

# REITMANS

(CANADA) LIMITED

## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual general meeting of the shareholders of Reitmans (Canada) Limited (the “**Corporation**”) will be held at the distribution centre of the Corporation at 5555 Henri-Bourassa Blvd. West, St-Laurent, Québec, on Wednesday, June 22, 2022 at 11:00 a.m. (Montreal time) (the “**Meeting**”) for the following purposes:

1. To receive and consider the financial statements of the Corporation for the fiscal year ended January 29, 2022 and the auditors’ report thereon;
2. To elect each of the directors for the ensuing year;
3. To appoint KPMG LLP as auditors of the Corporation and to authorize the directors to fix their remuneration; and
4. To transact such other business as may properly come before the meeting or any adjournment thereof.

Holders of common shares of the Corporation of record at 5:00 p.m. (Montreal time) on May 18, 2022 are entitled to receive the Notice of Annual Meeting of Shareholders and will be entitled to vote at the Meeting.

The health and safety of stakeholders is the Corporation’s top priority. As such, the Corporation will only hold its Meeting in accordance with the public health measures stipulated by the Québec government, which may include the mandatory wearing of masks and the washing of hands and social distancing between attendees, among other possible measures. In the event that the Meeting may no longer be held in person, or the number of attendees needs to be restricted due to government imposed restrictions, notice shall be provided that the Meeting will be held exclusively by electronic means via live audio webcast and teleconference, or by means of a hybrid format. The decision to hold the Meeting by electronic means will only be made to the extent required by government recommendations and restrictions to mitigate risks to the health and safety of the Corporation’s stakeholders. In such a case, shareholders would be provided instructions and strongly encouraged to vote in advance using their proxy forms or voting instruction forms and to participate in the Meeting through a live audio webcast or teleconference.

By order of the Board of Directors

May 18, 2022  
Montreal, Québec

*(signed)* Alain Murad  
Secretary

Shareholders who are unable to attend in person are requested to date, sign and return the enclosed form of proxy in the envelope provided for that purpose.

# REITMANS

(CANADA) LIMITED

## MANAGEMENT PROXY CIRCULAR

### SOLICITATION OF PROXIES

This management proxy circular dated May 18, 2022 (the “**Proxy Circular**”) is furnished in connection with the solicitation by the management of Reitmans (Canada) Limited (the “**Corporation**”) of proxies of holders of common shares of the Corporation (the “**Common Shares**”) to be voted on at the annual general meeting of the shareholders of the Corporation to be held on June 22, 2022 at 11:00 a.m. (“**Meeting**”) at the time and place and for the purposes set forth in the accompanying notice of the Meeting (the “**Notice of Meeting**”) and at any and all adjournments thereof.

The health and safety of stakeholders is the Corporation’s top priority. As such, the Corporation will only hold its Meeting in accordance with the public health measures stipulated by the Québec government, which may include the mandatory wearing of masks and the washing of hands and social distancing between attendees, among other possible measures. In the event that the Meeting may no longer be held in person, or the number of attendees needs to be restricted due to government imposed restrictions, notice shall be provided that the Meeting will be held exclusively by electronic means via live audio webcast and teleconference, or by means of a hybrid format. The decision to hold the Meeting by electronic means will only be made to the extent required by government recommendations and restrictions to mitigate risks to the health and safety of the Corporation’s stakeholders. In such a case, shareholders would be provided instructions and strongly encouraged to vote in advance using their proxy forms or voting instruction forms and to participate in the Meeting through a live audio webcast or teleconference.

The enclosed proxy is being solicited by the management of the Corporation and the costs of solicitation of proxies will be borne by the Corporation. The solicitation will be made primarily by mail, but directors, officers and other employees of the Corporation may also solicit proxies by telephone, email, online or in person.

Unless otherwise stated, the information herein contained is given as of May 18, 2022.

### 2020 AND 2021 MEETINGS

On May 19, 2020, the Corporation obtained an initial order (the “**CCAA Order**”) from the Superior Court of Québec (the “**Court**”) to seek protection from creditors under the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”). Under the CCAA Order, as extended from time to time, the Corporation was also relieved of any obligation to convene and hold an annual meeting of shareholders, including its annual general meetings of shareholders for the fiscal year ended February 1, 2020 and for the fiscal year ended January 30, 2021 (“**Fiscal 2021**”), until further notice following the CCAA process. On January 12, 2022, the Corporation emerged from its restructuring proceedings under the CCAA.

## RECORD DATE

The Corporation has fixed May 18, 2022 as the record date for the purpose of determining shareholders entitled to receive the Notice of Meeting and to vote at the Meeting.

## APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are directors of the Corporation. **Each shareholder whose name appears on the records of the Corporation as the registered holder of Common Shares (a “Registered Shareholder”) is entitled to appoint a person to represent him, her or it at the Meeting other than the individuals named in the form of proxy enclosed.** A Registered Shareholder desiring to appoint some other person (who need not be a shareholder) to represent him, her or it at the Meeting may do so either by striking out the names of the director nominees set forth in the form of proxy and by inserting such person’s name in the blank space provided therein or by completing another proper form of proxy, and, in either case, sending the completed proxy to the attention of the Secretary of the Corporation, c/o Computershare Investor Services Inc. (“**Computershare**”), Stock Transfer Services, 8<sup>th</sup> floor, 100 University Avenue, Toronto, Ontario M5J 2Y1 for delivery at least two business days before the Meeting or giving it to the chairman of the Meeting at the Meeting.

A Registered Shareholder giving a proxy pursuant to this solicitation may revoke any such proxy by instrument in writing executed by the Registered Shareholder or by his, her or its attorney authorized in writing or, if the Registered Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited at the office of the Corporation at 250 Sauvé Street West, Montreal, Québec H3L 1Z2 at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, or, as to any matter on which a vote has not already been cast pursuant to the authority conferred by the proxy, by depositing such instrument with the chairman of the Meeting at the Meeting or any adjournment thereof. A Registered Shareholder may also revoke the proxy in any other manner permitted by law.

## NON-REGISTERED HOLDERS

The information set forth in this section is important to the many shareholders who do not hold Common Shares in their own names (the “**Non-Registered Holders**”). Non-Registered Holders should note that only proxies deposited by Registered Shareholders can be recognized and acted upon at the Meeting. However, in many cases, Common Shares beneficially owned by a Non-Registered Holder are registered either:

- (a) In the name of an intermediary (an “**Intermediary**”) that the Non-Registered Holder deals with in respect of the Common Shares, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or
- (b) In the name of a clearing agency (such as CDS Clearing and Depository Services Inc. or its nominee) 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* (in Québec, *Regulation 54-101 respecting Communication with Beneficial Owners of Securities of a Reporting Issuer*) of the Canadian Securities Administrators, the Corporation has distributed copies of the Notice of Meeting, this Proxy Circular, the form of proxy and the audited consolidated financial statements of the Corporation for the fiscal year ended January 29, 2022 (“**Fiscal 2022**”) and the related management’s discussion and analysis (collectively, the “**Meeting Materials**”) to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive the Meeting Materials will either:

- (a) Be given a proxy which is signed by the Intermediary (typically by a facsimile, stamped or electronic signature) and already sets forth the number of Common Shares beneficially owned by the Non-Registered Holder but which is otherwise uncompleted. This form of proxy needs not be signed by the Non-Registered Holder. The Non-Registered Holder who wishes to submit a proxy should properly complete the form of proxy and deposit it with Computershare as described above; or
- (b) More typically, be given a voting instruction form which must be completed and signed by the Non-Registered Holder in accordance with the directions on the voting instruction form received by the Non-Registered Holder.

The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions (Canada) Inc. (“**Broadridge**”). Broadridge typically mails a proxy form to the Non-Registered Holders and asks Non-Registered Holders to return the proxy form to Broadridge (the Broadridge form also allows completion of the voting instructions form by telephone or electronically). Broadridge then tabulates the results of all instructions received and provides appropriate instructions with respect to the voting of shares to be represented at a shareholders’ meeting. A Non-Registered Holder receiving a proxy form from Broadridge cannot use that proxy to vote Common Shares directly at the Meeting. The proxy must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted.

Common Shares held by brokers or their agents or nominees can be voted for or against resolutions (or withheld from voting thereon) only upon the instructions of the Non-Registered Holder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the brokers’ clients. The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Common Shares they beneficially own.

Should a Non-Registered Holder who receives either a proxy or a voting instruction form wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons named in the proxy and insert the Non-Registered Holder’s (or such other person’s) name in the blank space provided, or, in the case of a voting instruction form, follow the corresponding directions on the form. In either case, Non-Registered Holders should carefully follow the instructions of their Intermediaries and their service companies and ensure that instructions respecting the voting of their Common Shares

are communicated to the appropriate person sufficiently in advance in order for such voting to be cast at the Meeting.

## **VOTING AND EXERCISE OF DISCRETION OF PROXIES**

The persons named in the enclosed form of proxy will vote the Common Shares in respect of which they have been appointed in accordance with the instructions of the shareholders appointing them. **Unless otherwise specifically instructed, such Common Shares will be voted:**

- (a) FOR the election as directors of each of those persons hereinafter named as nominees; and**
- (b) FOR the appointment of KPMG LLP as auditors of the Corporation and the authorization of the directors to fix their remuneration,**

**as referred to under specific headings in this Proxy Circular.**

All matters to be voted upon at the Meeting will be decided by a majority of the votes cast by the shareholders entitled to vote thereon.

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to such other matters as may properly come before the Meeting. As at the date hereof, the management of the Corporation knows of no such amendments, variations or other matters other than the matters referred to in the Notice of Meeting. Should any amendment, variation or other matter properly come before the Meeting, the persons named in the enclosed form of proxy will vote on such matter in accordance with their best judgment.

## **SHAREHOLDER PROPOSALS**

Shareholder proposals intended to be presented at the Corporation's next annual meeting of shareholders must be submitted for inclusion in the Corporation's proxy materials prior to March 24, 2023.

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

As at May 18, 2022, 13,440,000 Common Shares were issued and outstanding and entitled to vote at the Meeting. Holders of Common Shares listed as shareholders at the close of business on May 18, 2022 will be entitled to one vote for each Common Share held in respect of all matters which may properly come before the Meeting.

