

**NOTICE OF MEETING  
&  
MANAGEMENT INFORMATION CIRCULAR**

FOR THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

to be held on May 1, 2024



**YOUR MARINE CARRIER OF CHOICE.™**

March 8, 2024

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## NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING

**NOTICE IS HEREBY GIVEN** that an annual general and special meeting (the “**Meeting**”) of shareholders of Algoma Central Corporation (the “**Company**”) will be held in person on Wednesday, May 1, 2024 at Vantage Venues, 27<sup>th</sup> Floor, 150 King Street West, Toronto, Ontario, M5H 1J9, at 11:30 a.m. (EDT) for the following purposes:

1. receive the annual financial statements for the year ended December 31, 2023 and the report of the auditors thereon (the “**Financial Statements**”) (see the “*Business of the Meeting – Receipt of Financial Statements and Auditor’s Report*” section in the Management Information Circular (the “**Circular**”));
2. elect directors (see the “*Business of the Meeting – Election of Directors*” section in the Circular);
3. appoint an auditor and authorize the directors of the Company to fix their remuneration and the terms of their engagement (see the “*Business of the Meeting – Appointment of an Auditor*” section in the Circular);
4. to consider and if thought advisable, pass an ordinary resolution to approve the continuation of the Company’s stock option plan and authorize the grant of all currently available option entitlements issuable thereunder until May 1, 2027 as more particularly described in the Circular; and
5. transact such further and other business as may properly come before the Meeting or any adjournment thereof.

### Notice-and-Access

The Company will continue its use of the “notice-and-access” mechanism of delivering materials to both registered and non-registered shareholders in connection with the Meeting. As such, the Company has posted electronic copies of the Circular and Annual Report (which comprises the Financial Statements along with the related management’s discussion & analysis) (collectively, the “**Meeting Materials**”) on the Company’s website at [www.algonet.com/investor-relations/](http://www.algonet.com/investor-relations/) and on the Company’s profile on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) at [www.sedarplus.ca](http://www.sedarplus.ca), instead of printing and mailing out paper copies, as permitted by the Canadian securities regulators. Notice-and-access allows issuers to post electronic versions of proxy-related materials online via SEDAR and one other website, rather than mailing paper copies of such materials to shareholders. All shareholders may request that a paper copy of the Meeting Materials be sent to them at no cost by calling 1-888-999-1883 (toll free in North America), or by sending an email to [investorrelations@algonet.com](mailto:investorrelations@algonet.com). Requests may be made up to one year from the date the Meeting Materials were filed on SEDAR.

Shareholders with questions about notice-and-access can call the Company’s transfer agent, TSX Trust Company, toll free at 1-800-387-0825 (1-416-682-3860, if outside Canada and the US).

**SHAREHOLDERS ARE REMINDED TO REVIEW THE MEETING MATERIALS PRIOR TO VOTING AS THE MEETING MATERIALS HAVE BEEN PREPARED TO HELP YOU MAKE AN INFORMED DECISION.**

### How to Vote

Your vote is important. As a shareholder, it is very important that you read the Meeting Materials carefully before voting your common shares of the Company. You are eligible to vote your common shares if you were a shareholder of record of the Company at the close of business (5:00 p.m. (EDT)) on March 12, 2024. If you held common shares of the Company as of the close of business on that date, you have the right to cast one vote per common share owned on any resolution to be voted upon at the Meeting. You may vote in person or by proxy; however, we encourage you to vote by proxy in advance of the Meeting. Our goal is to secure as large a representation as possible of shareholders at the Meeting. You may vote by proxy in any of the ways noted in the Circular and in your form of proxy or voting instruction form.

**Whether or not you are able to attend the Meeting in person, registered shareholders and non-registered shareholders are encouraged to vote in advance of the Meeting.**

**Registered Shareholders:** If you are a registered shareholder of the Company and you are unable to attend the Meeting in person but wish to ensure that your shares will be voted at the Meeting, you are asked to return the accompanying form of proxy to TSX Trust Company using one of the methods set out in the form of proxy not later than 48 hours (excluding Saturdays, Sundays and holidays) prior to the commencement of the Meeting or an adjournment or postponement thereof, to be used at the Meeting or an adjournment or postponement thereof.

