executive Programs in Corporate Finance and Marketing at University of Virginia and Northwestern University, respectively. Mr. Prager has been a director of the Company since May 6, 2015 and is a member of the Company's Audit and Chair of its Credit Committees.

| Common Shares Held (#) / Value ($)[4] | Convertible debentures Held (#) / Value ($)[5] | Stock Options Vested & Held (#) |
|---|---|---|
| 8,900 / $74,760 | 330 / $334,950 | Nil |

Independent director.

**Stephen Warden, Oakville, Ontario, Canada**
**Principal Occupation:** Partner, MNP LLP (Chartered Professional Accountants)

Mr. Warden is a Partner at MNP LLP, a national firm of chartered professional accountants. He was previously a partner at parker simone LLP and prior to that a partner at KPMG LLP in Toronto. He specializes in auditing investment dealers, banking, and finance companies. While at KPMG, he was an auditor of Accord from 1980 to 2006. He is a Director and Audit Committee Chair of the Private Capital Markets Association of Canada. Mr. Warden is a CPA, CA and Certified Management Consultant with a B.Comm. from University of Toronto. Mr Warden joined Accord's Board on July 27, 2010 and is the Chair of its Audit Committee and a member of its Compensation Committee.

| Common Shares Held (#) / Value ($)[5] | Convertible debentures Held (#) / Value ($)[6] | Stock Options Vested & Held (#) |
|---|---|---|
| 9,000 / $75,600 | 25 / $25,375 | Nil |

1. The number of shares beneficially owned or over which a director or nominee director exercises control or direction, not being within the knowledge of the Company, has been furnished by the respective nominees individually as at March 25, 2022.
2. Oakwest is the beneficial owner of these shares.
3. Hitzig Bros. is the beneficial owner of 2,000,000 of these shares.
4. The value of shares held is the number of shares held multiplied by the closing price of the Company's shares on the Toronto Stock Exchange (TSX) on December 31, 2021 of $8.40.
5. The value of convertible debentures held is the number of debentures held multiplied by the closing price of the Company's convertible debentures on the TSX on December 31, 2021 of $1,015 (after conversion based on a face value of $1,000 per debenture).

**Board of Directors Meetings Held and Attendance of Directors**

A summary of attendances at Board and Committee meetings during the year ended December 31, 2021 is set out below.

| | | Committee Meetings Attended | | | |
|---|---|---|---|---|---|
| **Director** | **Board Meetings Attended** | **Audit Committee** | **Compensation Committee** | **Total Meetings Attended** | |
| David Beutel | 5 of 5 | 4 of 4 | | 9 of 9 | 100% |
| Ken Hitzig[1] | 5 of 5 | | 3 of 3 | 8 of 8 | 100% |
| Simon Hitzig | 5 of 5 | | | 5 of 5 | 100% |
| Jean Holley | 5 of 5 | | 3 of 3 | 8 of 8 | 100% |
| Gary Prager | 5 of 5 | 4 of 4 | | 9 of 9 | 100% |
| Stephen Warden | 5 of 5 | 4 of 4 | 3 of 3 | 12 of 12 | 100% |

1. Mr. Ken Hitzig stood down as a director effective January 1, 2022

**Committees of the Board of Directors**

The following table summarises the current membership of each committee of the Board:

| Audit Committee | Compensation Committee | Credit Committee |
|---|---|---|
| David Beutel | Jean Holley (Chair) | David Beutel |
| Gary Prager | Stephen Warden | Gary Prager (Chair) |
| Stephen Warden (Chair) | | |

The Company's three committees are comprised of independent directors. Upon joining the Board effective April 1, 2022, Mr. Spivak will also join the Audit Committee and Mr. Feinberg will join the Credit Committee, while, on April 1, 2022, Mr. Prager will leave the Audit Committee and join the Compensation Committee.

## Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as noted below, to the knowledge of the Company, no director, nominee for director, or executive officer of the Company is or has been, in the last ten years, a director or executive officer of an issuer that, while that person was acting in that capacity: (a) was the subject of a cease trade order or similar order or an order that denied the issuer access to any exemptions under Canadian securities legislation, for a period of more than 30 consecutive days; or (b) was subject to an event that resulted, after that person ceased to be a director or executive officer, in the issuer being the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under Canadian securities legislation for a period of more than 30 consecutive days; or (c) 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, receiver manager or trustee appointed to hold its assets.

Mr. David Beutel was a director of Arius3D Corp. ("Arius"). In September 2012, the Ontario and British Columbia Securities Commissions and applicable Canadian securities regulators issued a permanent cease trade order against Arius related to its failure to meet its continuous disclosure obligations. As Arius was insolvent, its assets were seized by its major creditors. Arius has been delisted and is no longer a public company.

## COMPENSATION OF DIRECTORS

The Board is responsible for reviewing independent director compensation and satisfying itself that it is competitive and aligns directors' interests with those of the Company's shareholders. The Board determines the form and amount of independent director compensation based on a review of director compensation in the marketplace. In addition, reasonable out-of-pocket expenses incurred in performance of their duties are reimbursed.

Following an independent review of directors' compensation provided by Gallagher Benefits Services (Canada) Group Inc. ("Gallagher"), the compensation structure for independent directors was amended effective July 1, 2021. The Director's compensation structures for January 1, 2021 to June 30, 2021 and then from July 1, 2021 to December 31, 2021 are set out below.

### Directors' Compensation Structure

Directors' Compensation Structure from January 1, 2021 to June 30, 2021:

| Directors' Fee Component | Fees ($) (1) |
|---|---|
| Directors' annual retainer | 30,000 |
| Board meeting fee (per meeting) | 2,000 |
| Audit Committee Chair annual retainer | 7,500 |
| Audit Committee member's (excluding Chair) annual retainer | 3,750 |
| Audit Committee meeting fee (per meeting) | 2,000 |
| Compensation Committee member's annual retainer | 5,000 |
| Compensation Committee meeting fee (per meeting) | 2,000 |
| Credit Committee member's annual retainer | 5,000 |

1. For the period January 1, 2021 to June 30, 2021 the retainers paid were half of the above amounts.
2. Ms. Jean Holley and Mr. Gary Prager, U.S. based independent directors, were paid these fees in U.S. dollars for the first half of 2021.

Directors' Compensation Structure from July 1, 2021 to December 31, 2021:

| Directors' Fee Component | Fees ($)(1) |
|---|---|
| Chair's annual retainer | 90,000 |
| Directors' annual retainer | 50,000 |
| Audit Committee Chair annual retainer | 15,000 |
| Audit Committee member's annual retainer | 7,500 |
| Compensation Committee Chair annual retainer | 10,000 |
| Compensation Committee member's annual retainer | 5,000 |
| Credit Committee Chair annual retainer | 10,000 |
| Credit Committee member's annual retainer | 5,000 |

1. For the period July 1, 2021 to December 31, 2021, the retainers paid were half of the above amounts.
2. Ms. Jean Holley and Mr. Gary Prager, U.S. based independent directors, were paid the equivalent of these fees in U.S. dollars.

On December 23, 2021 the Board approved the implementation of a new Deferred Share Unit Plan for Non-Employee Directors ("DSU Plan") effective January 1, 2022.

Under the Plan, $3,000 will be credited in the form of DSUs to each non-employee director's DSU account at the end of each fiscal quarter. The number of DSUs will be calculated based on the volume-weighted average trading price of the Company's common shares on the TSX during the ten trading days preceding the DSU conversion date. In addition, dividend equivalents will be credited to the director's DSU account at the end of each quarter based on the number of DSUs held by each director at the end of the previous quarter multiplied by the dividend rate per common share paid by the Company during the quarter.

DSUs are notional accounts that will be carried forward on the Company's books in each director's name until the director's retirement date and will not be redeemable prior to that time. On a director's retirement, the value of DSUs held in the director's DSU account will be converted to the equivalent amount in Canadian dollars by applying the 10-trading day weighted average share price of the Company's shares on the TSX to the number of DSUs held by the director. Payment of the converted amount will be made in cash, less required withholding tax, within six weeks of the director's retirement date.

The DSU Plan includes certain provisions for those participants who are U.S. taxpayers that are required in order for DSUs grants to comply with Section 409A of the Internal Revenue Code.