As at May 18, 2022, 35,427,322 Class A non-voting shares of the Corporation (the "Class A Non-Voting Shares") were issued and outstanding. The holders of Class A Non-Voting Shares are not entitled to vote at meetings of shareholders of the Corporation, except as expressly provided by law or in certain circumstances.

To the knowledge of the directors and officers of the Corporation, as at May 18, 2022, the only person who beneficially owned or exercised control or direction over, directly or indirectly, more than 10%

of the issued and outstanding Common Shares was Sherlex Investments Inc., which beneficially owned 6,700,800 Common Shares, representing approximately 49.9% of the issued and outstanding Common Shares. In addition, as at May 18, 2022, the heirs of the late Mr. Jeremy H. Reitman, Mr. Stephen F. Reitman and certain associates, namely Jacadan Investments ULC, Standu 827 Investments ULC, Sarbin 314 Investments ULC and Danamis Investments Company (of which Mr. Samuel Minzberg is a director and officer) (collectively, the “**Reitman Family Affiliated Group**”), beneficially owned or exercised control or direction over, directly or indirectly, in the aggregate, 904,016 Common Shares, representing approximately 6.7% of the issued and outstanding Common Shares.

## **ELECTION OF DIRECTORS**

Eight directors will be elected at the Meeting to hold office until the next annual meeting of shareholders or until their successors are duly elected or appointed. **Unless otherwise specifically instructed, the persons named in the enclosed form of proxy intend to vote at the Meeting FOR the election of each of the nominees whose names are set forth below, all of whom are now members of the board of directors of the Corporation (the “Board of Directors”) and have been since the dates indicated.**

**Management of the Corporation does not contemplate that any of the nominees will be unable to serve as a director but if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote at the Meeting for another nominee at their discretion, unless the shareholder has specified in the proxy that his, her or its Common Shares are to be withheld from voting in the election of directors.**

In the following table and the notes thereto is stated the name of each person proposed to be nominated for election as a director, all other major positions and offices with the Corporation or any of its significant affiliates presently held by him or her, his or her present principal occupation, the year in which he or she became a director of the Corporation and the approximate number of shares of each class of shares of the Corporation beneficially owned by him or her or over which he or she exercises control or direction, directly or indirectly, as at May 18, 2022. The information as to shares beneficially owned or over which control or direction is exercised, directly or indirectly, by the proposed nominees, not being within the knowledge of the Corporation, has been furnished by the respective proposed nominees individually.

Name, Major Positions and Offices, Principal Occupation and Residence	Director Since	Number and Class of Shares of the Corporation	
		Common Shares	Class A Non-Voting Shares
<b>BRUCE J. GUERRIERO, CPA</b> <sup>(1)(2)</sup> Business consultant Québec, Canada	2016	2,500	—
<b>DAVID J. KASSIE</b> <sup>(1)(2)</sup> Chairman of the Board Canaccord Genuity Group Inc. (investment dealers) Ontario, Canada	2012	20,000	—
<b>SAMUEL MINZBERG</b> <sup>(1)(2)</sup> Senior Counsel Davies Ward Phillips & Vineberg LLP (attorneys) Québec, Canada	2000	—	20,000
<b>DANIEL RABINOWICZ</b> <sup>(3)</sup> Business consultant and Chairman of the Board of Directors Québec, Canada	2012	—	6,500
<b>STEPHEN F. REITMAN</b> <sup>(4)</sup> President and Chief Executive Officer of the Corporation Québec, Canada	1984	800	220,800
<b>GILLIAN REITMAN</b> <sup>(3)(5)(6)</sup> General Manager, Head of E-Commerce and Corporate Strategy Pipes and Shaw LLC (dba Veronica Beard) New York, U.S.A.	2021	100,268	—
<b>ANITA SEHGAL</b> <sup>(2)(3)(5)</sup> Senior Vice President, Marketing and Communications Houston Astros, LLC Texas, U.S.A.	2021	—	—
<b>TERRY YANOFSKY</b> <sup>(2)(3)</sup> Business Consultant Québec, Canada	2019	—	—

**NOTES:**

- (1) Member of the Audit Committee. Mr. Bruce J. Guerriero is the Chair of the Audit Committee.
- (2) Member of the Human Resources, Compensation and Governance Committee. Mr. Sam Minzberg is the Chair of the Human Resources, Compensation and Governance Committee.
- (3) Member of the Strategic Planning Committee. Ms. Terry Yanofsky is the Chair of the Strategic Planning Committee.
- (4) Mr. Stephen F. Reitman is a director and/or officer of Sherlex Investments Inc. (“**Sherlex**”). Sherlex beneficially owns 6,700,800 Common Shares, representing approximately 49.9% of the issued and outstanding Common Shares, and 1,518,577 Class A Non-Voting Shares, representing approximately 4.3% of the issued and outstanding Class A Non-Voting Shares. Mr.

Stephen F. Reitman and the heirs of the late Mr. Jeremy H. Reitman, together with associates, beneficially own and/or control all of the shares of Sherlex. In addition, certain members of the Reitman Family Affiliated Group beneficially own or exercise control or direction over, directly or indirectly, an aggregate of 904,016 Common Shares, representing approximately 6.7% of the issued and outstanding Common Shares, and an aggregate of 1,493,416 Class A Non-Voting Shares, representing approximately 4.2% of the issued and outstanding Class A Non-Voting Shares. The heirs of the late Mr. Jeremy H. Reitman also beneficially own, collectively, 800 Common Shares, representing a marginal percentage of the issued and outstanding Common Shares, and 315,800 Class A Non-Voting Shares, representing approximately 0.9% of the issued and outstanding Class A Non-Voting Shares.

- (5) Ms. Gillian Reitman and Ms. Anita Sehgal were appointed as directors of the Corporation on July 19, 2021.
- (6) Ms. Gillian Reitman beneficially owns 11.1% of the common shares of Danamis Investments Company, which in turn holds 902,416 Common Shares, representing indirectly approximately 6.7% and directly approximately 7.5% of the issued and outstanding Common Shares, respectively.

Ms. Anita Sehgal is Senior Vice President, Marketing & Communications for the Houston Astros, LLC, a Major League Baseball team based in Houston, Texas, where she provides the ballclub with strategic leadership and advice in the areas of retail, advertising, marketing, communications, broadcasting, alumni relations, special event and community outreach initiatives. Prior to joining the Houston Astros organization, Ms. Sehgal spent over 20 years in various strategic marketing functions with several organizations, including FGL Sports, Best Buy and most recently Academy Sports + Outdoors, where she spent more than five years as Senior Vice President, Marketing and Advertising. Ms. Sehgal is the recipient of numerous business honors including being recognized by the National Diversity Council as one of Houston's Top 15 Businesswomen in 2016, National Businesswoman of the Year in 2018 and, most recently in 2021, as a Power 50, for her contributions and commitment to both business and community. Ms. Sehgal was also celebrated as the 2021 Woman of Inspiration by WISE Houston. Ms. Sehgal hails from Regina, Saskatchewan, and received a Bachelor of Business Administration degree, with a focus in marketing and human resources, from the University of Regina.

Ms. Gillian Reitman is Head of E-Commerce at Pipes and Shaw LLC (dba Veronica Beard), a contemporary fashion company based in New York, New York. Ms. Reitman has accumulated extensive experience in corporate, marketing and digital strategy with such organizations as Roxanne Assoulin, Tory Burch, Polo Ralph Lauren and Cole Haan where she has served in various executive capacities. As a member of the Reitman family, Ms. Reitman has a strong connection to the Corporation and brings with her a wealth of knowledge of the Corporation's culture and traditions. Ms. Reitman is a graduate of the University of Pennsylvania (BA *magna cum laude*) and the Harvard Business School (MBA).

## **CORPORATE CEASE TRADE ORDERS OR BANKRUPTCIES**

To the knowledge of the directors and officers of the Corporation, except as set forth below, no proposed director of the Corporation:

- (a) is, as at the date of this Proxy Circular, or has been, within ten years before the date of this Proxy Circular, a director, chief executive officer or chief financial officer of any company, that,
  - (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (an “**Order**”) that was

issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or

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

On May 19, 2020, the Corporation obtained the CCAA Order to seek protection from creditors under the CCAA, which Order was extended from time to time. In accordance with the rules of the Toronto Stock Exchange (the “TSX”), trading in the Common Shares and the Class A Non-Voting Shares was suspended on May 19, 2020 following the issuance of the CCAA Order. On July 29, 2020, the Common Shares and the Class A Non-Voting Shares were delisted from the TSX and on September 3, 2020, trading in the Common Shares and the Class A Non-Voting Shares commenced on the TSX Venture Exchange (the “TSX-V”). On January 12, 2022, the Corporation emerged from its restructuring proceedings under the CCAA. Except for Ms. Gillian Reitman and Ms. Anita Sehgal, all of the proposed directors were directors of the Corporation during the period from May 19, 2020 to January 12, 2022. Ms. Gillian Reitman and Ms. Anita Sehgal were appointed as directors of the Corporation on July 19, 2021.

Mr. Kassie was a director of ACE Aviation Holdings Inc. (“ACE”), whose shareholders passed a special resolution on April 25, 2012 approving the voluntary liquidation of ACE. Pursuant to an order issued by the Court on June 28, 2012, Ernst & Young Inc. (the “Liquidator”) was appointed as liquidator of ACE effective as of June 28, 2012. All of the directors and officers of ACE resigned from their positions and the Liquidator was vested with the powers of the directors and officers of ACE effective as of June 28, 2012. By means of a press release dated June 1, 2016, ACE announced a court-approved distribution of \$12 million. ACE expected that the distribution of the remaining \$7 million of assets would occur during the 12-month period following the press release date. However, according to a press release issued on April 28, 2017, the liquidation process is ongoing as ACE indicated that it still had remaining assets consisting of cash in an aggregate amount of approximately \$6.7 million. ACE has announced on November 29, 2021 that it is completing the remaining corporate, administrative and tax processes to facilitate its dissolution and the final distribution of the remaining cash of ACE prior to its dissolution, and that following completion of such processes, the Liquidator intends to seek Court approval of its final accounts, approval to proceed with a final distribution to the shareholders of ACE and approval of the dissolution of ACE.