**Non-Registered Shareholders:** If your shares are held in an account with a brokerage firm or an Intermediary thereof, you are not a registered shareholder of the Company. If you have received the Meeting Materials through your broker or through another Intermediary, please follow the instructions set out in the voting instruction form or other instructions received from the financial Intermediary to ensure that your shares will be voted at the Meeting. To be effective, your voting instructions must be received not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the commencement of the Meeting or an adjournment or postponement thereof, to be used at the Meeting or an adjournment or postponement thereof.

Dated at Toronto, Ontario March 8, 2024.

On behalf of the board of directors,



J. Wesley Newton, Secretary

## MANAGEMENT INFORMATION CIRCULAR

This Management Information Circular (the “**Circular**”) is for the Algoma Central Corporation (the “**Company**”) Annual General and Special Meeting of shareholders (the “**Meeting**”) to be held in person on Wednesday, May 1, 2024 at Vantage Venues, 27<sup>th</sup> Floor, 150 King Street West, Toronto, Ontario, M5H 1J9, at 11:30 a.m. (EDT). Provided you are a shareholder as of the Record Date (defined below) you have the right to vote your common shares of the Company (the “**Common Shares**”) for approval of the matters set forth in the notice of meeting (the “**Notice of Meeting**”).

To help you make an informed decision, please read this Circular and the Annual Report (which includes the financial statements for the year ended December 31, 2023 (the “**Financial Statements**”) along with the related management’s discussion & analysis (together, the “**Annual Report**”). This Circular gives you important information about the Company and the matters to be dealt with at the Meeting. All currency amounts referred to in this Circular are expressed in Canadian dollars, unless stated otherwise.

### Record Date and Quorum

The record date for determining the shareholders entitled to receive notice of and vote at the Meeting is the close of business (5:00 p.m. (EDT)) on March 12, 2024 (the “**Record Date**”). If you held Common Shares as of the close of business on the Record Date, you have the right to cast one vote per Common Share owned on any resolution to be voted upon at the Meeting.

Pursuant to the by-laws of the Company, and subject to the *Canada Business Corporations Act* (the “**CBCA**”), a quorum for the transaction of business at any meeting of shareholders is two persons present or by proxy who hold or represent by proxy not less than 10% of the issued and outstanding Common Shares entitled to vote at such meeting.

## PROXY RELATED MATTERS

### Solicitation of Proxies

This Circular is furnished in connection with the solicitation of proxies by and on behalf of the management of the Company for use at the Meeting for the purposes set forth in the Notice of Meeting. It is expected that the solicitation of proxies will be primarily by mail, but proxies may also be solicited by telephone by employees of the Company or by persons retained by the Company for that purpose. The total cost of such solicitation will be borne by the Company.

### Notice-and-Access

This year, the Company will continue its use of the “notice-and-access” mechanism of delivering materials to both registered and non-registered shareholders in connection with the Meeting. As such, the Company has posted electronic copies of the Circular and Annual Report on the Company’s website at [www.algonet.com/investor-relations/](http://www.algonet.com/investor-relations/) and on the Company’s profile on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) at [www.sedarplus.ca](http://www.sedarplus.ca) instead of printing and mailing out paper copies, as permitted by the Canadian securities regulators. Notice-and-access allows issuers to post electronic versions of proxy-related materials online via SEDAR and one other website, rather than mailing paper copies of such materials to shareholders.

Shareholders with questions about notice-and-access can call the Company’s transfer agent, TSX Trust Company (“**TSX-T**”), toll free at 1-800-387-0825 (1-416-682-3860 if outside Canada and the US).

The Company will pay the reasonable costs incurred by persons who are registered but not beneficial owners of Common Shares (such as brokers, dealers, other registrants under applicable securities laws, nominees and/or custodians) in sending or delivering copies of the Notice of Meeting, the Circular and form of proxy to beneficial owners of such Common Shares. The Company will furnish to such persons, without cost, upon request to the Company at Suite 600, 63 Church Street, St. Catharines, ON, L2R 3C4, additional copies of the Notice of Meeting, the Circular and form of proxy for this purpose. Executed forms of proxy may be mailed to TSX Trust Company, Attention: Proxy Department, P.O. Box 721, Agincourt, ON M1S 0A1 or refer to the “How to Vote” section below for alternate options.