### Individual Director Compensation

The following table provides a detailed break-down of the total compensation paid to directors for the year ended December 31, 2021.

| Director | Directors' Annual Retainer ($) | Board Meeting Fees ($) | Audit Committee Annual Retainer ($) | Compensation Committee Annual Retainer ($) | Credit Committee Annual Retainer ($) | Audit and Compensation Committee Meeting Fees ($) | Total Fees ($) | Option-based Awards[3] ($) | Stock-based Awards[4] ($) | Total Compensation ($) |
|---|---|---|---|---|---|---|---|---|---|---|
| David Beutel [1] | 70,000 | 6,000 | 5,625 | - | 5,000 | 4,000 | 90,625 | - | - | 90,625 |
| Ken Hitzig [2] | - | - | - | - | - | - | - | - | - | - |
| Simon Hitzig [2] | - | - | - | - | - | - | - | - | - | - |
| Jean Holley [3] | 43,711 | 7,446 | - | 8,119 | - | 2,5346 | 61,810 | - | - | 61,810 |
| Gary Prager [3] | 43,711 | 7,446 | 6,089 | - | 8,107 | 4,990 | 70,343 | - | - | 70,343 |
| Stephen Warden | 40,000 | 6,000 | 11,250 | 5,000 | - | 6,000 | 68,250 | - | - | 68,250 |
| Total | 197,422 | 26,892 | 22,964 | 13,119 | 13,107 | 17,524 | 291,028 | - | - | 291,028 |

1. Mr. Beutel's Directors' annual retainer includes a $10,000 fee paid for his election as Chair of the Board of Directors effective May 1, 2021.
2. Ken Hitzig and Simon Hitzig were both executive officers of the Company and, as such, receive no compensation for acting as directors of the Company. Effective January 1, 2021, Mr. Ken Hitzig, resigned as a director and officer of the Company.
3. Mr. Prager received total fees of US$55,816, while Ms. Holley received US$49,003. The total fees shown in the above table are the Canadian dollar equivalents of the U.S. dollar fees paid.
4. No option-based awards relating to stock option grants were awarded to directors under the Company's Non-Executive Directors Stock Option Plan ("NEDSOP") or 2021 Stock Option Plan ("SOP") during the fiscal year ended December 31, 2021.
5. Director's share-based awards relate to the Company's Stock Appreciation Rights ("SARs"). No SARs have been granted since 2011 and the plan was terminated on March 10, 2021.

## APPOINTMENT OF AUDITORS

The Audit Committee recommends that shareholders appoint KPMG LLP ("KPMG"), Chartered Professional Accountants, as independent auditors of the Company until the next annual meeting of shareholders. KPMG was first appointed auditors of the Company on March 6, 1992. Unless the shareholder has specified in the enclosed form of proxy that the shares represented by such proxy are to be withheld from voting in the appointment of KPMG as auditors, the persons named in the enclosed form of proxy intend to vote in favour of the appointment of KPMG as auditors of the Company to hold office until the next annual meeting of shareholders, and to authorize the directors to fix the remuneration of the auditors.

## Fees for Services Provided by KPMG LLP

Aggregate fees billed for professional services rendered by KPMG for the fiscal years ended December 31, 2021 and 2020 were as follows:

| | **2021** | **2020** |
|---|---|---|
| | $'000 | $'000 |
| Audit fees | 355 | 293 |
| Audit-related fees | - | - |
| Tax fees | 11 | - |
| All other fees | - | - |
| Total fees | 366 | 293 |

Audit fees were paid for professional services rendered for the audit of Accord and its subsidiaries annual financial statements or services provided in connection with statutory and regulatory filings or engagements. Tax fees were paid for tax planning, advice and compliance.

The Audit Committee is required to pre-approve all audit and non-audit services prior to the services being provided in order to ensure that the provision of such services does not impair KPMG's independence. The Audit Committee has approved all of the services provided to the Company and its subsidiaries described in the table above.

## ISSUE OF UP TO 850,000 SHARES UNDER THE COMPANY'S 2021 STOCK OPTION PLAN

On March 10, 2021, the Board of Directors of the Company approved and its shareholder's ratified on May 5, 2021, that up to 850,000 shares of the Company, representing 9.9% of the issued and outstanding shares at the date hereof, would be reserved for granting options to directors, executive officers or employees (Eligible persons") of the Company, or any of its affiliates, under a new Stock Option Plan ("2021 SOP"). The 2021 SOP replaced the Company's existing option plans (Key Employee Stock Option Plan and Non-Executive Director's Stock Option Plan), as well as the LTIP and SARs plan, as a means of providing a long-term incentive to attract, retain and motivate Eligible Persons by providing them with an opportunity to benefit from the Company's growth thereby giving them an in interest in preserving and maximizing shareholder value in the long term. During 2021, 92,100 options were granted under the 2021 SOP. The 2021 SOP is described on pages 12 and 16 to 18 below.

On March 10, 2021, the Company's Board of Directors terminated the Company's 2016 Long-Term Incentive Plan ("LTIP"), the 1995 Key Employee Stock Option Plan, and the 1998 Non-Executive Directors Stock Option Plan. No further awards will be made under these plans.

## COMPOSITION OF THE COMPENSATION COMMITTEE

Currently the Compensation Committee is composed of two independent directors as noted on page 6. As noted, Mr. Prager will also join the Compensation Committee effective April 1, 2022. The Compensation Committee has, as part of its mandate, primary responsibility for making recommendations for approval by the Board with respect to the appointment and remuneration of executive officers of the Company. The Compensation Committee also evaluates the performance of the Company's senior executive officers and reviews the design and competitiveness of the Company's compensation plans. The Compensation Committee met three times during the fiscal year ended December 31, 2021.

## COMPENSATION DISCUSSION AND ANALYSIS

The following report is provided by the Compensation Committee. The Compensation Committee administers the Company's executive compensation policies and is responsible for making recommendations to the Board concerning the compensation of Mr. Simon Hitzig, President and CEO ("CEO"), and other key executive officers of the Company. Executive compensation is designed to encourage, compensate and reward employees on the basis of individual and corporate performance in the short-term, medium-term and long-term. The objectives of the Company's executive compensation strategy are to:

1. attract and retain talented and effective individuals to assume responsibility for those functions that are critical to the Company's success;

2. encourage and recognize high levels of performance by linking incentive compensation to the Company's profitability;
3. link medium-term and long-term compensation to the achievement of the Company's strategic objectives of growth and the enhancement of shareholder value; and
4. encourage retention of key executives for leadership succession.

Given the relative size of the Company, compensation for each of the key executive officers is determined in a relatively simple and straightforward manner and no formal benchmarking is undertaken. Executive compensation consists of four components:

1. base salary;
2. annual incentive or bonus plans;
3. medium and longer-term incentive plan awards; and
4. benefits and other perquisites.

The Company's aim for the key executive officers is to have approximately 50% of their total compensation "at risk" in the form of incentives that are subject to individual and corporate performance over time.

*Executive Compensation Program Review*

In the fall of 2020, the Compensation Committee began a review of the effectiveness of the executive compensation program in meeting the Company's objectives. As part of the review process, and with concurrence of the Compensation Committee, Gallagher was engaged by management in September 2020 to provide professional compensation consulting advice to the Company. During the balance of fiscal 2020, Gallagher provided a review of current state compensation practices, a review of the Company's compensation philosophy, and advice on short-term incentive plan design and on long-term incentive strategy. Gallagher's fees for these services for fiscal 2020 totaled $5,198.

In 2021, Gallagher continued to work with management to provide professional compensation consulting advice to the Company. During fiscal 2021, Gallagher provided assistance in the design of the short term and long-term variable incentive programs, a review of broad-based compensation for all levels in the organization, and additional ad hoc assignments. Gallagher also assisted the organization with a review of director's compensation practices and magnitudes. Gallagher's fees for these services for fiscal 2021 were $35,875 for executive and directors' compensation and $11,500 for broad-based compensation projects.

*Fiscal 2021 Executive Compensation*

Pursuant to the executive compensation program review, a number of changes were made to the Company's incentive programs for fiscal 2021 year, including the following:.

1. On March 10, 2021, the Company's Board of Directors terminated the Company's 2016 Long-Term Incentive Plan, the 1995 Key Employee Stock Option Plan, the 1998 Non-Executive Directors Stock Option Plan and the SARs Plan. No further awards will be made under these plans.

2. On March 10, 2021, the Board of Directors of the Company approved a new Stock Option Plan ("2021 SOP") under which up to 850,000 shares of the Company, representing 9.9% of the issued and outstanding shares at that time, be reserved for granting options to directors, executive officers, or employees of the Company, or any of its affiliates. The 2021 SOP was ratified by the Company's shareholders on May 5, 2021.

3. The Company introduced a new Short-Term Incentive Plan.

The following discussion provides an overview of the key components of the Company's executive compensation program and of the decisions made by the Compensation Committee and the Board of Directors for the 2021 fiscal year as they relate to the Named Executive Officers ("NEOs").

*Base Salaries*

The level of base salary for the CEO is reviewed annually by the Compensation Committee and its recommendation is subject to approval by the Company's Board. The CEO's base salary is based on an assessment of a variety of factors, including the CEO's performance in relation to achieving organizational goals, establishing and implementing the Company's strategic plans, the Company's relative financial performance, competitive issues and the Company's ability to pay.