## ATTENDANCE AT BOARD MEETINGS

The following table sets forth the number of meetings held by the Board of Directors during Fiscal 2022 and the attendance of each director at these meetings.

<b>Directors</b>	<b>Attendance</b>
Julie Filion <sup>(1)</sup>	2/2
Bruce J. Guerriero	9/9
David J. Kassie	8/9
Samuel Minzberg	9/9
Daniel Rabinowicz	9/9
Stephen F. Reitman	9/9
Gillian Reitman <sup>(2)</sup>	4/4
Anita Sehgal <sup>(2)</sup>	4/4
Howard Stotland <sup>(3)</sup>	4/4
Robert Vineberg <sup>(3)</sup>	4/4
Terry Yanofsky	9/9

**NOTES:**

- (1) Ms. Julie Filion was appointed as a director of the Corporation on July 19, 2021 and resigned on November 2, 2021 upon accepting a new employment position which put her in conflict with her duties as a director of the Corporation.
- (2) Ms. Gillian Reitman and Ms. Anita Sehgal were appointed as directors of the Corporation on July 19, 2021.
- (3) Mr. Howard Stotland and Mr. Robert Vineberg retired as directors of the Corporation on July 19, 2021.

## APPOINTMENT OF AUDITORS

Unless such authority is withheld, the persons named in the enclosed form of proxy intend to vote at the Meeting for the appointment of KPMG LLP, Chartered Professional Accountants, 600 de Maisonneuve Blvd. West, Suite 1500, Montreal, Québec, as auditors of the Corporation to hold office until the close of the next annual meeting of shareholders and to authorize the directors to fix their remuneration.

## EQUITY COMPENSATION PLAN

Pursuant to the Second Amended and Restated Share Option Plan of the Corporation dated April 19, 2021 (the “**Option Plan**”), the Corporation may grant options to purchase up to 3,500,000 Class A Non-Voting Shares.

As at May 18, 2022, the total number of Class A Non-Voting Shares issued under the Option Plan from its inception and issuable under outstanding options granted under the Option Plan and the percentage of the Corporation’s issued and outstanding Class A Non-Voting Shares represented by such shares, were as follows:

<u>Class A Non-Voting Shares issued</u>	<u>Class A Non-Voting Shares issuable under outstanding options</u>
4,265,200 (12.04%)	2,850,000 (8.04%)

On April 26, 2022, the Corporation granted options to purchase an aggregate of 2,050,000 Class A Non-Voting Shares to members of management pursuant to the Option Plan. The options have an exercise price of \$1.50, are subject to time-based and performance-based vesting terms, and will expire on May 26, 2025.

As at May 18, 2022, options in respect of 650,000 Class A Non-Voting Shares were available for grants under the Option Plan.

Pursuant to the Option Plan, the Board of Directors may grant options to key full time employees and the directors of the Corporation and its subsidiaries (collectively, the “**Corporations**”), and the number of Class A Non-Voting Shares subject to each option, the expiration date of each option, the extent to which each option is exercisable from time to time during its term and other terms and conditions relating to each such option shall be determined by the Board of Directors and be subject to approval by the Board of Directors, provided, however, that the period during which an option is exercisable shall not, subject to the provisions of the Option Plan, exceed seven years from the date the option is granted.

The option price for a Class A Non-Voting Share which is the subject of any option shall not be less than the reported closing price for the Class A Non-Voting Shares on the TSX-V on the last trading day before the day on which the option is granted; provided, however, that if on any day the reported closing price for the Class A Non-Voting Shares on such stock exchange is not based upon a trade in at least a board lot of the Class A Non-Voting Shares, the reported closing price for such shares on such stock exchange shall be deemed to be the last price at which a trade in at least a board lot of the Class A Non-Voting Shares was effected on such stock exchange on that day. If no sale is reported on such stock exchange on that day, the reported closing price shall be deemed to be the mean of the last bid and ask quotations, if any, for such shares on such stock exchange (the “**Market Price**”). The exercise price for any option (the “**Exercise Price**”) shall not be less than the Market Price of a Class A Non-Voting Share.

The Option Plan provides that the aggregate number of Class A Non-Voting Shares reserved for issuance at any time to any one individual under the Option Plan shall not exceed 5% of the aggregate number of the issued and outstanding Class A Non-Voting Shares and Common Shares.

Upon an optionee's employment with the Corporations being terminated for cause or upon an optionee being removed from office as a director or becoming disqualified from being a director by law, any option or the unexercised portion thereof granted to him or her shall terminate forthwith. Upon an optionee's employment with the Corporations being terminated (except in the case of transfer from one corporation to another corporation as provided in the Option Plan) otherwise than by reason of death or termination for cause or upon an optionee ceasing to be a director other than by reason of death, removal or disqualification by law, any option or unexercised part thereof granted to such optionee may be exercised by him or her for that number of shares only which he or she was entitled to acquire under the option pursuant to the Option Plan at the time of such termination or cessation. Such option shall only be exercisable within 30 days after such termination or cessation or prior to the expiration of the term of the option, whichever occurs earlier. Finally, if an optionee dies while employed by the Corporations or while serving as a director, any option or unexercised part thereof granted to such optionee may be exercised by the person to whom the option is transferred by will or the laws of descent and distribution for that number of Class A Non-Voting Shares only which he or she was entitled to acquire under the option pursuant to the Option Plan at the time of his or her death. Such option shall only be exercisable within 180 days after the optionee's death.

In the event the Corporation proposes to amalgamate, merge or consolidate with or into any other corporation (other than with a wholly-owned subsidiary of the Corporation) or to liquidate, dissolve or wind-up, or in the event an offer to purchase the Class A Non-Voting Shares or any part thereof shall be made to all holders of Class A Non-Voting Shares, the Corporation shall have the right, upon written notice thereof to each optionee holding options under the Option Plan, to permit the exercise of all such options within the 20-day period next following the date of such notice and to determine that upon the expiration of such 20-day period, all rights of optionees to such options or to exercise same (to the extent not theretofore exercised) shall *ipso facto* terminate and cease to have further force or effect whatsoever.

The Board of Directors may, subject to regulatory approval, amend or discontinue the Option Plan at any time without notice or approval from the shareholders of the Corporation or any optionee, for any purpose whatsoever, including, without limitation, for the purpose of:

- (a) amendments of a "housekeeping" nature, which include, without limitation, amendments to ensure continued compliance with applicable laws, regulations, rules or policies of any regulatory authority and amendments to remove any ambiguity or to correct or supplement any provision contained in the Option Plan which may be incorrect or incompatible with any other provision of the Option Plan;
- (b) a change to the vesting provisions of an option; or
- (c) a change to the termination provisions of an option which does not entail an extension beyond the original expiration date; and

provided, however, that no such amendment may increase the maximum number of Class A Non-Voting Shares issuable pursuant to the Option Plan, change the manner of determining the minimum

option price, alter the option exercise period following the expiration of a Blackout Period (as defined in the Option Plan) or, without the consent of the optionee, adversely alter or impair any option previously granted to an optionee under the Option Plan.

The Option Plan also provides that (i) a reduction in the option price, (ii) an extension of the expiration date of an outstanding option, (iii) any amendment to the category of persons eligible to participate under the Option Plan, (iv) any amendment to remove or to exceed the insider participation limit under the Option Plan, (v) any amendment which would permit options to be transferable or assignable other than for normal estate settlement purposes, (vi) an increase to the maximum number of options issuable under the Option Plan, either as a fixed number or a fixed percentage, or (vii) amendments to an amending provision under the Option Plan, may not be made without the approval of the disinterested shareholders of the Corporation (excluding the votes of securities held directly or indirectly by insiders benefiting from the amendment), provided that: (x) an adjustment to the option price pursuant to Section 8 of the Option Plan, (y) an extension of the expiry date of an option by ten business days after the expiration of a Blackout Period and (z) an amendment pursuant to Section 9.1 of the Option Plan, in each case subject to regulatory requirements, shall not require approval of the shareholders of the Corporation.

The Option Plan provides that if the term of an option of any eligible person under the Option Plan expires during or less than ten business days after the expiration of a Blackout Period, then such option or the unexercised portion thereof shall expire on the date that is ten business days after the expiration of the Blackout Period.

The Option Plan provides that the aggregate number of Class A Non-Voting Shares issuable (or reserved for issuance) to insiders of the Corporations under the Option Plan or any other share compensation arrangement of the Corporations, cannot at any time exceed 10% of the outstanding issue and the aggregate number of Class A Non-Voting Shares issued to insiders under the Option Plan and any other share compensation arrangement of the Corporation, within a one year period, cannot exceed 10% of the outstanding issue. For purposes of the Option Plan, “outstanding issue” means the aggregate number of Class A Non-Voting Shares and Common Shares outstanding on a non-diluted basis immediately prior to the share issuance in question, excluding any such shares issued pursuant to the Option Plan and any other share compensation arrangements of the Corporations during the preceding 12-month period.

Pursuant to the Option Plan, an option shall be exercisable by the optionee by delivery to the Corporation of a written notice of exercise in the form prescribed under the Option Plan accompanied by full payment, in cash or by certified cheque, of the Exercise Price in respect of the portion of the option being exercised.

## **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table indicates as at May 18, 2022, the number of Class A Non-Voting Shares to be issued upon the exercise of outstanding options, warrants and rights, the weighted-average exercise price of such outstanding options, warrants and rights and the number of Class A Non-Voting Shares remaining for future issuance under the Plan.

<b>Plan Category</b>	<b>Number of Class A Non-Voting Shares to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of Class A Non-Voting Shares remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)</b>
Equity compensation plans approved by security holders	2,850,000	\$2.86	650,000
Equity compensation plans not approved by security holders	—	—	—
<b>Total</b>	<b>2,850,000</b>	<b>\$2.86</b>	<b>650,000</b>

## COMPENSATION DISCUSSION AND ANALYSIS

### *Elements of Executive Compensation*

The Corporation’s current compensation policy aims to attract, retain and motivate high performing senior executives, encourage superior performance and align the interests of its senior executives with those of its shareholders by providing competitive base salaries and ensure that a portion of the compensation of its senior executives is linked to performance of the Corporation via its incentive-based bonus plan. The Board of Directors assesses and takes into account factors it considers relevant in setting compensation. Risks associated with the Corporation’s compensation policy and approach are not specifically assessed.