### How to Obtain Paper Copies of the Meeting Materials




All shareholders may request that a paper copy of the Circular and Annual Report (the “**Meeting Materials**”) be sent to them at no cost by contacting the Company. Requests may be made up to one year from the date the Meeting Materials were filed on SEDAR by calling 1-888-999-1883 (toll free in North America), or sending an email to [investorrelations@algonet.com](mailto:investorrelations@algonet.com).

A paper copy of the Meeting Materials will be mailed to you within three business days of receiving your request, if the request is made at any time prior to the Meeting. We estimate that your request for Meeting Materials will need to be received on or before April 17, 2024 in order to receive your paper copies in advance of the deadline for submission of form of proxies and/or Voting Instruction Forms (defined below) in respect of the Meeting.

## How to Vote

We encourage you to vote by proxy before the Meeting. Our goal is to secure as large a representation of shareholders as possible at the Meeting.




There are two ways to vote: (1) by proxy before the Meeting; (2) in person during the Meeting. How you can vote depends on whether you are a registered or non-registered (beneficial) shareholder. More details can be found in the following tables:

| <b>REGISTERED SHAREHOLDERS</b>  |  |
|---|--|
| <b>Registered Shareholders are encouraged to vote in advance of the Meeting using the methods described below. Even if you currently plan to attend the Meeting in person, you should consider voting your shares by proxy in advance so that your vote will be counted if you later decide not to attend the Meeting.</b>  |  |
| <p><b>By proxy prior to the Meeting</b></p> <div style="display: flex; flex-direction: column; align-items: center; gap: 20px;">    </div> | <p>You can vote in any of the following ways:</p> <p><b>Telephone</b><br/>You may enter your voting instructions by telephone at 1-888-489-5760 for English or 1-888-489-7352 for bilingual. You will need your 13-digit control number located on your form of proxy.</p> <p><b>Online</b><br/>Go to <a href="http://www.meeting-vote.com">www.meeting-vote.com</a>, enter the 13-digit control number located on your proxy form and follow the instructions on the screen; or scan both sides of your proxy form and email it to <a href="mailto:proxyvote@tmx.com">proxyvote@tmx.com</a>.</p> <p><b>Mail</b><br/>Complete, sign, date and return the form of proxy in the prepaid envelope provided to:</p> <p>TSX Trust Company<br/>Attention: Proxy Department<br/>P.O. Box 721, Agincourt, ON<br/>M1S 0A1</p> <p>TSX Trust must receive your proxy form on or before <b>11:30am (EDT) on April 29, 2024</b> or 48 hours (excluding Saturdays, Sundays and holidays) prior to the commencement of any postponed or adjourned Meeting for identification.</p> |
| <p><b>By attending and voting at the Meeting</b></p>  | <p>If you plan to attend the Meeting, you are requested to bring the proxy form that was sent to you by mail to the Meeting for identification.</p>  |
| <p><b>Appointee instructions</b></p>  | <p>You are encouraged to appoint yourself or such other person (other than the named proxyholders) online at <b><a href="http://www.meeting-vote.com">www.meeting-vote.com</a></b> as this will reduce the risk of any mail disruptions and will allow you to share the Appointee Information you have created with any other person you have appointed to represent you at the Meeting more easily. If you do not designate the Appointee Information when completing your proxy form or if you do not provide the exact Appointee Identification Number and Appointee Name to any other person (other than the named proxyholders) who has been appointed to access and vote at the Meeting on your behalf, that other person will not be able to access the Meeting and vote on your behalf.</p>  |
| <p><b>Deadline for returning your form</b></p>  | <p>Registered shareholders are asked to return their accompanying form of proxy to TSX Trust Company using one of the methods set out above no later than <b>11:30am (EDT) on April 29, 2024</b> or in the case of any adjournment or postponement of the Meeting at least 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the adjourned or postponed Meeting.</p>   |

## NON-REGISTERED (BENEFICIAL) SHAREHOLDERS

You are a non-registered shareholder if your shares are registered in the name of an Intermediary such as a bank, trust company, trustee, investment dealer, clearing house or other institution.