Base salary levels for other key executive officers of the Company are reviewed annually by the Compensation Committee based on individual performance, industry compensation levels, the degree of impact the position has on the overall financial performance of the Company, the number of employees under direct and indirect supervision, competitive issues and the ability of the Company to pay. The recommendations of the Compensation Committee with regard to key executive officers are then presented to the Board for approval prior to implementation.

Salaries paid to the Company's CEO, Chief Financial Officer ("CFO") and the three other most highly compensated executive officers of the Company (collectively, the "Named Executive Officers") for each of the past three fiscal years are set out in the Summary Compensation Table ("SCT") on page 14 of this Circular in the Salary column.

No changes were made to any of the NEO salaries during fiscal 2021.

*Annual incentive or bonus plans for fiscal 2021*

A new Short-Term Incentive ("STI") program was approved by the Board for fiscal 2021 with an overall companywide cap equal to 12% of the Company's pre-tax earnings. Except for subsidiary Presidents, each employee and each executive has a target annual bonus as a percentage of salary, ranging up to 20% for senior staff and corporate executives. The targets for the corporate executive team (including the four corporate NEOs) are expected to increase in the coming years along with the Company's profitability, while respecting the 12% of pre-tax earnings companywide cap.

Each employee's performance is measured against a performance scorecard that measures progress according to the Company's Strategic Plan. Using a balanced scorecard approach, there are four categories within the STI plan: Organizational (people/talent), Client-Focus, Internal/Operational, and Financial performance. Each year the performance scorecard is based on a subset of key performance indicators within each of these four categories. The scorecards produce a percentage to be applied to each employee's target STI percentage, generally ranging from 80% to 120% of target.

The scorecard categories for the corporate team are equally weighted. The 20% of salary target for the corporate NEOs is subject to a minimum target of $70,000 determined in their native currency.

The operating subsidiaries share the same performance measures and include a financial performance measure specific to each subsidiary. Subsidiary scorecards are generally weighted in favor of financial metrics.

Subsidiary Presidents do not have a target percentage of salary. Instead, the following general formula guides a President's target bonus, as follows:

1. The overall STI companywide bonus "pool" equal to 12% of pre-tax earnings is determined by the Company.
2. After deducting the bonuses payable to the corporate team, a notional subsidiary share of that pool is calculated based primarily on each unit's relative contribution to the Company's overall consolidated pre-tax earnings.
3. 20% of that notional pool is allocated to the subsidiary President, which becomes the President's target.
4. The subsidiary scorecard result is then applied to determine the President's final pool.
5. In addition, subsidiary Presidents may earn a discretionary bonus upon the recommendation of the CEO to the Compensation Committee for outstanding achievements over the year.

Fiscal 2021 Results:

The scorecard results for fiscal 2021 generated a 98% of target result for each of the four corporate NEOs.

Based on the 105% of target performance result produced by Accord Financial Canada Corp. (“AFCC”), the AFCC President, Mr. James Jang was awarded a STI bonus of $125,991 for fiscal 2021 financial performance plus a discretionary award for outstanding achievements.

The annual incentives or bonuses paid to the Company’s NEOs for each of the last three fiscal years are set out in the Annual Incentive Plan or Bonus column of the SCT on page 14 of this Circular.

*2021 Stock Option Plan*

Under the terms of the 2021 SOP, stock options can be awarded to non-employee directors, officers and employees of the Company. The maximum number of common shares authorized for issuance under the Plan and under any other shared-based compensation arrangement involving the issuance of common shares is 850,000. Option awards will normally vest one-third on the date of grant and one-third on each of the first two anniversary dates thereof (or over such other period as may be determined by the Board) and shall terminate no later than seven years after their grant date.

The exercise price of all options granted under the 2021 SOP shall not be lower than the volume-weighted average trading price of the Company’s common shares on the TSX during the ten trading days immediately preceding the date of grant of the option. The Plan includes a cashless exercise feature. Further details on the provisions of the 2021 SOP are provided on pages 9 and 16 to 18.

In fiscal 2021, 92,100 stock options were awarded to certain key employees under the 2021 SOP based on the Company’s determination with respect to employee retention needs and individual employee performance in advancing the Company’s Strategic Plan. The following 2021 SOP awards to NEOs were recommended by the Compensation Committee in fiscal 2021 and were approved by the Board of Directors:

| Name | Number of Options | Option Exercise Price | Option Expiration Date |
|---|---|---|---|
| Simon Hitzig | 12,000 | $8.33 | August 3, 2028 |
| Stuart Adair | 3,600 | $8.33 | August 3, 2028 |
| James Jang | 15,000 | $8.33 | August 3, 2028 |
| Eric Starr | 13,500 | $8.33 | August 3, 2028 |
| Barrett Carlson | 12,000 | $8.33 | August 3, 2028 |

Messrs. Adair, Jang, Starr and Carlson’s options were granted on August 4, 2021, while Mr. Hitzig’s options were granted on October 12, 2021.

*2022 Medium Term Incentive Plan*

Pursuant to the 2021 executive compensation review, the Board of Directors has approved the introduction of a new 2022 Medium Term Incentive Plan (“2022 MTIP”) effective January 1, 2022. The 2022 MTIP will reward selected key executives for the achievement of pre-determined three-year objectives and will be settled by the Company in cash.

No 2022 MTIP awards have been awarded to any of the Company’s employees as of the date of this Circular.

*Benefits and Perquisites*

Benefits and perquisites are valued in assessing the competitiveness of overall compensation. Benefits include group health, dental and disability insurance, and perquisites are primarily business related and include items such as automobiles and automobile allowances.

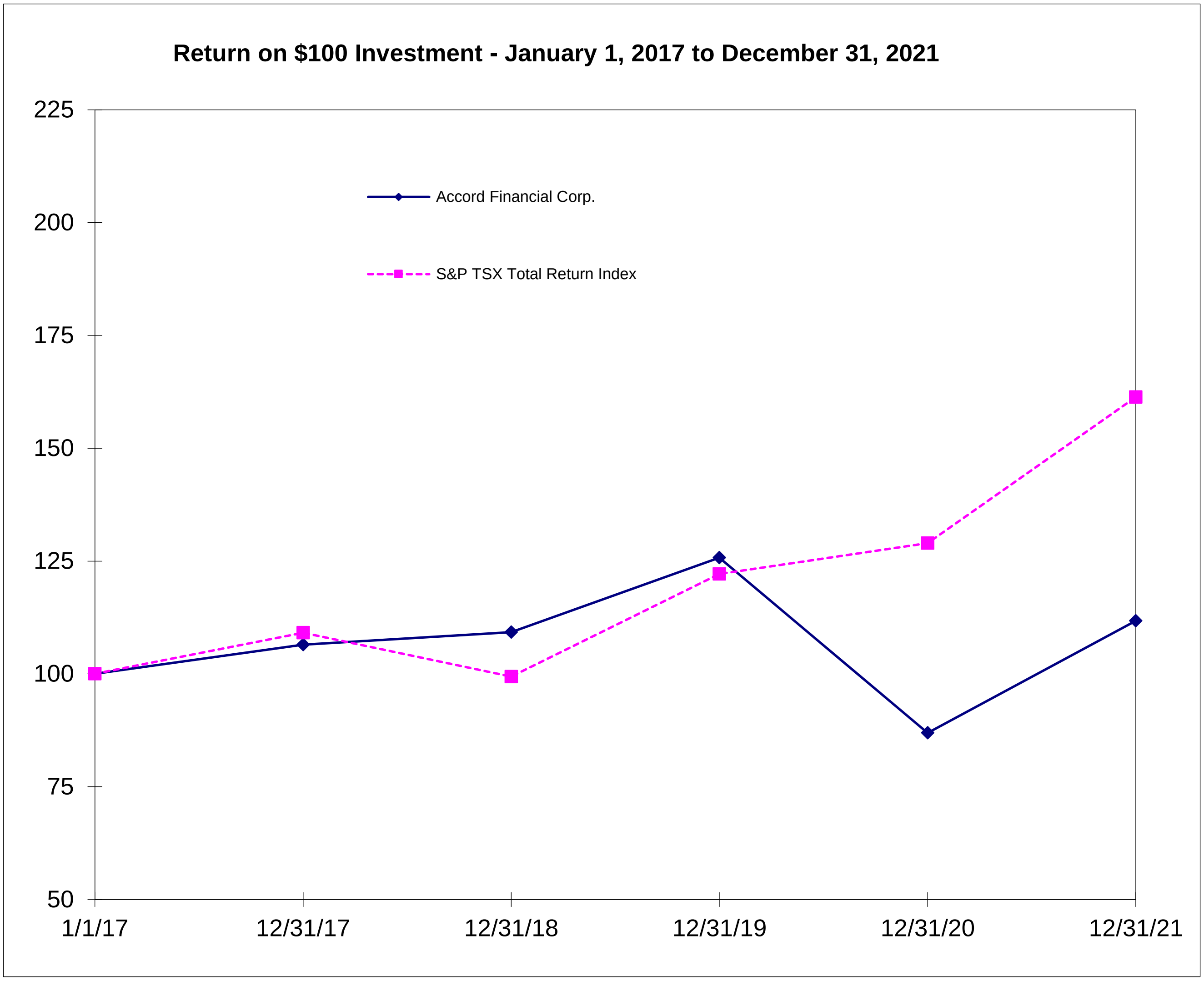
*Executive Share Ownership Guidelines*

The Compensation Committee believes that there should be share ownership guidelines for the senior executive group. The following table sets out share ownership guidelines, which are designed to align the interests of senior executives with those of the Company’s shareholders, and the transition period needed to meet the guidelines.