The Corporation’s current compensation policy for its executive officers, including the Named Executives (as hereinafter defined), combines a base salary with an incentive-based bonus plan, comprised of non-equity incentives consisting of a performance-based cash bonus, and long-term equity incentives consisting of share options.

### *Annual Incentive (Bonus)*

For executive officers having responsibility for divisions of the Corporation, bonus payments made under the incentive-based plan are objectively determined by the degree to which divisional results meet or exceed financial targets within the respective operating divisions as well as the achievement of overall targeted results of the Corporation as a whole. These targeted divisional financial results are based on store operating profits, less direct overhead related to the respective operating divisions (“adjusted results from operating activities”). Reported finance costs and finance income and certain corporate expenses, such as asset impairments, severances not related to divisional performance and differences to budgeted internal exchange rate factors included in reported results from operating activities are excluded from the divisional operating results when assessing financial performance. A minimum target is established and actual bonuses paid are based on the amount by which a division meets or exceeds such minimum, with two levels of achievement above the minimum being set by the Corporation. For executive officers having corporate level responsibilities, bonus payments are

objectively determined with regard to the achievement of targeted divisional financial performance based on divisional adjusted results from operating activities, on a *pro rata* weighted basis to the overall targeted performance for all the divisions. “Adjusted results from operating activities” is not a measure prescribed by International Financial Reporting Standards and may not be comparable to similar measures presented by other issuers, and divisional adjusted results from operating activities may not be reconciled to the financial statements of the Corporation, which are prepared on a consolidated basis.

The Corporation is currently realigning its corporate bonus plan commencing with the fiscal year ending January 28, 2023, to provide for financial targets based on the achievement of results from operating activities of the Corporation as a whole.

Given the ongoing effects of the COVID-19 global pandemic on the Corporation’s business and its recent emergence from creditor protection under the CCAA, the Board of Directors, along with senior management, had taken the decision to suspend the corporate bonus plan for Fiscal 2022. Consequently, the percentages of the base salary of each of the Named Executives paid in bonuses under the incentive-based plan were: nil for each of Mr. Stephen F. Reitman, Mr. Richard Wait, Mr. Michael Strachan and Ms. Jackie Tardif.

The Board of Directors approved a one-time, discretionary, special payout to certain eligible employees and directors in the aggregate amount of \$2.3 million in recognition of services provided while the Corporation was under CCAA protection. The actual amount awarded to each individual recipient varied depending on his or her seniority, position held and the extent of his or her perceived contribution during the CCAA process.

#### *Decision Making Process*

The President and Chief Executive Officer of the Corporation recommends the compensation of the Corporation’s executive officers (other than his own) to the Human Resources, Compensation and Governance Committee (the “**HRCGC**”), which consists of Mr. Sam Minzberg, Chair, Mr. Bruce J. Guerriero, Mr. David J. Kassie, Ms. Anita Sehgal and Ms. Terry Yanofsky, all of whom are considered independent. All of the members of the HRCGC have competencies in human resources, compensation and risk management due to the experience they acquired through their current positions or directorships, or those they have held in the past, or due to their ongoing training. When appropriate, the President and Chief Executive Officer of the Corporation makes recommendations to the Board of Directors for its approval as to the granting of options under the Option Plan to executive officers of the Corporation.

The compensation of the President and Chief Executive Officer of the Corporation is recommended by the HRCGC, in accordance with the same criteria upon which the compensation of all other executive officers of the Corporation is based. In recommending to the Board of Directors the level of compensation of the President and Chief Executive Officer of the Corporation, the HRCGC strives to attain a level of compensation that appropriately reflects the Corporation’s financial and operational achievements. Bonuses granted to the President and Chief Executive Officer of the Corporation are commensurate with its operational results in any given year.

The salary and bonus of the President and Chief Executive Officer of the Corporation are viewed as being commensurate with his duties.

While no specific competitors or industry participants are used as a basis of comparison for executive compensation, the HRCGC reviews, in a general fashion, the compensation approach by other publicly traded Canadian retailers for information purposes.

#### *Second Amended and Restated Share Option Plan*

Pursuant to the Option Plan, the Corporation may grant options to purchase up to 3,500,000 Class A Non-Voting Shares. In connection with the transition of the listing of the Common Shares and the Class A Non-Voting Shares from the TSX to the TSX-V, the Corporation has amended the previous Amended and Restated Stock Option Plan dated June 8, 2016 (the “**Legacy Option Plan**”), to the current Option Plan, in order to ensure that it complies with the policies of the TSX-V. The Corporation also removed the “evergreen” feature of the Legacy Option Plan that was applicable while the Common Shares and the Class A Non-Voting Shares were listed and posted for trading on the TSX. As a result of transitioning from an “evergreen” plan to a “fixed” plan, the Corporation will no longer seek re-approval of the Option Plan by its shareholders every three years at its annual general meeting of shareholders. See “Equity Compensation Plan” for a description of the Option Plan.

#### *Performance Share Unit Plan*

On June 8, 2016, the Board of Directors adopted a Performance Share Unit Plan (the “**PSU Plan**”). The purpose of the PSU Plan is to provide executive officers of the Corporation and its subsidiaries, including the Named Executives, with additional compensation opportunities through the granting of performance share units (“**PSUs**”). The purpose of the PSU Plan is to: (i) increase the inherent interest in the Corporation’s welfare of the executive officers who share primary responsibility for the management, growth and protection of the business of the Corporation, (ii) furnish an incentive to such designated executives to continue their services for the Corporation, and (iii) provide a means through which the Corporation may attract able persons to enter its employment.

PSU grants are an additional component of the long-term equity incentives, together with share options, which serve to align executive compensation with the Corporation’s shareholders’ interests. The PSU Plan is an important tool to encourage the Corporation’s executive officers to deliver the Corporation’s business plan and lay the basis for the future, while also limiting the shareholder dilution created by the use of share options. The Board of Directors determined that the President and Chief Executive Officer of the Corporation will not be granted PSUs.

Pursuant to the PSU Plan, the HRCGC may from time to time by resolution (i) designate executive officers of the Corporation to whom PSUs may be granted under the PSU Plan, (ii) fix the number of PSUs to be granted to each such participant, and (iii) fix the relevant vesting criteria and other conditions of the PSUs.

Under the PSU Plan and unless otherwise determined by the HRCGC, each performance cycle consists of three financial years of the Corporation (a “**Performance Cycle**”). At the time of PSU grants, the HRCGC determines at its sole discretion the vesting criteria (the “**Vesting Criteria**”) which must be met by the Corporation. Following the end of a Performance Cycle, the HRCGC will determine, concurrently with the release of the Corporation’s results for the financial year (the “**Determination Date**”), whether the Vesting Criteria for the PSUs granted to a participant relating to such Performance Cycle have been achieved. Depending on the achievement of the Vesting Criteria, between 0% and 150% of the PSUs will become vested. The HRCGC has the discretion to determine that all or a portion

of the PSUs granted to a participant for which the Vesting Criteria have not been achieved shall vest to such participant on the Determination Date.

The value to be paid-out to each participant will be equal to the result of: the number of PSUs granted to the participant which have vested, multiplied by the volume weighted average trading price of the Common Shares during the five trading days immediately preceding the tenth day following the Determination Date.

The PSU Plan provides certain rules, subject to the discretion of the HRCGC, for the vesting and/or cancellation of PSUs in the case of termination of employment for cause or serious reason, by reason of death, injury or disability, by reason of retirement and other circumstances of termination.

The PSU Plan further provides that in the event of a change of control, the Board of Directors has discretion with respect to the treatment of PSUs. A change of control is defined as: (i) a sale of all or substantially all of the assets of the Corporation, (ii) an acquisition of more than 50% of the Common Shares or an amalgamation, arrangement, merger or other consolidation where, in either case, the majority of the Board of Directors as constituted prior to such acquisition or other transaction do not continue as members of the Board of Directors following the next meeting of shareholders, or (iii) a proposed liquidation, dissolution or winding-up of the Corporation. The PSU Plan further provides that in the event of a change of control, the Board of Directors has discretion with respect to the treatment of PSUs which could result in substitution grants under a new entity, the cancellation of unvested PSUs, acceleration of the vesting of outstanding PSUs or changes to the Vesting Criteria based on the updated business reality.

Should the participant's employment be terminated for cause, serious reason or by voluntary resignation, all outstanding PSUs will be cancelled immediately. For terminations by reason of death, injury or disability, retirement and non-cause termination, the participant will be entitled to prorated vesting based on the number of months elapsed in the Performance Cycle to the day of the aforementioned event. The achievement of the Vesting Criteria will be determined as the lower of (a) 100% or (b) the level of achievement reached as of the end of the last completed fiscal year in the Performance Cycle, if any.

On May 1, 2020, the Board of Directors elected to defer the granting of any PSUs and long-term incentive awards until further notice. As at the date of this Proxy Circular, there are no PSUs issued and outstanding, as all remaining PSUs as at January 29, 2022 did not vest and were automatically forfeited and cancelled.