**Non-registered Shareholders are encouraged to vote in advance of the Meeting using the methods described below. Even if you currently plan to attend the Meeting in person, you should consider voting your shares by proxy in advance so that your vote will be counted if you later decide not to attend the Meeting.**

|   |  |
|---|--|
| <p><b>By proxy prior to the Meeting</b></p>    | <p><b>Telephone</b><br/>You may enter your voting instructions by telephone at 1-800-474-7493 (English) or 1-800-474-7501(French). You will need your 16-digit control number located on your Voting Instruction Form.</p> <p><b>Online</b><br/>Using your 16-digit control number located on your Voting Instruction Form, proceed to <a href="http://www.proxyvote.com">www.proxyvote.com</a> or scan the QR code to access the website, and vote using your computer or mobile device.</p> <p><b>Mail</b><br/>The Voting Instruction Form may be returned by mail using the prepaid envelope provided to:</p> <p>Broadridge Investor Communications Corporation<br/>Attention: Data Processing Centre<br/>P.O. Box 3700 STN Industrial Park<br/>Markham, ON L3R 5S5</p> <p>Broadridge must receive your Voting Instruction Form from your intermediary on or before <b>11:30 a.m. (EDT) on April 29, 2024</b> or 48 hours (excluding Saturdays, Sundays and holidays) prior to the commencement of any postponed or adjourned Meeting for identification.</p> |
| <p><b>By Attending and voting at the Meeting</b></p>  | <p>To attend the Meeting and vote your Common Shares in person you may:</p> <ol style="list-style-type: none"><li>1. Write your name or the name of your designate to act on your behalf on the "appointee" line found on your Voting Instruction Form. Sign and date the form and return it by mail; or,</li><li>2. Go to <a href="http://proxyvote.com">proxyvote.com</a> and follow the instructions provided.</li></ol> <p>At the Meeting, you, or your designate, as the named "appointee" must attend the Meeting for your vote to be counted. When you or your designate arrive at the Meeting, please register with Broadridge.</p>  |
| <p><b>Appointee instructions</b></p>  | <p>You are encouraged to appoint yourself or such other person (other than the named proxyholders) as proxyholder online at <b><a href="http://www.proxyvote.com">www.proxyvote.com</a></b> as this will reduce the risk of any mail disruptions and will allow you to share the Appointee Information you have created with any other person you have appointed to represent you at the Meeting more easily. If you do not designate the Appointee Information when completing your Voting Instruction Form or if you do not provide the exact Appointee Identification Number and Appointee Name to any other person (other than the named proxyholders) who has been appointed to access and vote at the Meeting on your behalf, that other person will not be able to access the Meeting and vote on your behalf.</p>  |
| <p><b>Deadline for returning your form</b></p>  | <p>Your Intermediary must receive your voting instructions with enough time to act on your instructions. Check the form for the deadline for submitting your voting instructions. If you are mailing your Voting Instruction Form, be sure to allow enough time for the envelope to be delivered.</p>  |

For any questions regarding the Meeting or a shareholder's ability to participate or vote at the Meeting, please contact TSX Trust at [proxyvote@tmx.com](mailto:proxyvote@tmx.com)

### Asking Questions During the Meeting

Following the formal part of the Meeting, we will hold a Q&A session to answer any questions submitted in person during the Meeting. All shareholders or duly appointed proxyholders may ask questions.

All shareholder questions are welcome; however, we do not intend to address questions that (a) are irrelevant to the business of the Meeting or to the Company's operations; (b) are related to personal grievances; (c) are related to non-public information about the Company; (d) constitute derogatory references to individuals or that are otherwise offensive to third parties; (e) are repetitious or have already been asked by other shareholders; (f) are in furtherance of a shareholder's personal or business interest; or (g) are out of order or not otherwise appropriate as determined by the Chair or Secretary of the Meeting in their reasonable judgment.

## Voting by Registered Shareholders

Voting in advance of the Meeting by proxy is the easiest way to vote. It means you are giving someone else (your proxyholder) the authority to attend the Meeting and vote for you according to your instructions. If the shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly. Where no choice is specified, the Common Shares represented by such proxy will be voted IN FAVOUR of those matters set out in the proxy and at the discretion of the proxy holder with respect to other matters that may properly come before the Meeting. As of the date of this Circular, management knows of no amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting; however, if any amendments, variations or other matters which are not known to management should properly come before the Meeting or any adjournment(s) or postponement(s) thereof, the Common Shares represented by the proxies in favour of management nominees will be voted on such amendments, variations or other matters in accordance with the best judgment of the proxy nominee.