| Title | Share Ownership Guideline | Time to Meet |
|---|---|---|
| President & Chief Executive Officer | 1.0 x base salary | 3 years |
| Subsidiary Presidents | 1.0 x base salary | 3 years |
| Executive Vice Presidents | 0.5 x base salary | 5 years |
| Senior Vice Presidents | 0.5 x base salary | 5 years |
| Vice Presidents | 0.5 x base salary | 5 years |

## PERFORMANCE GRAPH

The following graph compares the total cumulative return on a $100 investment in common shares of the Company on January 1, 2017 assuming reinvestment of all dividends with the cumulative total shareholder return on the S&P/TSX Total Return Index on the same date.




| | 01/01/17 | 12/31/17 | 12/31/18 | 12/31/19 | 12/31/20 | 12/31/21 |
|---|---|---|---|---|---|---|
| S&P TSX Total Return Index | $100.00 | $109.10 | $ 99.40 | $122.14 | $128.98 | $161.34 |
| Accord Financial Corp. | $100.00 | $106.47 | $109.22 | $125.75 | $ 86.92 | $111.78 |

During 2021, a $100 investment in Accord's shares, taking into account share price changes and dividends paid rose by 29%, while Accord's net earnings and adjusted net earnings increased by 2,751% and 543%, respectively, compared to 2020. The total 2021 annual incentive or bonus payable to the Named Executive Officers rose by 117% compared to 2020.

The foregoing report has been furnished by the Compensation Committee.

## EXECUTIVE COMPENSATION

The following table sets forth, for the years indicated, all compensation paid to the Company's NEO's being its CEO, CFO and its three other most highly compensated executive officers as required by the Canadian Securities Administrators.

### Summary Compensation Table

| Name and Principal Position | Year | Salary ($) | Annual Incentive Plan or Bonus(1) ($) | Option-based Awards(2) ($) | Share-based (LTIP) Awards(3) ($) | All Other Compen-sation(4) (5) ($) | Total Compen-sation ($) |
|---|---|---|---|---|---|---|---|
| Simon Hitzig | 2021 | 400,080 | 78,000 | 16,800 | - | - | 494,880 |
| President and CEO, | 2020 | 400,080 | - | - | 27,000 | - | 427,080 |
| Accord Financial Corp. | 2019 | 400,080 | 88,600 | - | 35,000 | - | 523,680 |
| Stuart Adair | 2021 | 272,520 | 68,250 | 6,660 | - | 4,088 | 351,518 |
| Chief Financial Officer, | 2020 | 272,520 | 32,750 | - | 27,500 | - | 332,770 |
| Accord Financial Corp. | 2019 | 269,850 | 66,954 | - | 35,000 | - | 371,804 |
| James Jang | 2021 | 297,500 | 200,991 | 27,750 | - | 4,500 | 530,741 |
| President, | 2020 | 270,000 | 206,673 | - | 27,500 | - | 504,173 |
| Accord Financial Canada Corp. | 2019 | 267,360 | 126,708 | - | 35,000 | - | 429,068 |
| Eric Starr (6) | 2021 | 438,795 | 85,565 | 24,975 | - | 13,791 | 563,126 |
| Senior Vice President, | 2020 | 469,420 | - | - | 27,500 | 18,777 | 515,697 |
| Accord Financial Corp. | 2019 | 464,380 | - | - | 35,000 | 18,575 | 517,955 |
| Barrett Carlson (7) | 2021 | 438,795 | 85,565 | 22,200 | - | 13,791 | 560,351 |
| Senior Vice President, | 2020 | 469,420 | - | - | 27,500 | 15,256 | 512,176 |
| Accord Financial Corp. | 2019 | 464,380 | - | - | 35,000 | 14,927 | 514,307 |

1. This amount represents the annual incentive or bonus earned in respect of such fiscal year, which amount was paid the subsequent February.
2. The amounts shown for each NEO represents awards made in that year under the Company's 2021 SOP. The fair value of the awards was determined using the Black-Scholes model to value the stock options granted to each NEO. The fair value of the options granted in 2021 was determined using the Black-Scholes option pricing model with the following assumptions on the grant date:

| | August 4, 2021 grant | October 12, 2021 grant |
|---|---|---|
| Risk free interest rate | 0.92% | 1.35% |
| Expected dividend yield | 2.24% | 2.48% |
| Expected share price volatility | 24.3% | 24.60% |
| Expected life of option | 7.0 years | 6.8 years |
| Fair value per option | $1.85 | $1.40 |

   Mr. Hitzig was granted options on October 12, 2021, while the other NEOs were granted options on August 4, 2021.
3. The amounts represent grant date values of the Company's LTIP awards to its Named Executives. LTIP awards were to be payable in a combination of cash and/or shares of the Company at the end of a three-year vesting period at the discretion of the Company's Compensation Committee. As discussed, the LTIP was terminated by the Board on March 10, 2021 and no future awards will be made under the LTIP. The payout of the outstanding 2020 LTIP awards, if any, will be settled in cash. There was no payout in respect of the 2019 LTIP award.
4. This amount represents the Company's contributions to employee savings or retirement plans. Contributions for Mr. Eric Starr and Mr. Barrett Carlson were made in U.S. dollars which were then converted into Canadian dollars at the average exchange rate for the year, namely, 1.2537 for 2021, 1.3412 for 2020 and 1.3268 for 2019.
5. The value of any perquisites received by the NEOs is below the threshold of the lesser of $50,000 or 10% of the NEOs salary and so is not required to be disclosed.

6. Mr. Eric Starr was appointed Senior Vice President, Program Operations and Risk, of Accord Financial Corp. effective August 1, 2020 prior to which he was an Executive Vice President of Accord CapX LLC. He received a salary of US$350,000 for each of the above years, which was converted into Canadian dollars at the average exchange rate for the year, namely, 1.2537 for 2021, 1.3412 for 2020 and 1.3268 for 2019. In respect of 2021, he received a bonus of US$68,250 which was converted into Canadian dollars at the average exchange rate for the year.
7. Mr. Barrett Carlson was appointed Senior Vice President, Corporate Development, of Accord Financial Corp. effective August 1, 2020 prior to which he was Executive Vice President of Accord CapX LLC. He received a salary of US$350,000 for each of the above years, which was converted into Canadian dollars at the average exchange rate for the year, namely, 1.2537 for 2021, 1.3412 for 2020 and 1.3268 for 2019. In respect of 2021, he received a bonus of US$68,250 which was converted into Canadian dollars at the average exchange rate for the year.
8. The Company had formal employment contracts with two of the Named Executive Officers at December 31, 2021, as noted on page 16 under " Employment and Termination Agreements ".

### Outstanding Option-based Awards to Named Executive Officers

The following table provides outstanding option-based award information for the Named Executive Officers as of December 31, 2021 as required by the Canadian Securities Administrators:

| | Option-Based Awards | | | |
|---|---|---|---|---|
| **Name** | **Number of Securities Underlying Unexercised Options(1)** | **Option Exercise Price ($)** | **Option Expiration Date** | **Value of Unexercised in-the-money Options(2) ($)** |
| Simon Hitzig | 12,000 | 8.83 | August 3, 2028 | - |
| Stuart Adair | 3,600 | 8.83 | August 3, 2028 | - |
| James Jang | 15,000 | 8.83 | August 3, 2028 | - |
| Eric Starr | 13,500 | 8.83 | August 3, 2028 | - |
| Barrett Carlson | 12,000 | 8.83 | August 3, 2028 | - |

1. One-third of the unexercised options outstanding, which were all granted in 2021, were vested at December 31, 2021.
2. The value of unexercised options at December 31, 2021 was nil as the exercise price thereof was above the closing price on the Toronto Stock Exchange at that date of $8.40.