## **EXECUTIVE COMPENSATION**

### *Summary Compensation Table*

The following table details the compensation information for the three most recent fiscal years of the Corporation, for the President and Chief Executive Officer of the Corporation, the Executive Vice-President and Chief Financial Officer and the three other most highly compensated executive officers of the Corporation during the most recently completed fiscal year (collectively, the "**Named Executives**"):

Name and Principal Position	Fiscal Year	Salary <sup>(1)</sup> (\$)	Share Based Awards <sup>(2)</sup> (\$)	Option Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation <sup>(4)</sup> (\$)	Total Compensation (\$)
					Annual Incentive Plans <sup>(3)</sup>	Long-term Incentive Plans			
Stephen F. Reitman President and Chief Executive Officer	2022	750,022	—	—	200,000	—	—	123,429	1,073,451
	2021	702,424	—	—	—	—	—	120,828	823,252
	2020	750,022	—	—	—	—	—	117,487	867,509
Richard Wait, CPA <sup>(5)</sup> Executive Vice- President and Chief Financial Officer	2022	485,000	—	—	150,000	—	58,900	—	693,900
	2021	351,202	—	—	—	—	59,600	—	410,802
	2020	375,000	64,600	—	—	—	(99,400)	—	340,200
Michael Strachan President, Penningtons and RW&CO.	2022	485,000	—	—	100,000	—	57,000	—	642,000
	2021	444,856	—	—	—	—	61,800	55,266	561,922
	2020	465,192	64,600	—	—	—	45,400	59,010	634,202
Jacqueline Tardif President, Reitmans	2022	485,000	—	—	100,000	—	60,600	—	645,600
	2021	402,712	—	—	—	—	57,800	—	460,512
	2020	430,000	64,600	—	—	—	42,300	—	536,900
Gale Blank <sup>(6)</sup> Chief Information Officer	2022	300,000	—	—	30,000	—	56,600	47,010	431,610
	2021	262,231	—	—	—	—	5,000	44,027	311,258
	2020	64,615	—	—	2,014	—	—	10,502	77,131

**NOTES:**

- (1) The base salary set out for each of the Named Executives is based on 52-week periods. During Fiscal 2021, all employees of the Corporation, including the Named Executives, were subject to a salary reduction for 13 weeks.
- (2) On May 1, 2020, the Board of Directors elected to defer the granting of any PSUs until further notice. Consequently, there have been no grants of PSUs for Fiscal 2021 and Fiscal 2022. The amount for fiscal year 2020 corresponds to the fair value of the PSU award on the grant date. For purposes of calculating the fair value of the PSU award on the grant date, a 100% payout was assumed. For fiscal year 2020, such fair value equals the number of PSUs granted on April 10, 2019 multiplied by the volume weighted average trading price of the Common Shares on the TSX, on which the Common Shares and the Class A Non-Voting Shares were listed and posted for trading when the PSUs were granted, during the five trading days prior to the grant date (\$3.23).
- (3) The Board of Directors approved a one-time, discretionary, special payout to certain eligible employees and directors in the aggregate amount of \$2.3 million in recognition of services provided while the Corporation was under CCAA protection. The actual amount awarded to each individual recipient varied depending on his or her seniority, position held and the extent of his or her perceived contribution during the CCAA process.
- (4) All other compensation includes perquisites for any Named Executive on an aggregate basis which exceed the lesser of \$50,000 and 10% of his or her annual cash compensation. During Fiscal 2022, Mr. Stephen F. Reitman benefited from a car lease and car-related expenses, which represented a benefit of \$87,834 and a discretionary allowance of \$31,200. During the same period, Ms. Blank benefited from a living allowance of \$24,000 and a discretionary allowance of \$23,010.
- (5) On April 12, 2021, the Corporation announced the appointment of Mr. Richard Wait as Executive Vice-President and Chief Financial Officer of the Corporation, effective on the same day. Prior to that, Mr. Wait was Vice-President, Finance, and Chief Financial Officer of the Corporation.
- (6) On November 19, 2019, the Corporation announced the appointment of Ms. Gale Blank as Chief Information Officer of the Corporation, effective on the same day.

*Share-Based Awards and Option Based Awards Outstanding*

The following table indicates for each Named Executive all option awards to purchase Class A Non-Voting Shares and share-based awards outstanding as at January 29, 2022:

Name	Option-Based Awards				Share-Based Awards	
	Number Of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options <sup>(1)</sup> (\$)	Number of Shares or Units of Shares That Have Not Yet Vested (#)	Market or Payout Value of Share-Based Awards that Have Not Vested <sup>(2)</sup> (\$)
Stephen F. Reitman	100,000	6.75	January 31, 2025	—	—	—
Richard Wait, CPA	20,000 50,000 15,000	4.40 6.00 6.75	January 31, 2023 April 30, 2024 January 31, 2025	— — —	20,000 <sup>(3)</sup>	40,600
Michael Strachan	50,000	6.31	January 31, 2023	—	20,000 <sup>(3)</sup>	40,600
Jacqueline Tardif	50,000 10,000	6.00 6.75	April 30, 2024 January 31, 2025	— —	20,000 <sup>(3)</sup>	40,600
Gale Blank	—	—	—	—	—	—

**NOTES:**

- (1) “In-the-money” means the excess of the market value of the Class A Non-Voting Shares as at January 28, 2022, the last trading day on the TSX-V prior to the end of Fiscal 2022, over the Exercise Price of the options. As at January 28, 2022, the closing price of the Class A Non-Voting Shares on the TSX-V was \$1.89. The unexercised options have not been and will not necessarily be exercised and the actual gains upon exercise will depend on the value of the Class A Non-Voting Shares on the date of the exercise.
- (2) As at January 28, 2022, the last trading day on the TSX-V prior to the end of Fiscal 2022, the closing price of the Common Shares on the TSX-V was \$2.03. As at the date of this Proxy Circular, the PSUs did not vest and were automatically forfeited and cancelled.
- (3) Number of PSUs granted in respect of the 2020-2022 Performance Cycle. On May 1, 2020, the Board of Directors elected to defer the granting of any PSUs until further notice. As at the date of this Proxy Circular, the PSUs did not vest and were automatically forfeited and cancelled.

*Value Vested or Earned on Incentive Plan Awards During the Most Recently Completed Fiscal Year*

The following table indicates for each Named Executive, the value on vesting of all awards for Fiscal 2022:

Name	Option-Based Awards – Value Vested During the Year (\$) <sup>(1)</sup>	Share-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value earned During the Year (\$)
Stephen F. Reitman	—	—	—
Richard Wait, CPA	—	—	—
Michael Strachan	—	—	—
Jacqueline Tardif	—	—	—
Gale Blank	—	—	—

**NOTE:**

- (1) The value reflected in the above chart relates to the “in-the-money” value of options as at the date of the vesting, being January 29, 2022. As at January 28, 2022, the last trading day on the TSX-V prior to the end of Fiscal 2022, the closing price of the closing price of the Class A Non-Voting Shares on the TSX-V was \$1.89.

*Pension Plan Benefits*

The Corporation maintains a registered pension plan known as the “Reitmans (Canada) Limited Executive Retirement Pension Plan” (the “**Registered Plan**”) in which all of the Named Executives participate.

The Registered Plan provides defined retirement benefits for covered executives (including the Named Executives) and is qualified under the *Income Tax Act* (Canada) (the “**Tax Act**”). In order to participate in the Registered Plan, an executive officer of the Corporation shall be eligible to join the Registered Plan on January 1 of the year following the calendar year in which he or she received remuneration equal to or greater than 35% of the calendar year’s maximum pensionable earnings, or if he or she completed 700 hours or more of employment with the Corporation or any of its subsidiaries. The Registered Plan provides for normal retirement benefits beginning at age 65, with reduced participation permitted for any executive officer who elects early retirement. The Registered Plan also provides that in the event that an executive officer remains an employee of the Corporation after he or she attains the age of 65, the pension benefits must be paid not later than December 1 of the calendar year during which he or she attains the age of 71, or any other date prescribed by the Tax Act for this purpose. The normal annual retirement benefit is equal to 2% of the executive officer’s average annual salary for the five highest consecutive years of earnings, multiplied by the executive officer’s years of service, but not exceeding the maximum amount permitted to be paid under the Tax Act. For purposes of the Registered Plan, an executive officer’s annual salary for any plan year (being the calendar year) is the executive officer’s annual salary as at January 1 in such year. Currently, the maximum annual benefit payable to an executive officer under the Registered Plan is \$3,420 for each year of service.

The Corporation also maintained a Supplemental Executive Retirement Plan (the “**SERP**”) that was instituted as of January 1, 2006 and covered certain senior executives of the Corporation. In connection with the proceedings under the CCAA and the Corporation’s filing of the CCAA Order (as amended from time to time) seeking the protection and the remedies offered by the CCAA, the Corporation ceased making payments under the SERP. By means of a resolution dated January 11, 2022, the Corporation terminated the SERP, subject to the full and final payment of the distribution pool of funds to the Monitor appointed by the Court under the CCAA, pursuant to the Corporation’s Plan of Arrangement under the CCAA.

The Corporation also adopted a funding policy for its pension committee to follow when carrying out its duties to ensure that the Registered Plan is adequately funded. The Corporation’s funding policy describes main employers and market trends in the Corporation’s sector that could have an impact on funding, funding objectives relating to variations in contribution and benefit levels and identifies the main funding risks, and employer and member tolerance for those risks. The funding policy also provides specifics on the Registered Plan’s investment goals and preferred strategies.

The following table indicates for each Named Executive the number of years of credited service under the Pension Plans, the annual benefits payable, the accrued obligation at the start of the year, the compensatory and non-compensatory charges and the accrued obligations at year end.

Name	Number of years of credited service <sup>(1)</sup>	Annual benefits payable (\$)		Accrued obligation at start of year <sup>(4)</sup> (\$)	Compensatory <sup>(5)</sup> (\$)	Non-Compensatory <sup>(6)</sup> (\$)	Accrued obligation at year end <sup>(7)</sup> (\$)
		At year end <sup>(2)</sup>	At age 65 <sup>(2)(3)</sup>				
Stephen F. Reitman <sup>(8)</sup>	46.9	143,100	143,100	2,599,500	—	(276,600)	2,322,900
Richard Wait	33.6	114,800	121,100	2,081,700	58,900	(124,800)	2,015,800
Michael Strachan	5.1	17,400	17,400	253,300	57,000	(14,200)	296,100
Jacqueline Tardif	14.8	50,400	76,400	901,600	60,600	(93,700)	868,500
Gale Blank	1.1	3,700	3,700	5,000	54,600	(1,700)	57,900

**NOTES:**

- (1) Number of years of credited service in the Registered Plan as at January 29, 2022.
- (2) Total annual benefits payable from the Registered Plan as at January 29, 2022.
- (3) For the purpose of calculating the annual benefits payable, the final average earnings are calculated as at January 29, 2022 and the maximum pension as permitted by the Canada Revenue Agency is not projected (i.e., \$3,420.00 per year of credited service).
- (4) Accrued obligation in respect of benefits payable from the Pension Plans using a discount rate of 2.60%. The assumptions and methods used are the same as those used for the accounting disclosures as at January 29, 2022.
- (5) Includes service cost (net of employee contributions) at the beginning of the year and the impact of pay different from last year's calculation (difference in the accrued obligation between the expected and the actual salary).
- (6) Includes change in assumptions and non-pay-related experience.
- (7) Accrued obligation in respect of benefits payable from the Registered Plan using a discount rate of 3.40%. The assumptions and methods used are the same as those used for the accounting disclosures as at January 29, 2022.
- (8) Mr. Stephen F. Reitman has been receiving a pension since November 1, 2018. The annual benefits payable is the actual annual pension payable since November 1, 2018.