**THE PERSONS NAMED IN THE PROXY ARE MEMBERS OF THE COMPANY'S MANAGEMENT. A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER OF THE COMPANY) TO REPRESENT THE SHAREHOLDER AT THE MEETING MAY DO SO EITHER BY STRIKING OUT THE NAMES OF THE PERSONS SPECIFIED IN THE FORM OF PROXY AND INSERTING THE NAME OF THE PERSON TO BE APPOINTED IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY OR BY COMPLETING ANOTHER PROPER FORM OF PROXY.**

## Voting by Non-registered Shareholders

In many cases, Common Shares beneficially owned by a person (a "**non-registered shareholder**") are registered either (a) in the name of an Intermediary (an "**Intermediary**") that the non-registered shareholder deals with in respect of such Common Shares (e.g., banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFFs, RESPs and similar plans); or (b) in the name of a clearing agency (e.g., CDS Clearing and Depository Services Inc.) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**"), the Company is using "notice-and-access" to deliver this Circular to both registered and non-registered shareholders. This means that the Circular is being posted online for you to access, rather than being mailed out. A Voting Instruction Form (defined below) has been mailed to all non-registered shareholders so that such holders may instruct their Intermediaries on how to vote their Common Shares. In accordance with NI 54-101, the Annual Report will be mailed to all non-registered shareholders who have either opted to have a copy mailed to them or to have an electronic copy sent to them via e-mail. For all others, the Annual Report will be available online at [www.algonet.com/investor-relations/](http://www.algonet.com/investor-relations/) and online via SEDAR.

Intermediaries are required to forward the meeting materials to non-registered shareholders unless a non-registered shareholder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the meeting materials to non-registered shareholders. Generally, non-registered shareholders who have not waived the right to receive meeting materials will either:

- a. be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile stamped signature), which is restricted as to the number and class of securities beneficially owned by the non-registered shareholder, but which is not otherwise completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the non-registered shareholder when submitting the proxy. In this case, the non-registered shareholder who wishes to vote by proxy should otherwise properly complete the form of proxy and deliver it as specified above under "How to Vote", or
- b. In either case, the purpose of this procedure is to permit non-registered shareholders to direct the voting of the Common Shares they beneficially own.

## Revocation of Proxies

Any registered shareholder who has given a proxy may revoke such proxy by depositing an instrument in writing executed by such shareholder or by his or her attorney authorized in writing at the office of the Company at 63 Church Street, Suite 600, St. Catharines, Ontario, L2R 3C4, on or before the last business day preceding the day of the Meeting or any adjournment or postponement thereof or, as to any matter upon which a vote has not already been cast pursuant to the authority conferred by such proxy, with the Chair of the Meeting on the day of the Meeting or any adjournment or postponement thereof, or in any other manner permitted by law. Non-registered shareholders wishing to revoke a proxy should contact their Intermediary for instructions. Non-registered shareholders may revoke a Voting Instruction Form or a waiver of the right to receive meeting materials and to vote, which has been given to an Intermediary or its service company, at any time by written notice to the Intermediary in accordance with the instructions received from the Intermediary, except that an Intermediary may not act on a revocation of a voting instruction form or a waiver of the right to receive meeting materials and to vote that is not received by the Intermediary in sufficient time prior to the Meeting. Non-registered shareholders who have deposited a form of proxy signed by their Intermediary and who wish to change their vote must contact their Intermediary, since only registered shareholders may revoke a legal proxy.

## VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

### Outstanding Shares

The Company is authorized to issue an unlimited number of Common Shares and Preferred Shares, of which there are 39,517,144 Common Shares issued and outstanding and nil Preferred Shares issued and outstanding as at March 8, 2024. The Common Shares, which carry one vote each, may be voted at the Meeting. In accordance with the provisions of the CBCA, the Company will prepare a list of the holders of its Common Shares as of the close of business on the Record Date. A shareholder named in such list will be entitled to vote his or her Common Shares at the Meeting.