### Outstanding Share-based Awards to Named Executive Officers

As discussed, the LTIP was terminated by the Board on March 10, 2021 and no future awards will be made under the LTIP. The outstanding LTIP awards that were granted in 2020 and vest on December 31, 2022 will be settled 100% in cash, the payouts for which, if any, will be subject to the LTIP Adjusted Return on Equity requirements. As such, the LTIP award is no longer a share-base award. At December 31, 2021, the fair value of the outstanding 2020 unvested LTIP awards was nil.

### Incentive Plan Awards – Value Vested or Earned During the Year

The following table provides incentive award information for the 2021 fiscal year for the Named Executive Officers as required by the Canadian Securities Administrators:

| **Name** | **Option-based awards – Value vested during the year(1) ($)** | **Share-based awards – Value vested during the year(2) ($)** | **Non-equity incentive plan compensation – Value earned during the year(3) ($)** |
|---|---|---|---|
| Simon Hitzig | 5,600 | - | 78,000 |
| Stuart Adair | 2,220 | - | 68,250 |
| James Jang | 9,250 | - | 200,991 |
| Eric Starr | 8,325 | - | 85,565 |
| Barrett Carlson | 7,400 | - | 85,565 |

1. One-third of the options granted in 2021 vested immediately on the date of grant. Amounts shown are the fair values of the vested options.
2. There was no payout in respect of the 2019 LTIP award which vested on December 31, 2021.
3. Annual incentive or bonus for 2021 paid in February 2022. See Summary Compensation Table.

**Employment and Termination Agreements**

Two Named Executive Officers, Eric Starr and Barrett Carlson, Senior Vice Presidents of the Company, have formal employment contracts with the Company or its subsidiaries at the date of this report. Messrs. Starr and Carlson's employment contracts were for an initial term of three years starting October 27, 2017 and are automatically renewed for successive periods of one year unless thirty days written notice prior to the expiration of the employment contracts is given by either the Company, or Messrs. Starr or Carlson. During the initial term of employment, Messrs. Starr and Carlson's annualized base salary was fixed at US$350,000, with increases, if any, approved by the Company's Compensation Committee, in writing. If Mr. Starr or Carlson's employment is terminated by the Company without cause, or by the employee with good reason, the Company will pay him twelve months salary, any accrued but unused vacation pay up to eight weeks, twelve months benefits provided for under their employee benefits plan and any unpaid annual bonus in respect of any completed fiscal year ended prior to the date of termination. At December 31, 2021, the potential termination payment would amount to US$350,000 each for Messrs. Starr and Carlson, comprising twelve month's salary. Messrs. Starr and Carlson will also be entitled to the Company's group health and dental benefits and disability coverage for a period of twelve months from the date of termination, along with any accrued and unused vacation pay up to eight weeks.

As noted above, with the exception of Messrs. Starr and Carlson, the Company and its subsidiaries have no formal contracts with any other Named Executive Officer. Accordingly, apart from monies that would be owing to Messrs. Starr and Carlson, no payments to other Named Executive Officers under any contracts are required in the event of any termination, resignation, retirement or change in control of the Company, although substantial severance and termination payments would be required by law as the other Named Executive Officers are largely long-term employees of the Company and its subsidiaries. Any unvested LTIP awards outstanding would immediately vest as a result of a change in control of the Company. If a change of control had in fact occurred on December 31, 2021, the value of the outstanding unvested 2020 LTIP awards for each the individual NEO was nil.

**Indebtedness of Directors and Executive Officers**

No person who is or was at any time during the most recently completed financial year, a director, executive officer or senior officer of the Company, was indebted to the Company or a subsidiary of the Company at any time during the period January 1, 2021 to March 25, 2022.

**NUMBER OF SECURITIES TO BE ISSUED AND AVAILABLE UNDER THE COMPANY'S SECURITY-BASED COMPENSATION ARRANGEMENTS AS OF DECEMBER 31, 2021**

| Stock-Based and Option-Based Plans Approved by the Shareholders | Number of Common Shares to be Issued upon Exercise of Outstanding Options (Column A) | Weighted Average Exercise Price of Outstanding Options ($) | Number of Common Shares Remaining Available for Future Issuance (excluding securities reflected in Column A) (1) |
|---|---|---|---|
| 2021 Stock Option Plan | 92,100 | 8.83 | 757,900 |

The annual "burn rate" for shares issued under the Company's stock option plans as a percentage of the Company's weighted average number of outstanding common shares was 0% for fiscal 2021, fiscal 2020, and fiscal 2019.

**2021 Stock Option Plan Summary**

The Company received shareholder approval of the 2021 SOP at its May 5, 2021 Annual and Special Meeting. The 2021 SOP allows incentives in the form of stock options to be granted to certain of our non-employee directors, officers and employees.

The maximum number of common shares authorized for issuance under the 2021 SOP, and any other share-based compensation arrangement of the Company, is 850,000, The number of shares issued within a one-year period or issuable at any time to insiders under the 2021 SOP and any other security-based compensation arrangement shall not exceed 10% of the Company's issued and then outstanding common shares. The total annual grant to any one non-employee director under all share-based compensation arrangements may not exceed an aggregate grant value of $100,000 in options and

$150,000 in total equity. Except as described above, the 2021 SOP does not provide for a maximum number of shares that may be issued to an individual.

Under the terms of the 2021 SOP, options may be granted under the 2021 SOP by the Board, pursuant to the recommendations of the Compensation Committee, to eligible participants. An option shall be exercisable during a period established by our Board which shall commence on the date of grant and shall terminate no later than seven years after the date of granting or such shorter period as the Board may determine. An Option will vest one-third on each anniversary date of the date of grant, commencing on the date of grant, or shall vest over such other period as may be determined by the Board. In the event that the term of an otherwise unexercised option expires during a black-out period or other trading restriction, the term of the option will automatically be extended to ten business days after the expiry of the restricted period.

The exercise price of all options granted under the 2021 SOP under each option agreement shall not be lower than the volume-weighted average trading price of the Company's common shares on the TSX during the ten trading days immediately preceding the date of grant of the option.

In order to facilitate the payment of the exercise price of the options, the 2021 SOP includes a "cashless exercise" feature pursuant to which a participant may elect to undertake either a "cashless exercise" or "net surrender" subject to the procedures set out in the 2021 SOP, including the consent of the Board. No financial assistance will be provided by the Company to participants in the 2021 SOP in order to assist them in exercising their options.

If, in the event of a change of control of the Company (such as a change in ownership of 50% of more of the Company's outstanding shares, the sale of substantially all of the assets of the Company, and a change in more than 50% of the membership of the Company's directors) the participants' options are not substituted by or replaced by the acquiring entity on the same terms and conditions, the Board will have the discretion to accelerate the vesting of all outstanding options in the event of such a change in control. If a participant is terminated without cause or resigns for good reason during the 12-month period following a change of control, the Board will have the discretion to accelerate vesting. In addition, in the event of a takeover bid, the Board may, in its sole discretion, permit all options outstanding to become immediately exercisable in order to permit common shares issuable under such options to be tendered to such bid.

The 2021 SOP provides that appropriate adjustments, if any, will be made by our Board in connection with a recapitalization, reorganization or other change of our shares, share split or consolidation, distribution, merger or amalgamation, in the Shares issuable or amounts payable to preclude a dilution or enlargement of the benefits under the 2021 Plan.

Options are not assignable or transferable by a participant, with the exception of an assignment made to the estate or personal representative of a deceased participant.

If a participant ceases to be an eligible person under the 2021 SOP due to resignation, retirement or termination by the Company other than for cause, unless otherwise determined by the Board at its sole discretion:

1. the participant's unvested options will be automatically terminated and become void immediately; and

2. the participant will be entitled to exercise the participant's vested options within a maximum period of 60 days following the participant's resignation, retirement or termination, or prior to the expiry date of the option, whichever is earlier, following which the participant's vested options will be cancelled by the Company.

In the event of the death or long-term disability of a participant and unless otherwise determined by the Board in its sole discretion, each unvested option held by the participant will continue to vest for a period of six (6) months from the date of his or her death or long-term disability and all vested options held by the participant will continue to be exercisable for a period of up to six (6) months from the date of his or her death or long-term disability. The legal representative of the participant may exercise the participant's options for the period ending on the earlier of: (i) the original expiry date of the option; and (ii) the date that is six (6) months following the date of the participant's death or long-term disability, and afterwards each vested option held by the participant will cease to be exercisable and all unvested options will terminate and become void.

If a participant's service or employment with the Company or an affiliate is terminated for cause pursuant to an employment agreement or for any act or omission that would in law permit the Company to terminate the employment of the participant without notice or payment instead of notice and unless otherwise determined by the Board in its sole discretion, each option held by the participant will automatically terminate and become void.

The Board is responsible for oversight of the 2021 SOP and may delegate certain responsibilities to the Compensation Committee from time to time. The Board is authorized to interpret the 2021 SOP and may, from time to time, establish, amend, or rescind rules and regulations that guide the administration of the 2021 SOP. Any such interpretation will be final and conclusive.