**COMPENSATION OF DIRECTORS**

The Corporation has established that directors are entitled to a \$65,000 annual retainer, paid on a quarterly basis, and no fee per meeting attended. In addition, Mr. Daniel Rabinowicz receives \$25,000 annually as Chairman of the Board of Directors, Mr. Bruce J. Guerriero, CPA receives \$30,000 annually as Chair of the Audit Committee, Mr. Samuel Minzberg receives \$20,000 annually as Chair of the HRCGC and Ms. Terry Yanofsky receives \$20,000 annually as Chair of the Strategic Planning Committee.

As members of the Audit Committee, each of Mr. Samuel Minzberg and Mr. David J. Kassie receives \$7,500 annually. As members of the HRCGC, each of Mr. David J. Kassie, Mr. Bruce J. Guerriero, Ms. Anita Sehgal and Ms. Terry Yanofsky receives \$5,000 annually. As members of the Strategic Planning Committee, each of Mr. Daniel Rabinowicz, Ms. Anita Sehgal and Ms. Gillian Reitman receives \$5,000 annually.

The following table details the compensation information for the most recently completed fiscal year of the Corporation for each of the directors of the Corporation, other than Mr. Stephen F. Reitman, who is also a Named Executive. Please refer to the section “Executive Compensation – Summary Compensation Table” above for the information with respect to Mr. Stephen F. Reitman:

Name	Fees Earned (\$) <sup>(1)</sup>	Share Based Awards (\$)	Option Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$) <sup>(2)</sup>	Total (\$)
Julie Filion <sup>(3)</sup>	17,500	—	—	—	—	—	17,500
Bruce J. Guerriero, CPA	90,000	—	—	—	—	25,000	115,000
David J. Kassie	63,750	—	—	—	—	25,000	88,750
Samuel Minzberg	71,250	—	—	—	—	25,000	96,250
Daniel Rabinowicz	85,000	—	—	—	—	25,000	110,000
Gillian Reitman <sup>(4)</sup>	35,000	—	—	—	—	—	35,000
Anita Sehgal <sup>(4)</sup>	35,000	—	—	—	—	—	35,000
Howard Stotland <sup>(5)</sup>	25,000	—	—	—	—	25,000	50,000
Robert Vineberg <sup>(5)</sup>	25,000	—	—	—	—	25,000	50,000
Terry Yanofsky	85,000	—	—	—	—	25,000	105,000

**NOTES:**

- (1) Includes all fees earned and paid in cash to the directors of the Corporation, including the annual Board retainer.
- (2) Certain members of the Board of Directors received additional compensation in recognition of their contributions in connection with the CCAA proceedings.
- (3) Ms. Julie Filion was appointed as a director of the Corporation on July 19, 2021 and resigned on November 2, 2021 upon accepting a new employment position which put her in conflict with her duties as a director of the Corporation.
- (4) Ms. Gillian Reitman and Ms. Anita Sehgal were appointed as directors of the Corporation on July 19, 2021.
- (5) Mr. Howard Stotland and Mr. Robert Vineberg retired as directors of the Corporation on July 19, 2021.

The following table indicates for each of the directors of the Corporation, other than Mr. Stephen F. Reitman, who is also a Named Executive, all awards outstanding to purchase Class A Non-Voting Shares as at January 29, 2022:

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options	Option Exercise Price (\$)	Option expiration date	Value of Unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested (\$)
Julie Filion <sup>(2)</sup>	—	—	—	—	—	—
Bruce J. Guerriero, CPA	50,000	6.49	January 31, 2023	—	—	—
David J. Kassie	50,000 50,000	11.68 6.75	January 31, 2022 January 31, 2025	— —	— —	— —
Samuel Minzberg	50,000 50,000	15.00 6.75	January 31, 2022 January 31, 2025	— —	— —	— —
Daniel Rabinowicz	50,000 50,000	11.68 6.75	January 31, 2022 January 31, 2025	— —	— —	— —
Gillian Reitman <sup>(3)</sup>	—	—	—	—	—	—
Anita Sehgal <sup>(3)</sup>	—	—	—	—	—	—
Howard Stotland <sup>(4)</sup>	—	—	—	—	—	—
Robert Vineberg <sup>(4)</sup>	—	—	—	—	—	—
Terry Yanofsky	—	—	—	—	—	—

**NOTES:**

- (1) “In-the-money” means the excess of the market value of the Class A Non-Voting Shares as at January 28, 2022, the last trading day on the TSX-V prior to the end of Fiscal 2022, over the Exercise Price of the options. As at January 28, 2022, the closing price of the Class A Non-Voting Shares on the TSX-V was \$1.89. The unexercised options have not been and will not necessarily be exercised and the actual gains upon exercise will depend on the value of the Class A Non-Voting Shares on the date of the exercise.
- (2) Ms. Julie Filion was appointed as a director of the Corporation on July 19, 2021 and resigned on November 2, 2021 upon accepting a new employment position which put her in conflict with her duties as a director of the Corporation.
- (3) Ms. Gillian Reitman and Ms. Anita Sehgal were appointed as directors of the Corporation on July 19, 2021.
- (4) Mr. Howard Stotland and Mr. Robert Vineberg retired as directors of the Corporation on July 19, 2021.

The following table indicates for each of the directors of the Corporation, other than Mr. Stephen F. Reitman, who is also a Named Executive, the value on vesting of all awards for Fiscal 2022:

Name	Option-Based Awards – Value Vested During the Year <sup>(1)</sup> (\$)	Share-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value earned During the Year (\$)
Julie Filion <sup>(2)</sup>	—	—	—
Bruce J. Guerriero, CPA	—	—	—
David J. Kassie	—	—	—
Samuel Minzberg	—	—	—
Daniel Rabinowicz	—	—	—
Gillian Reitman <sup>(3)</sup>	—	—	—
Anita Sehgal <sup>(3)</sup>	—	—	—
Howard Stotland <sup>(4)</sup>	—	—	—
Robert Vineberg <sup>(4)</sup>	—	—	—
Terry Yanofsky	—	—	—

**NOTES:**

- (1) The value reflected in the above chart relates to the “in-the-money” value of options as at the date of the vesting, being January 29, 2022. As at January 28, 2022, the last trading day on the TSX-V prior to the end of Fiscal 2022, the closing price of the Class A Non-Voting Shares on the TSX-V was \$1.89.
- (2) Ms. Julie Filion was appointed as a director of the Corporation on July 19, 2021 and resigned on November 2, 2021 upon accepting a new employment position which put her in conflict with her duties as a director of the Corporation.
- (3) Ms. Gillian Reitman and Ms. Anita Sehgal were appointed as directors of the Corporation on July 19, 2021.
- (4) Mr. Howard Stotland and Mr. Robert Vineberg retired as directors of the Corporation on July 19, 2021.

## **COMPOSITION OF THE HUMAN RESOURCES, COMPENSATION AND GOVERNANCE COMMITTEE**

On July 19, 2021, the Board of Directors approved the dissolution of the Human Resources and Compensation Committee and the Governance Committee and created the HRCGC. The HRCGC consists of Mr. Samuel Minzberg (Chair), Mr. Bruce J. Guerriero, Mr. David J. Kassie, Ms. Terry Yanofsky and Ms. Anita Sehgal, all of whom are considered independent. All of the members of the HRCGC have competencies in human resources, compensation and risk management due to the experience they acquire through their current positions or directorships, or those they have held in the past, or due to their training. See “Corporate Governance – Compensation” and “Corporate Governance – Board of Directors”.

## COMPENSATION RISK MANAGEMENT

The HRCGC meets at least twice annually and more frequently if circumstances warrant. It ensures that the Corporation's overall compensation policy promotes the achievement of the Corporation's commercial goals without compromising its viability, solvency and reputation, and reports to the Board of Directors. In addition to ensuring that the compensation paid complies with external and internal principles of equity, the HRCGC, as well as the Board of Directors, sees that the Corporation maintains consistency and a balance between expected performance, risk management and compensation. See "Corporate Governance – Compensation".

## PURCHASE OF FINANCIAL INSTRUMENTS

The Named Executives and directors are not prohibited from purchasing financial instruments (including, for greater certainty and without limitation, prepaid-variable forward contracts, equity swaps, collars or units of exchange funds) that are designed to hedge or off-set a decrease in market value of equity securities of the Corporation granted as compensation or held, directly or indirectly, by the Named Executive or director.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

The aggregate indebtedness of all officers, directors, employees and former officers, directors and employees of the Corporation (including the Named Executives) as at May 18, 2022 is nil.

## AUDIT COMMITTEE

The Charter of the Audit Committee may be found at [www.reitmanscanadalimited.com](http://www.reitmanscanadalimited.com) under the section entitled "Governance/Corporate Governance Documents" or under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The mandate of the Audit Committee includes assisting the Board of Directors' oversight by (i) monitoring the integrity of the Corporation's financial statements, (ii) reviewing the Corporation's compliance with certain legal and regulatory requirements; (iii) evaluating the external auditor's qualifications and independence; and (iv) monitoring the performance of the external auditors.

### (a) Composition of the Audit Committee

The Audit Committee is currently composed of Bruce J. Guerriero, CPA (Chair), David J. Kassie and Samuel Minzberg, each of whom is (i) independent and (ii) financially literate, each within the meaning of National Instrument 52-110 – *Audit Committees* (in Québec, *Regulation 52-110 respecting Audit Committees*).

### (b) Relevant Education and Experience

The following is a description of the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as a member of the Audit Committee.