### Interest of Certain Persons or Companies in Matters to be Acted Upon

As at the date hereof, to the knowledge of the directors and senior officers of the Company, none of the directors or officers of the Company who has been a director or executive officer of the Company at any time since the beginning of the Company's last financial year, nor any proposed nominee for election as a director of the Company nor any associate or affiliate of any of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than the election of directors.

### Principal Holders of Common Shares

To the knowledge of the directors and officers of the Company, as of the date hereof, no person or company beneficially owns, controls or directs, directly or indirectly, voting securities of the Company carrying 10% or more of the voting rights attached to all outstanding Common Shares, other than as set out below:

| Shareholder                       | Number of Common Shares (includes direct or indirect ownership or control) | Percentage of issued Common Shares |
|-----------------------------------|--|------------------------------------|
| Amogla Holdings Limited           | 11,550,460   | 29.2%                              |
| E-L Financial Corporation Limited | 10,515,220   | 26.6%                              |

## BUSINESS OF THE MEETING

### RECEIPT OF FINANCIAL STATEMENTS AND AUDITOR'S REPORT














Financial Statements will be placed before the Meeting. Approval of the Financial Statements by shareholders of the Company is not required.

### ELECTION OF DIRECTORS

The Board of Directors of the Company (the "Board") consists of such number, being not less than five or more than fifteen, as shall be determined by the directors from time to time. The Board has passed a resolution determining that the Board shall consist of ten directors until changed by the Board, and ten directors shall be elected at the Meeting. Directors elected at the Meeting will serve until the next annual meeting of shareholders or until their respective successors are elected or appointed. Management does not contemplate that any of the proposed nominees will be unable to serve as a director. If, for any reason, any proposed nominee is unable to serve as such, the representatives of management, if so named as proxy, reserve the right to vote for any other nominee in their sole discretion. The following information relating to the nominee as directors is based partly on the Company's records and partly on information received by the Company from such persons and is given as at March 8, 2024.



## Director Nominees at a Glance

| Name and Place of Residence                      | Main Occupation  | Director Since <sup>(1)</sup> | Independent                         | Committee   | Number of Common Shares <sup>(2)</sup> |
|--|--|-------------------------------|-------------------------------------|---|--|
| Mats H. Berglund<br>Gothenburg, Sweden           | Corporate Director   | 2023                          | <input checked="" type="checkbox"/> |    | 2,000                                  |
| Richard B. Carty<br>Toronto, Ontario, Canada     | Vice-President, General Counsel and Corporate Secretary, E-L Financial Corporation Limited, an investment and insurance holding company. | 2010                          | <input checked="" type="checkbox"/> |    | 5,500                                  |
| Jens Grønning<br>Copenhagen, Denmark             | Corporate Director   | 2023                          | <input checked="" type="checkbox"/> |    | 2,000                                  |
| E.M. Blake Hutcheson<br>Toronto, Ontario, Canada | President and Chief Executive Officer, OMERS, a public sector pension fund manager.  | 2003                          | <input checked="" type="checkbox"/> |    | 11,907                                 |
| Duncan N.R. Jackman<br>Toronto, Ontario, Canada  | Chairman, President and Chief Executive Officer, E-L Financial Corporation Limited, an investment and insurance holding company.         | 1997                          | <input checked="" type="checkbox"/> |    | 30,000                                 |
| Trinity Jackman<br>Toronto, Ontario, Canada      | Instructor, History Department, York University  | 2021                          | <input checked="" type="checkbox"/> |    | nil                                    |
| Mark McQueen<br>Toronto, Ontario, Canada         | Business Executive   | 2015                          | <input checked="" type="checkbox"/> |    | 5,000                                  |
| Clive P. Rowe<br>Delray Beach, Florida, U.S.A    | Corporate Director   | 1999                          | <input checked="" type="checkbox"/> | <br>  | 11,000                                 |
| Gregg A. Ruhl<br>Buffalo, New York, U.S.A.       | President and Chief Executive Officer, Algoma Central Corporation  | 2023                          | <input type="checkbox"/>            |    | 8,000                                  |
| Eric Stevenson<br>Toronto, Ontario, Canada       | Director, Perseverance Marine, an international shipping company, and Principal, Alliance Tanker Management.                             | 2013                          | <input checked="" type="checkbox"/> | <br><br> | 11,069                                 |

<sup>(1)</sup> Each proposed nominee who is stated to have first become a director in a specified year has served continuously as a director from the year indicated.