The Board may suspend or terminate the 2021 SOP at any time, or from time to time, amend or revise the terms and conditions of the 2021 Plan or of any option granted under the 2021 SOP and any option certificate relating thereto, provided that such suspension, termination, amendment, or revision will be made in compliance with applicable law and subject to any regulatory approvals including, where required, the approval of the TSX and the shareholders; and will not materially adversely alter or impair any award previously granted except as permitted by the terms of the 2021 Plan.

The Board has the discretion to make amendments which it may deem necessary, to modify or to terminate the 2021 SOP without having to obtain shareholder approval. Such amendments include, without limitation:

a. any amendment to the vesting provisions of the 2021 SOP and any awards;
b. any amendment regarding the effect of termination of a participant's employment or engagement;
c. any amendment necessary to comply with applicable law or the requirements of the Toronto Stock Exchange or any other regulatory body;
d. any amendment of a "housekeeping" nature, including, without limitation, to clarify the meaning of an existing provision of the 2021 SOP, correct or supplement any provision of the 2021 SOP that is inconsistent with any other provision of the 2021 SOP, correct any grammatical or typographical errors or amend the definitions in the 2021 SOP regarding administration of the 2021 SOP;
e. any amendment respecting the administration of the 2021 SOP; and

any other amendment that does not require the approval of Shareholders pursuant to the terms of the 2021 SOP; provided that shareholder approval will be required in the case of the following:

a. any amendment to the amendment provisions of the 2021 SOP;
b. any increase in the maximum number of shares issuable under the 2021 SOP;
c. any reduction in the exercise price or extension of the term of an option benefiting any participant, any cancellation and reissuance of options or substitution of options with cash or other awards on terms that are more favorable to the participant;
d. any increase or removal of the insider or non-employee director participation limits;
e. amend the transfer and assignment provisions of the plan;
f. any material modification to the eligibility requirements for participation in the 2021 SOP; and
g. such other matters that may require shareholder approval under the rules and policies of TSX.

The 2021 SOP includes certain provisions for those participants who are U.S. taxpayers that are required in order for stock option awards to comply with Section 409A of the Internal Revenue Code.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Board and management of the Company are committed to strong corporate governance and believe it is a vital component for the effective and efficient operation and future success of the Company. Good corporate governance demonstrates the Board's ability to independently direct and evaluate the performance of the Company's management, as well as that of the Board members themselves. This is achieved through a well-qualified Board, a strong relationship between the Board and senior management, and strong governance practices and procedures.

The Company has considered the guidance provided by Canadian Security Administrators ("CSA") National Policy 58-201, Corporate Governance Guidelines ("NP 58-201"), in developing its corporate governance practices. NP 58-201 is intended to assist companies in improving their corporate governance practices and contains guidelines on issues such as the constitution and independence of corporate boards and their functions. The Company's corporate governance practices generally comply with NP 58-201's fundamental principles. The Company also follows the provisions of CSA's National

Instrument 58-101, Disclosure of Corporate Governance Practices, with respect to the disclosure of its corporate governance practices.

CSA has also enacted rules regarding the composition of audit committees (National Instrument 52-110 – Audit Committees) and the certification of an issuer's disclosure controls and procedures and internal control over financial reporting (National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings). In addition, the Company has adopted a Majority Voting Policy pursuant to Section 461.3 of the Toronto Stock Exchange's Company Manual. The Company is in compliance with the requirements of these instruments.

The Company's corporate governance practices are outlined below.

**Mandate and Responsibilities of the Board**

Each year the shareholders of Accord elect the members of the Board, who in turn are responsible for overseeing all aspects of the Company's business, including appointing management and ensuring that the business is managed properly, taking into account the interests of the shareholders and other stakeholders, such as employees, clients, suppliers and the community at large. The Board's duties are formally set out in its Charter, a copy of which is attached hereto as Appendix A. In addition to the Board's statutory obligations, the Board is specifically responsible for:

a) satisfying itself as to the integrity of the Company's CEO and other executive officers and that they create a culture of integrity within the Company;
b) adoption of a strategic planning process – the Board oversees strategic planning initiatives, provides direction to management and monitors its success in achieving those initiatives;
c) identification of the principal risks of the Company's business and ensuring that there are systems in place to effectively monitor and manage these risks. In this respect, the Credit Committee of the Board, which comprises three members thereof, reviews and approves all credit requests above $2.5 million (US$2.5 million for U.S. group companies), including loans to clients and assumption of credit risk, and in doing so it works closely with the Company's management;
d) appointing and monitoring senior management and planning for succession – the Board evaluates senior management on a regular basis, sets objectives and goals and establishes compensation to attract, retain and motivate skilled and entrepreneurial management;
e) a communications policy to communicate with shareholders and other stakeholders involved with the Company – the Company has procedures in place to disseminate information, respond to inquiries, and issue press releases covering significant business activities;
f) the integrity of the Company's internal control and management information systems – the Audit Committee of the Board oversees the integrity of the Company's internal control and management information systems and reports to the Board;
g) reviewing the Company's quarterly and annual financial reports, including financial statements, MD&A and related press releases, and overseeing its compliance with applicable audit, accounting and reporting requirements through the functions of its Audit Committee; and
h) ensuring strong governance is in place by establishing structures and procedures to allow the Board to function independently of management, establishing Board committees to assist it in carrying out its responsibilities and undertaking regular evaluation as to the effectiveness and independence of the Board.

In addition to those matters which must by law be approved by the Board, management seeks Board approval for any transaction that is outside of the ordinary course of business or could be considered to be material to the business of the Company. The Board expects its directors to adhere to the highest standards of business and personal ethics and to conduct itself with the utmost degree of honesty and integrity in fulfilling its duties and responsibilities and complying with all applicable laws and regulations. In the very rare cases where any director or executive officer has a conflict of interest or a material interest in any transaction or arrangement being considered, he will abstain from voting on that transaction or arrangement.

The frequency of the meetings of the Board, as well as the nature of agenda items, change depending upon the state of the Company's affairs and in light of opportunities or risks which the Company faces. The Board meets at least quarterly to review the business operations and financial performance of the Company, including regular meetings both with, and without, management to discuss specific aspects of the Company's operations. Each director is expected to attend all Board meetings and comprehensively review meeting materials provided in advance of each meeting. During 2021 there were five meetings of the Board. Details of director attendances at those meetings are set out on page 6 above. There was an "in camera" session towards the end of each Board meeting in which independent directors met without the Company's executive directors.

### Majority Voting Policy in Director Elections

The Board has adopted an MVP that allows, in an uncontested election of directors, shareholders to vote in favor of, or to withhold from voting, separately for each director nominee. Pursuant to this policy, if the number of votes withheld for a particular director nominee is more than the votes in favour of such a person, the director nominee will be required to immediately submit his resignation to the Board for consideration by it. The Board will be expected to accept the resignation unless it determines that there are exceptional circumstances that justify delaying acceptance or rejecting the resignation. In reaching its decision, the Board may consider all factors it deems relevant. Within 90 days following the Company's annual meeting, the Board will make its decision with respect to the resignation and disclose it by means of a press release. If the resignation is declined, the press release will include the reason(s) for reaching that decision. A director who tenders their resignation pursuant to this MVP will not be permitted to participate in any meeting of the Board at which the resignation is considered. The Board may adopt procedures as it deems fit for the administration of its MVP.

### Director Term Limits

The Company's Board has not established any term limits for Board renewal. It feels the benefits achieved through continuity and having experienced and skilled directors who have developed in-depth knowledge of the Company, its strategy and business operations, and the specific specialized industry in which it operates currently outweighs the need for renewal and fresh perspectives. However, the Company's Board considers the performance and contribution of individual directors on an ongoing basis and the Board's capabilities have been upgraded in recent years. Of the current seven directors, all were appointed or elected since July 27, 2010. The current Board comprises a majority of independent directors. All directors stand for re-election annually at the Company's Annual Meeting.

### Composition of the Board

As noted, the Board, effective April 1, 2022, will comprise seven persons and is chaired by Mr. David Beutel. Six directors (David Beutel, Burt Feinberg, Jean Holley, Gary Prager, David Spivak and Stephen Warden) are considered to be independent, since their respective relationships with the Company are independent of management and free from any interest or business which could reasonably be perceived to materially interfere with or compromise each director's ability to act independently in the best interests of the Company, other than interests arising from shareholdings. Mr. Simon Hitzig, CEO, is an officer of the Company and is, by definition, a non-independent director. Directors are elected for a term expiring at the conclusion of the Company's next annual shareholders' meeting or until their successors are duly appointed pursuant to the Business Corporations Act. All directors are eligible to stand for re-election annually at the Company's Annual Meeting. The biographies of the directors standing for election at the May 4, 2022 Annual Meeting are set out above. Board members may also act as directors of other public companies. These directorships, if any, are set out in each Board member's biography.