Bruce J. Guerriero graduated from Concordia University in 1976 with a Bachelor of Commerce (Honours with Distinction) degree. He received a Diploma in Public Accountancy from McGill

University and in 1978 obtained his designation as a Chartered Professional Accountant. Before retiring in September 2014, he was a senior audit partner of KPMG LLP and served as the lead audit engagement partner for public companies in different industry segments including consumer markets and retail. Mr. Guerriero served on KPMG Canada's Partnership Board from 2003 to 2010. Since 2015, he has been a corporate director and business advisor. Mr. Guerriero served on the Board of Directors of DAVIDsTEA Inc. as Chair of the Audit Committee until June 9, 2016. Mr. Guerriero is certified by the Institute of Corporate Directors.

David J. Kassie graduated from McGill University in 1977 with a Bachelor of Commerce degree. He received a Master of Business Administration from the University of Western Ontario in 1979 with Honours in Economics. Prior to 2004, Mr. Kassie was Chairman and Chief Executive Officer of CIBC World Markets Inc. and the Vice Chairman of the CIBC. Mr. Kassie was Principal, Chairman and Chief Executive Officer of Genuity Capital Markets ("Genuity") from November 2004 to May 2010 at which time Genuity was acquired by Canaccord Financial. Mr. Kassie is currently Chairman of the Board of Canaccord Genuity Group Inc. Mr. Kassie has extensive experience as an advisor, underwriter and principal. He sits on a number of corporate boards.

Samuel Minzberg graduated from McGill University in 1970 with a Bachelor of Arts degree, as well as a Bachelor of Civil Law Degree in 1973, where he was the recipient of the Elizabeth Torrance Gold Medal. Mr. Minzberg also completed a Bachelor of Common Law degree also at McGill University in 1979. Mr. Minzberg specializes in corporate tax law, mergers and acquisitions, corporate reorganizations and matters related to investment funds. Mr. Minzberg has served as a member of the Board of Governors of McGill University, the Fondation du Barreau du Québec Board and the Canadian Tax Foundation. He currently is the Chairman of the Board of HSBC Bank Canada.

Messrs. Guerriero, Kassie and Minzberg all have the ability to read and understand financial statements that present a breadth and complexity of accounting issues comparable to the breadth and complexity of the issues raised by the Corporation's own financial statements, understand the accounting principles the Corporation uses to prepare its financial statements and have the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves.

All members of the Audit Committee have an understanding of internal controls and procedures for financial reporting.

**(c) Pre-Approval Policies and Procedures**

The Audit Committee pre-approves every engagement by KPMG LLP ("KPMG"), the Corporation's external auditors, to render audit or non-audit services. All of the services described below were approved by the Audit Committee.

**(d) External Auditor Services Fees**

KPMG provided services and billed the Corporation the following fees in each of Fiscal 2022 and Fiscal 2021:

**Audit Fees**

The following sets forth the aggregate fees billed by KPMG for the audit of the annual consolidated financial statements, quarterly reviews of the Corporation's interim consolidated financial

statements and for services normally provided by the external auditor, such as services in connection with statutory and regulatory filings.

Fiscal 2022	\$549,185
Fiscal 2021	\$569,457

#### **Audit Related Fees**

The following sets forth the aggregate fees billed for assurance and related services by KPMG that are reasonably related to the performance of the audit or review of the financial statements and are not reported under “Audit Fees”, such as consultations related to accounting and reporting matters and translation services related to annual and interim consolidated financial statements:

Fiscal 2022	\$91,860
Fiscal 2021	\$86,758

#### **Non-Audit and Tax Fees**

The following sets forth the aggregate fees billed in each of the last two fiscal periods for professional services rendered by KPMG for tax compliance, tax advice and consultation on sales taxes, tax planning and other general matters:

Fiscal 2022	\$56,688
Fiscal 2021	\$61,937

## **CORPORATE GOVERNANCE**

The governance practices of the Corporation are largely consistent with the guidelines set out in National Policy 58-201 – *Corporate Governance Guidelines* (in Québec, Policy Statement 58-201 – *Corporate Governance Guidelines*) adopted by the Canadian Securities Administrators (the “Guidelines”) and the divergences from the Guidelines are set forth below.

The Guidelines (which are not mandatory) deal with the constitution of boards and committees, their functions, their independence from management and other means of ensuring sound corporate governance. The Board of Directors has reviewed its practices and, upon the recommendation of the HRCGC, approved the following disclosure.

#### *Board of Directors*

The Guidelines recommend that a board of directors should have a majority of independent directors (i.e. directors that do not have any relationships that could reasonably be expected to interfere with the exercise of their independent judgment). The Board of Directors is currently composed of eight directors. Based on information provided by directors as to their individual circumstances, the Board of Directors has determined that six directors are “independent”, within the meaning of the Guidelines.

Mr. Stephen F. Reitman, President and Chief Executive Officer of the Corporation, is not considered an “independent” director because he is a member of management. Ms. Gillian Reitman is not considered independent due to the employment of a member of her immediate family as an executive officer of the Corporation.

The remaining directors of the Corporation, namely, Mr. Bruce J. Guerriero, Mr. David J. Kassie, Mr. Samuel Minzberg, Mr. Daniel Rabinowicz, Ms. Terry Yanofsky and Ms. Anita Sehgal are considered “independent”.

Mr. Stephen F. Reitman is a director of Michael Kors Holdings Limited, listed on the New York Stock Exchange (the “NYSE”). Mr. David J. Kassie is Chairman of the Board of Canaccord Genuity Group Inc., listed on the TSX. Mr. Daniel Rabinowicz is a director of Alimentation Couche-Tard Inc., listed on the TSX. Ms. Terry Yanofsky is a director of Goodfood Market Corp., listed on the TSX, and Canopy Growth Corporation, listed on the TSX and the NYSE. Ms. Anita Sehgal is a director of Escalade, Inc., listed on the Nasdaq Global Market, and Holley Inc., listed on the NYSE. No members of the Board of Directors serve together on the boards of other public companies.

The independent directors hold meetings at which members of management are not in attendance and at which non-independent directors are not present or are in the minority. In Fiscal 2022, four of such meetings were held.

Mr. Daniel Rabinowicz, is currently serving as Chairman of the Board of Directors and is considered an “independent” director.

A record of attendance of each director at meetings of the Board of Directors held during Fiscal 2022 is included in the section entitled “Attendance at Board Meetings” of this Proxy Circular.

#### *Board Mandate*

The Board of Directors has adopted a Mandate of the Board of Directors in which it explicitly acknowledges responsibility for the stewardship of the Corporation. The Mandate of the Board of Directors can be found on the Corporation’s website at [www.reitmanscanadalimited.com](http://www.reitmanscanadalimited.com) under “Governance – Corporate Governance Documents”.

#### *Corporate Governance Principles*

The Board of Directors has adopted Corporate Governance Principles setting forth and detailing key principles and protocols by which the Board of Directors must govern itself.

#### *Position Descriptions*

The Board of Directors has adopted a written position description for the Chairman of the Board of Directors, outlining the roles and responsibilities of such office. The written position description of the Chairman of the Board of Directors can be found on the Corporation’s website at [www.reitmanscanadalimited.com](http://www.reitmanscanadalimited.com) under “Governance – Corporate Governance Documents”.

#### *Orientation and Continuing Education*

The Guidelines recommend that a reporting issuer have a process to orient new directors regarding (a) the role of the board, its committees and directors and (b) the nature and operation of the issuer’s business. The Guidelines also recommend that a reporting issuer have a continuing education process, to ensure directors maintain the skill and knowledge necessary to fulfill their obligations. Historically, due to the size of the Board of Directors and the low turnover of directors, the need for formal processes

with respect to continuing education and onboarding was diminished because effective communication could be readily achieved. However, the HRCGC, which has the responsibility to develop such processes as may be necessary and appropriate from time to time, has recently adopted a more formal onboarding and director orientation procedure.

### *Ethical Business Conduct*

The Corporation has adopted a Code of Conduct and Conflict of Interest Policy (the “**Code of Conduct**”), which is available under the Corporation’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

On an annual basis, all employees are expected to review the Code of Conduct and certify that they have done so by signing the Annual Certificate of Understanding of the Code of Conduct. The Corporation has an Employee Ethics hotline, where any employee of the Corporation can submit any concern over possible conflict of interest and/or breach of the Code of Conduct without fear of dismissal or retaliation of any kind.

The Board of Directors has not granted any waiver from the Code of Conduct in favour of any director or officer of the Corporation.

The Code of Conduct has specific provisions dealing with conflicts of interest and provides that no employee should be subject, or even appear to be subject, to influences, interests or relationships which conflict with the best interests of the Corporation. Each employee is expected to avoid any investment, interest or association which interferes, might interfere or might be thought to interfere with the independent exercise of his/her judgment in the Corporation’s best interest.

Disclosures of personal interests or of other circumstances which might be thought to cause actual or potential conflicts of interest are to be made promptly by the employee to the Vice-President, Human Resources of the Corporation. Such disclosures will be held in confidence to the fullest extent consistent with the circumstances. In the event a conflict is found to be present, an arrangement will be made for resolution in a manner best suited to the interests of the Corporation and the employee.

No director votes or participates in a discussion on a matter in respect of which a director has a material interest and the Board of Directors may also appoint a special committee of independent directors if as and when may be necessary or appropriate from time to time.

### *Nomination of Directors and Corporate Governance*

The HRCGC has the responsibility to identify suitable candidates for nominees as directors and, when and if required, does so after discussing candidacies with the President and Chief Executive Officer. All the members of the HRCGC have competencies in the corporate governance processes, procedures and relations by which the Corporation is controlled and directed due to the experience they acquire through their current positions or directorships, or those they have held in the past, or due to their training.

The Board of Directors has adopted a Charter of the HRCGC which establishes the HRCGC’s purpose, responsibilities, member qualifications, appointment and removal, structure, operations and manner of reporting to the Board of Directors. The Charter of the HRCGC also provides authority to the HRCGC to retain outside counsel and any other advisors as the HRCGC may deem appropriate with the

approval of the Audit Committee. The Charter of the HRCGC can be found on the Corporation's website at [www.reitmanscanadalimited.com](http://www.reitmanscanadalimited.com) under "Governance – Corporate Governance Documents".