<sup>(2)</sup> Represents the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised.

 Audit Committee

 Corporate Governance Committee

 Environment, Health & Safety Committee

 Executive Committee

 Investment Committee

## Majority Voting

Following amendments to the CBCA which took effect on August 31, 2022, the Board has repealed the Company's Majority Voting policy such that, pursuant to the CBCA, shareholders are to vote "for" or "against" nominees for the Board at an uncontested meeting. Only nominees receiving a majority of the votes cast in their favour will be elected, subject to limited and defined circumstances. If a nominee does not receive a majority of the votes cast for their election, the nominee will not be elected and the Board position will remain open subject to limited and defined circumstances. In the event that the nominee is an incumbent director and is not re-elected at the Meeting as a result of not receiving a

majority of the votes in their favour, such director may continue in office until the earlier of (i) the 90th day after the election, or (ii) the day on which his or her successor is appointed or elected. In accordance with the CBCA, the Board may reappoint an incumbent director even if he or she does not receive majority support in the following limited and defined circumstances: (i) to satisfy Canadian residency requirements; or (ii) to satisfy the requirement that at least two directors are not also officers or employees of the Company or its affiliates.

## **APPOINTMENT OF AN AUDITOR**

The Company's current auditor is Deloitte LLP. It is intended to vote proxies received by management nominees in favour of the firm Deloitte LLP as auditor of the Company for an additional one-year term. A majority of votes cast is required to re-appoint the auditor.

## **RENEWAL OF STOCK OPTION PLAN**

At the Company's Annual General and Special Meeting held on May 4, 2018, shareholders approved the adoption by the Company of a 5% "rolling" stock option plan (the "Option Plan"). Full details of the Option Plan can be found in this Circular under "Long-Term Equity Incentive Program".

The rules of the Toronto Stock Exchange (the "TSX") provide that every three years after the institution of a security-based compensation arrangement, all unallocated options, rights or other entitlements under such arrangement that does not have a fixed maximum number of securities issuable thereunder, must be approved by a majority of the issuer's directors and by a majority of the issuer's shareholders. An "evergreen plan" (being a plan that provides for the replenishment of the number of securities reserved when awards are exercised) does not, by definition, have a fixed maximum number of securities issuable thereunder, and is therefore subject to the requirement that shareholders approve unallocated entitlements every three years. Awards are considered to be "allocated" under a plan when they are granted to a participant and awards that remain available for grant under a plan are referred to as "unallocated".

A total of 1,932,499 Common Shares have been reserved for issuance as at December 31, 2023. All of the Common Shares relating to exercised, cancelled or terminated options granted under the Option Plan will automatically become available for the purposes of options that may be subsequently granted under the plan. As a result, the Option Plan is considered an "evergreen" plan since the Common Shares relating to options which have been exercised shall be available for subsequent grants under the plan and the number of options available to grant increases or decreases as the number of issued and outstanding Common Shares of the Company increases or decreases. Accordingly, at the Meeting, Shareholders will be asked to pass an ordinary resolution, with or without variation, as follows (the "Option Plan Resolution"):

Whereas:

1. the Board of Directors of the Company approved on February 22, 2018 the adoption of a stock option plan (the "Option Plan") which does not have a fixed maximum number of common shares issuable thereunder, for the benefit of certain officers and key employees of the Company, as determined by the Board of Directors from time to time;
2. the shareholders of the Company approved the Option Plan by a majority of votes on May 4, 2018;
3. the shareholders of the Company approved the renewal of the Option Plan by a majority of votes cast on May 5, 2021; and
4. the rules of the Toronto Stock Exchange provide that all unallocated options, rights or other entitlements under a security based compensation arrangement which does not have a fixed number of maximum securities issuable be approved every three (3) years;

Be it resolved that:

1. all currently available and unallocated options issuable pursuant to the Option Plan be and are hereby approved and authorized for grant until May 1, 2027, which is the date that is three (3) years from the date of the shareholder meeting at which shareholder approval is being sought;
2. the Company shall have the ability to continue granting options under the Stock Option Plan on a 5% of the issued and outstanding Common Shares rolling basis until May 1, 2027; and
3. any one director or officer of the Company is hereby authorized and directed for and in the name of and on behalf of the Company to execute or cause to be executed, whether under the common seal of the Company or otherwise, and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in order to give effect to these resolutions."