Currently, Mr. Simon Hitzig, is an executive of the Company and a non-independent director. The Company believes that the separation of the CEO and Chair positions contributes to allowing the Board to function independently of management. Further, as discussed below, all of the Company's Committees comprises solely of independent directors.

The Board has considered its size and believes that between six and eight members is the ideal size of Board for a company of Accord's size to facilitate effective decision making and direct and immediate communication between the directors and management. The size of the Company's Board permits individual directors to involve themselves directly in specific matters where their personal inclination or experience will best assist the Board and management in dealing with specific issues, such as credit review and approval.

The Board has neither a corporate governance committee nor a nominating committee preferring instead to perform these functions directly at the Board level. The Board and its committees have had, and continue to have, varied responsibilities. They include nominating new directors, assessing the effectiveness of the Board, its committees and members individually and as a whole, approving requests of directors to engage outside advisors at the expense of the Company and reviewing the adequacy and form of compensation of directors. The Board's next evaluation is expected to be in 2022. This will review the effectiveness of the Board and its committees, the contribution of individual directors, as well as overall governance matters.

Considering the size of the Company, the Board itself is responsible for identifying and considering prospective candidates to be appointed or elected by the shareholders to the Board. Nominees must have the required qualifications, expertise, skills and experience in order to add value to the Board and must exhibit the highest degree of integrity, professionalism, values and independent judgement. The Board solicits the names of candidates possessing these qualities from discussions with members of the Board, senior management and other outside sources, such as shareholders and the Company's lawyers and accountants. Shareholders are encouraged to participate in the process of recommending candidates for the Board. A list of candidates is then drawn up and considered by the Board who will interview them to determine their suitability. The Board then decides which candidate(s) will be appointed directly or nominated for election by the shareholders. Directors' compensation is set after giving due consideration to the directors' workload and responsibilities and reviewing compensation paid to directors of similar-sized public companies. Compensation paid to each of the Company's directors in 2021 is set out on page 8 above.

Given that there have only been seven new directors of the Company in the past ten years, including those joining on April 1, 2022, most of whom were familiar with the Company and its business at the time of appointment, no formal orientation and education program for new directors is currently considered necessary. However, as individual circumstances dictate, each new director receives a detailed orientation to the Company, which covers the nature and operations of the Company's business and his responsibilities as a director. Directors receive the Company's consolidated financial statements and those of its operating subsidiaries each month, as well as being involved in the more significant credit and risk management decisions. As a small company, directors work closely with the Company's management and tend to have an in-depth knowledge of its operations. The Company's principal risks are set out in its 2021 Management Discussion and Analysis and note 24 to its audited consolidated financial statements, which form part of its 2021 Annual Report; this report was mailed to shareholders with this Circular. Directors are also expected to continually educate themselves to maintain and update the skills and knowledge necessary for them to meet their legal duties and obligations as directors. They do this principally through attendance at seminars and the review of publications and materials relevant to a director's role as provided by the Company's management, external auditors, lawyers, other directorships and outside sources.

## Committees of the Board

The Company's Audit Committee is currently composed of Mr. Stephen Warden, Chair, Mr. David Beutel and Mr. Gary Prager. Effective April 1, 2022, upon joining the Board, Mr. David Spivak will replace Mr. Gary Prager on the Audit Committee. Each member of the Audit Committee is financially literate, that is, they are able to read and understand fundamental financial reports and statements. The Charter of the Audit Committee, available on the Company's website and attached as Appendix A to its Annual Information Form ("AIF") filed under the Company's profile on SEDAR, sets out the committee's responsibilities which include reviewing quarterly and annual financial reports, principally financial statements, MD&A and related press releases, before they are approved by the Board; making recommendations to the Board regarding the appointment of independent auditors and assuring their independence; meeting with the Company's management at least quarterly; reviewing annual audit findings with the auditors and management; and reviewing the risks faced by the Company, the business environment, the emergence of new opportunities, and the steps management has taken to mitigate exposure to significant risks. During 2021 there were four meetings of the Audit Committee, member attendances at which are set out on page 6 above.

The Audit Committee has adopted a corporate Code of Ethics and a "Whistleblower Policy" whereby any director, officer or employee of the Company or its subsidiaries who is aware of any acts by a director, officer or employee which are in contravention of the standards of business and personal ethics required of them by the Company, or in violation of applicable laws and regulations, is required to bring such matters to the attention of management or directly to the Chair of the Audit Committee. The Chair of the Audit Committee advises in each Audit Committee meeting if any matters have been reported to him under the Whistleblower Policy since the previous meeting. All reported matters are investigated and appropriate action taken if warranted. The Company's Code of Ethics and Whistleblower Policy are available on its website. All new directors and employees acknowledge they have read the Code of Ethics and confirm that they will comply with its terms.

The Compensation Committee is currently composed of Jean Holley, Chair, and Stephen Warden. Effective April 1, 2022, Mr. Gary Prager will join the Compensation Committee. The Compensation Committee's mandate includes evaluating the performance of the Company's executives and making recommendations for approval by the Board with respect to their remuneration. The Compensation Committee reviews compensation paid to management of similar-sized companies to ensure that remuneration is consistent with industry standards. The Compensation Committee also considers and makes recommendations with respect to such matters as short- and long-term incentive plans, employee benefit plans and the structure and granting of stock options or other awards. The Company's 2021 Compensation Discussion and Analysis report to shareholders is set out on pages 9 to 13 above. During 2021 there were three meetings of the Compensation Committee, member attendances at which are set out on page 6 above.

The Board's Credit Committee is currently composed of Gary Prager, Chair, and David Beutel. Effective April 1, 2022, upon joining the Board, Mr. Burt Feinberg will join the Credit Committee. The Credit Committee's role is to discharge the Board's responsibilities relating to credit risk management, including oversight of policies and procedures that govern the Company's credit decision-making and portfolio risk management. The Committee is also responsible for approving specific loans and customer that exceed a size threshold, as established by the Committee and amended from time to time. Currently, the Credit Committee reviews and approves all client and customer credit in excess of $2.5 million (US$2.5 million U.S. for group companies), including loans to clients and assumption of credit risk.

**Expectations of Management**

The Board expects management to adhere to the highest standards of business and personal ethics and to conduct itself with the utmost degree of honesty and integrity in fulfilling its duties and responsibilities and complying with all applicable laws and regulations. The Board expects management to operate the Company in accordance with approved annual business and strategic plans, to do everything possible to enhance shareholder value and to manage the Company in a prudent manner. Management is expected to provide regular financial and operating reports to the Board and to make the Board aware of all important issues and major business developments, particularly those that had not been previously anticipated. Management is expected to seek opportunities for business acquisitions and expansion, and to make appropriate recommendations to the Board.

The Company's CEO, Mr. Simon Hitzig, was appointed to that position on October 1, 2018. Mr. Hitzig does not have a formal written position description. Mr. Hitzig has been associated with the finance industry since 1987. He was a director of the Company from May 7, 2008 until February 22, 2011 and was President of Accord Financial Ltd. from July 1, 2011 until September 30, 2017 after which he was promoted to Senior Vice President, Corporate Development of the Company, a position he held until September 30, 2018. Given the small size of the Company and the regular ongoing interaction between the Board, Mr. Simon Hitzig is fully aware of the requirements of his position as CEO and no formal written position description is considered necessary.

**Gender Diversity and the Representation of Women on the Board and in Executive Officer Positions**

The Company does not currently have a formal policy regarding the representation of women on its Board and, as such, has no targets, therefore. The Company currently has one (20%) female director. The Board believes that the key to effective leadership is to choose directors that, having regard to a wide variety of factors, are the best qualified for the position at such time, namely, those that possess the range of necessary independence, skills, specific industry experience, integrity, commitment, qualifications, as well as the ability to devote the time required and a willingness to serve. The Company believes that these considerations are the most important in assessing the value an individual can bring to and contribute to the Board, although it is noted that in recent searches for new director candidates, the Company has considered gender diversity in its selection criteria as it seeks to identify potential candidates who are best qualified to act as a director of Accord irrespective of gender.

The Company does not have a policy regarding the representation of women in executive officer positions and, as such, has no targets therefor. In reviewing executive officer diversity, the Company believes that prospective executive officer appointments should be based upon the individual candidate being the best qualified for the position at such time. The Company does not believe that quotas or strict rules necessarily result in the identification or selection of the best qualified candidates for executive officer positions, although it recognizes there are benefits to gender diversity. Accordingly, the Company will be mindful of the benefit of gender diversity in the selection of new executive officers. The Company currently employs 23 persons in the position of Vice President or above. Of these, seven (30%) are female.