The Corporation does not currently have a policy regarding time limits for directors and does not consider time limits necessary to ensure that the Board of Directors is comprised of strong, qualified directors in light of the mandate of the HRCGC.

The HRCGC is responsible for examining the size of the Board of Directors from time to time in order to ensure effective decision-making and assessing the performance and effectiveness of the directors, the committees of the Board of Directors and the contributions of individual directors.

#### *Assessments*

The HRCGC is responsible for providing oversight of the evaluation of the performance and effectiveness of the Board of Directors as a whole, its committees and the individual directors. A formal evaluation process has been recently established that includes a Board of Directors Evaluation Questionnaire and a Board Member Self-Assessment form, which cover a wide range of topics. The Board of Directors Evaluation Questionnaire and Board Member Self-Assessment form are distributed to each director to help gather comments and suggestions on improvement of the practices, performance and effectiveness of the Board of Directors, its committees and individual directors, as well as to help improve the effectiveness, efficacy, efficiency and usefulness of all meetings.

The results of the Board of Directors Evaluation Questionnaire and the Board Member Self-Assessment form are compiled on a confidential basis to encourage full and frank commentary. The results are then reviewed with the members of the Board of Directors. The most recent evaluation results showed that the Board of Directors and its various committees, the Chairs of the committees of the Board of Directors, and individual directors were effectively fulfilling their respective responsibilities.

The HRCGC is also responsible for assessing and making recommendations with respect to all aspects of the Corporation's corporate governance and monitoring compliance with the Code of Conduct.

#### *Compensation*

The HRCGC is responsible for reviewing and recommending to the Board of Directors compensation for directors, reviewing and approving compensation of the President and Chief Executive Officer and the compensation of other senior executives, as well as advising and making recommendations to the Board of Directors with respect to incentive-based compensation plans and equity-based plans.

The HRCGC is also responsible for reviewing compensation disclosure in public documents, including the annual report on executive compensation, which can be found in this Proxy Circular, and which describes the process by which the Board of Directors sets the compensation for the Corporation's officers and directors.

### *Strategic Planning*

The Corporation formed the Strategic Planning Committee on July 30, 2020 to assist the President and Chief Executive Officer and the Board of Directors in setting the strategic plan for the Corporation and to monitor the progress in achieving that plan. The Strategic Planning Committee consists of Ms. Terry Yanofsky (Chair), Mr. Daniel Rabinowicz, Ms. Gillian Reitman and Ms. Anita Sehgal, all of whom are considered independent, except for Ms. Gillian Reitman, who is not considered independent due to the employment of a member of her immediate family as an executive officer of the Corporation.

The Strategic Planning Committee is notably responsible for (i) ensuring that the management of the Corporation has established an effective strategic planning process, including the development of a vision and mission and a three-year strategic plan for each brand of the Corporation as well as the Corporation overall, with measurable goals and time targets, (ii) focusing on critical strategic and financial issues facing the Corporation and assisting in the analysis of alternative strategic options, (iii) making recommendations to the Board of Directors related to the Corporation's mission, vision, strategic initiatives, major programs and services, (iv) assisting the President and Chief Executive Officer of the Corporation by acting as a sounding board on major organizational changes, (v) meeting with the management of the Corporation periodically to monitor the Corporation's progress against its strategic goals, and (vi) ensuring the Board of Directors is regularly apprised of the Corporation's progress with respect to implementation of any approved strategy.

### *Other Board Committees*

The Board of Directors has no standing committees other than the Audit Committee, the HRCGC and the Strategic Planning Committee.

### *Communications, Insider Trading, Confidential Information and Disclosure Policies*

The Board of Directors is committed to an effective communications policy with all stakeholders including shareholders, suppliers, employees, agents and members of the investment community. The Corporation is also committed to complying with all laws, regulations and policies which are applicable to it, as well as to industry practices in the field. This commitment is evidenced, notably, by the adoption by the Corporation of a Trading Policy, which provides guidelines to the directors, officers and relevant employees of the Corporation on trading of the Corporation's securities. Among other things, the trading policy prohibits any trading of the Corporation's securities until material undisclosed information has been generally disclosed and a reasonable period of time has passed for the information to be widely disseminated to the marketplace.

The Audit Committee and the Board of Directors review in advance all press releases which disclose financial results. Other continuous disclosure documents, including, without limitation, quarterly and annual financial statements, management discussion & analysis and proxy materials are reviewed by members of the Corporation's management and, where appropriate, the Board of Directors and applicable committees thereof and, where required, these documents are also approved by the Board of Directors.

## DIVERSITY

### *Employment Equity and Diversity Policy*

The Board of Directors has not adopted a distinct, formal employment equity policy, however, principles of employment equity are entrenched in the language of the Code of Conduct. The Code of Conduct provides that all decisions regarding the recruiting, hiring, training, compensation, evaluation, promotion, assignment, termination, and other terms and conditions of employment, will be made fairly, without unlawful discrimination on the basis of any prohibited grounds such as race, colour, sex, gender, pregnancy, sexual orientation, civil status, age (except as provided by law), religion, political conviction, language, ethnic or national origin, social condition, disability or any other factor that the law protects. All employment decisions are made in accordance with applicable federal and provincial laws.

The Board of Directors has not adopted a distinct, formal diversity policy, however, the Corporation strives to foster an inclusive culture, accepting and encouraging diversity within its workforce, and strongly believes that in order to benefit from the deepest available pools of employees, a diverse range of candidates should be considered for any available positions.

The Corporation seeks to retain, promote and hire the best people it can, focusing on actual and potential contribution in terms of their performance, competence, collaboration and professional accountability. Employment-related decisions are based on principles of individual merit and achievement such as job performance, skills, knowledge and abilities relevant to specific positions and not on factors unrelated to a person's performance or ability to do the job.

### *Policies Regarding the Representation of Women, Indigenous Peoples, Members of Visible Minorities and Persons with Disabilities on the Board*

The Board of Directors has not adopted a specific policy relating to the identification and nomination of women, Indigenous peoples (First Nations, Inuit and Métis) ("**Indigenous peoples**"), members of visible minorities and persons with disabilities as directors of the Corporation.

### *Consideration of the Representation of Women, Indigenous Peoples, Members of Visible Minorities and Persons with Disabilities in the Director Identification and Selection Process*

The Board of Directors does not specifically consider the level of representation of women, Indigenous peoples, members of visible minorities and persons with disabilities on the Board of Directors in identifying and nominating candidates for election or re-election as directors of the Corporation. In identifying and nominating candidates for election or re-election as directors of the Corporation, the Board of Directors focuses on actual and potential contribution in terms of performance, competence, collaboration and professional accountability. However, the Corporation's view is that a diverse range of candidates should always be considered and there are no biases that might discriminate against or for any candidates.

### *Consideration Given to the Representation of Women, Indigenous Peoples, Members of Visible Minorities and Persons with Disabilities in Executive Officers Appointments*

The Board of Directors does not specifically consider the level of representation of women, Indigenous peoples, members of visible minorities and persons with disabilities in executive officer positions when

making executive officer appointments. The Corporation focuses on actual and potential contribution in terms of performance, competence, collaboration and professional accountability. However, in order to garner the full benefits of diversity, including the availability of the widest pool of available talent, hiring practices are reviewed to ensure they are appropriately structured so that a diverse range of candidates are considered and that there are no biases that might discriminate against or for any candidates.

*Issuer's Targets Regarding the Representation of Women, Indigenous Peoples, Members of Visible Minorities and Persons with Disabilities on the Board and in Executive Officer Positions*

The Corporation has not adopted targets regarding women, Indigenous peoples, members of visible minorities and persons with disabilities on the Board of Directors or in its executive officer positions.

*Number of Women, Indigenous Peoples, Members of Visible Minorities and Persons with Disabilities on the Board and in Executive Officer Positions*

As at May 18, 2022, there are three women (37.5%) on the Board and no Indigenous peoples, members of visible minorities or persons with disabilities.

As at May 18, 2022, there are 25 in executive positions (including presidents of divisions and vice-presidents of different functions), of which 14 are women (56%), including one of the two divisional Presidents (50.0%).

As at May 18, 2022, there are no Indigenous peoples, members of visible minorities and persons with disabilities in executive positions.

## **DIRECTORS' AND OFFICERS' LIABILITY INSURANCE AND OFFICERS' INDEMNITY AGREEMENT**

The Corporation provides insurance for the benefit of the directors and officers of the Corporation and its subsidiaries against liability incurred by them in these capacities. The current annual policy limit is \$25 million. Protection is provided to directors and officers for wrongful acts or omissions done or committed during the course of their duties as such. The insurance excludes from coverage illegal acts and acts which result in personal profit. Under the insurance coverage, the Corporation is reimbursed for payments which it is required or permitted to make to its directors and officers to indemnify them, subject to a self-insured retention of \$1.5 million per loss; and individual directors and officers are reimbursed for losses incurred in their capacities as such. The annual premium is \$737,000, all of which was paid by the Corporation.

The Corporation has entered into an Indemnity Agreement with its directors and officers in its corporate group. The Indemnity Agreement provides additional protection for the benefit of the Corporation's directors and corporate group officers. As part of the indemnity, the Corporation undertakes to defend and hold harmless the signatory in the event that a claim is initiated against the signatory in his or her personal capacity by a third-party for the actions that the signatory undertakes on behalf of the Corporation in their capacity as a director or corporate officer of the Corporation. The Indemnity Agreement excludes coverage for illegal acts or acts undertaken in bad faith which are not in the best interests of the Corporation.

## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

No informed person (as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations*) (in Québec, *Regulation 51-102 respecting Continuous Disclosure Obligations*)), proposed director of the Corporation or any associate or affiliate of any informed person or proposed director has any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

## **ADDITIONAL INFORMATION**

The Corporation's financial information is included in the audited consolidated financial statements of the Corporation and notes thereto and in the accompanying Management's Discussion and Analysis for Fiscal 2022. Copies of these documents and additional information concerning the Corporation can be found under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and may also be obtained upon request to the Secretary of the Corporation at the office of the Corporation at 250 Sauvé Street West, Montreal, Québec H3L 1Z2.

## **DIRECTORS' APPROVAL**

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

May 18, 2022

Montreal, Québec

*(signed)* Alain Murad

Secretary