## AUDIT COMMITTEE OF THE BOARD

The overall purpose of the Audit Committee is to support the Board in its stewardship function with respect to the integrity of the Company's internal control systems and financial reporting. It also ensures the independence of the Company's external auditors, sets their fees, and oversees and considers the results of their work in assessing the integrity of the Company's financial reporting in order to provide shareholders and the general public with timely, appropriate and reliable information.

Information relating to the Company's Audit Committee is set out on pages 14 and 15, as well as Appendix A (Audit Committee Charter) of its 2021 AIF, which pages are incorporated herein by reference. The 2021 AIF is filed under the Company's profile on SEDAR (see additional information below).

## DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company has purchased Directors and Officers Liability Insurance Policies, which expire on November 13, 2022, for the benefit of its directors and officers and those of its subsidiaries. The limit of such insurance is $5,000,000. Deductibles range up to $50,000 per claim. The 2021 - 2022 annual premium was $32,787.

## OTHER BUSINESS

Management of the Company knows of no matters to come before the Meeting other than the matters referred to in the Notice of Annual Meeting of Shareholders accompanying this Circular. However, if any other matters, which are not known to management, should properly come before the Meeting, it is the intention of the persons designated in the form of proxy accompanying this Circular to vote upon such matters in accordance with their best judgment.

## ADDITIONAL INFORMATION

Additional information pertaining to the Company is available under its profile on SEDAR at www.sedar.com, as well as on its website www.accordfinancial.com. Additional financial information is provided in the Company's Audited Consolidated Financial Statements and Management's Discussion and Analysis for the year ended December 31, 2021, which are set out in the Company's 2021 Annual Report, as well as filed individually on SEDAR. Copies of the Annual Report, the Annual Information Form and this Management Information Circular may be downloaded from SEDAR or obtained upon request from Mr. Simon Hitzig, the Secretary of the Company, at:

Accord Financial Corp.
40 Eglinton Avenue East
Suite 602
Toronto, Ontario
Canada M4P 3A2

Telephone: 416-642-5649
Fax: 647-250-0790
Email: hitzig@accordfinancial.com

## DIRECTORS' APPROVAL

Unless otherwise stated, all information contained herein is given as of the date hereof. The contents of this Circular have been approved and the delivery of it to each shareholder of the Company entitled thereto and to the appropriate regulatory agencies has been authorized by the Board of Directors of the Company.

Dated at Toronto, Ontario, the 31st day of March 2022.

**BY ORDER OF THE BOARD OF DIRECTORS**

Simon Hitzig
Secretary

**APPENDIX A**

# ACCORD FINANCIAL CORP.
## CHARTER OF THE BOARD OF DIRECTORS

**MANDATE**

The business and affairs of Accord shall be managed and controlled by, or under the direction of, its Board, who will promote the best interests of Accord's shareholders through an increase in corporate profits and the creation and enhancement of shareholder value.

The Board shall have two fundamental roles: decision-making and oversight. The decision-making function shall be exercised, with management, to the formulation of fundamental policies and strategic goals and through the approval of certain significant actions; oversight concerns the review of management decisions, adequacy of systems and controls and policy implementation.

The Board shall establish formal delegations of authority, defining the limits of management's power and authority and delegating to them certain powers to manage the business of Accord and shall conform to statutory limitations specifying responsibilities of the Board that cannot be delegated to management. Any responsibilities not delegated to management remain with the Board and its committees.

**DUTIES**

The Board is responsible for the following matters:

**Strategic planning**

- Supervise the formulation of Accord's strategic direction, plans and priorities
- Monitor the implementation and effectiveness of approved strategic and operating plans
- Review and approve corporate financial goals and operating plans and actions, including capital allocations, expenditures and transactions which exceed threshold amounts set by the Board
- Approve major business decisions, including acquisitions and divestitures

**Identification and management of risks**

- Ensure processes are in place to identify the principal risks of Accord's business
- Review systems implemented by management to manage those risks
- Review processes that ensure respect for, and compliance with, applicable regulatory, corporate, securities and other legal requirements
- Review and approve applications for credit, loans and investments above threshold amounts through the Board's Credit Committee

**Succession planning and management evaluation**

- Supervise Accord's succession planning processes, including the selection, appointment, development, evaluation and compensation of the Chair of the Board, President and senior management team

**Oversight of communications and public disclosure**

- Assess the effectiveness of Accord's communications policy
- Oversee establishment of processes for accurate, timely and full public disclosure
- Review due diligence processes and controls in connection with certification of Accord's financial statements

**Internal controls, financial reporting and dividends**

- Review the effectiveness of Accord's internal controls and management information systems
- Review and approve Accord's financial statements and oversee their compliance with applicable audit, accounting and reporting requirements
- Declare dividends

**Governance**

- Establish appropriate structures and procedures that allow the Board to function independently of management
- Establish Board committees and define their mandates to assist the Board in carrying out its roles and responsibilities
- Undertake regular evaluation of the Board, its committees and members, and review its composition with a view to the effectiveness and independence of the Board and its members

**BOARD COMPOSITION AND APPOINTMENT**

The Board shall comprise between six and eight directors. The number of directors can be changed from time to time by way of a special resolution of shareholders or by way of a majority vote of the Board pursuant to authority granted to the Board by Accord's shareholders. A majority of the Board shall be unrelated and independent, as defined by instrument from time to time. The Board's committees shall comprise a majority of independent directors.

Each member of the Board shall serve for a term of approximately one year, namely, until the next annual meeting of shareholders following their appointment. There is no limit on the number of terms that a director may serve and no mandatory retirement age.

Each member of the Board shall be a person of integrity, with significant accomplishments and recognized business stature, and who will bring a variety of perspectives to the Board. In determining the composition of the Board, consideration shall also be given to the overall mix of skill, experience, independence, stature and diversity of background likely to make the Board, as a body, effective in overseeing and monitoring the performance of Accord and contributing to its success. The Board shall review its membership, both individually and as a body, on a regular basis to assure that it meets these criteria. The Board shall regularly assess and review the appropriate qualifications required of any new members, based upon its current composition, as well as any other skills, experience or characteristics needed or desired.

Directors selected must be able to commit the requisite time for preparation and attendance at regularly scheduled board meetings and assigned committee(s) and be able to devote time and attention to other matters deemed necessary for good corporate governance. Each member of the Board is expected to become familiar with Accord's business, including the economic and competitive environment in which it operates. Accordingly, each member of the Board should develop a basic understanding of: (a) the principal operational, financial and other plans, strategies and objectives of Accord; (b) the results of operations and financial condition of Accord for recent periods; and (c) the relative standing of Accord in the competitive marketplace.

**ELECTION OF DIRECTORS OF THE BOARD**

Each Board member will be elected to full term by a plurality of votes cast at the annual shareholders' meeting. The Board has adopted a Majority Voting Policy governing director elections.

In the case of a vacancy on the Board, it is responsible for recommending individuals to be elected as directors, or to be nominated for election by the shareholders as directors. The Board shall obtain direct input from board members and the President, as well as third parties. New members will have an informal orientation that includes background information about Accord, meetings with senior management and visits to selected facilities.

**COMMITTEES**

The Board shall discharge its responsibilities directly and through the Audit Committee, Compensation Committee and Credit Committee.

Audit Committee responsibilities are set out in its charter.

The Compensation Committee's mandate includes evaluating the performance of Accord's executives and recommendations for their compensation for approval by the Board. It also considers and makes recommendations with respect to short- and long-term incentive plans and employee benefit plans.

The Credit Committee's role is to discharge the Board's responsibilities relating to credit risk management, including oversight of policies and procedures that govern the Company's credit decision-making and portfolio risk management.

The Committee is also responsible for approving specific loans that exceed a size threshold, as established by the Committee and amended from time to time.

**BOARD MEETINGS AND PROCEDURES**

The Board will meet at least once each quarter. Meeting length will be determined by agenda, to be established by any director and/or the President. Directors are expected to attend all board meetings, as well as all meetings of committees on which they serve. At all board meetings, one half of the total number of directors shall constitute a quorum for the transaction of business. The Board encourages senior management to bring managers into meetings, when they can provide additional insight into the matters being discussed because of their personal involvement in, or knowledge of, these matters.

The meeting Chair will designate someone to record the minutes of each meeting. Generally, the company secretary will be designated to perform that function and, in his or her absence, one of Accord's officers will be designated. All minutes shall be filed and maintained with Accord's records.

The Board may take any action taken at a meeting by unanimous written consent.

**DIRECTOR COMPENSATION**

The Compensation Committee is responsible for recommending compensation for directors and requires approval by a majority vote of the Board.

**AMENDMENTS TO CHARTER**

This Charter may be amended or repealed by the Board at any time.