To pass, the Option Plan Resolution must be approved by a simple majority of the votes cast by shareholders who vote electronically or by proxy at the Meeting on the resolution. As the Option Plan contains prescribed limits on participation in the plan by insiders of the Company, any shareholder who is an insider and who may receive Options under the plan may also vote on this resolution.

All previously allocated Options will continue unaffected regardless of the outcome of the vote; however, should the resolution not be approved by the Shareholders, the Company will no longer be able to make Option grants under the Option Plan, and all allocated Options will no longer be available for reallocation if they are cancelled or expire unexercised. Any future Option grants then would require shareholder approval. The Board recommends that shareholders vote FOR the Option Plan Resolution. Unless specifically instructed to vote against the Option Plan Resolution, the persons named in the form of proxy accompanying the Notice of Meeting intend to vote FOR the approval of the Option Plan Resolution.

## REMUNERATION OF DIRECTORS AND EXECUTIVE OFFICERS

### COMPENSATION DISCUSSION & ANALYSIS

This section provides information regarding the compensation program in effect in 2023 for the Chief Executive Officer (the “CEO”), Chief Financial Officer (the “CFO”), and the three other most highly compensated executive officers of the Company, collectively the Named Executive Officers (each, a “NEO”).

The Corporate Governance Committee of the Board makes recommendations to the Board regarding the compensation of directors and senior officers. The Corporate Governance Committee consists of five members, each of whom is independent. The Corporate Governance Committee for 2023 comprised Clive P. Rowe, Richard B. Carty (Chairman), Duncan N. R. Jackman, Trinity O. Jackman, and Eric Stevenson.

#### Executive Summary

The compensation program for the senior officers of the Company comprises base salary, non-equity incentive compensation plans and an equity long-term incentive compensation plan. In establishing base salary, length of service and individual performance are both considered. The incentive compensation plans offer both short-term and longer-term incentives and are based on Company and individual performance.

#### Compensation Philosophy and Objectives

The compensation programs of the Company are designed to attract and retain well-qualified, experienced individuals at all levels of the organization. All shore-based employees and the captains and chief engineers of the Company's domestic vessels participate in an annual incentive compensation program designed to align their actions with results that deliver shareholder value. In addition to the annual incentive program that is open to all shore-based employees, senior management of the Company are eligible to participate in programs that are designed to also align their compensation with medium- and long-term enhancements in shareholder value.

As a rule, senior executive compensation is designed to be competitive with the compensation programs offered by companies of similar size and sharing similar business characteristics. The purpose of the programs is to attract and to retain qualified senior executives. The compensation is designed to be fair and reflective of the skills and experience that the executives bring to the Company.

The structure of the compensation program is designed to reward executives for actions that have an immediate or short-term benefit, yet also serve to enhance the value of the Company over the medium and longer term by improving the Company's competitive position in its industry, growing the business in a manner that enhances long-term shareholder value, and that do not involve excessive risk-taking.

The Company understands the importance of effective risk management and regulatory compliance, both generally and in the context of compensation policies. Risk management and regulatory compliance activities are integrated into management's decision-making processes and these activities are regularly reported to the Board or to committees of the Board. The Board does not have compensation practices which, for example, reward or incent excessive risk-taking, or in which short-term results are much more heavily weighted than longer-term results.

The Corporate Governance Committee has assessed the risks associated with the Company's compensation structure and has concluded that the compensation program does not create situations where executives would be unduly compensated for taking excessive risk. This is achieved by ensuring that the incentive compensation program is assessed and approved annually by the Corporate Governance Committee. The annual review allows a degree of discretion in favour of the Committee in the final determination of annual awards. In addition, the program is designed to include caps on the amount of incentive compensation that can be awarded in any one year.

## Elements of Executive Compensation

The compensation arrangements for the Company's senior officers are composed of the following elements:

| Compensation Element                              | Form          | Performance Period  | Determination |
|---|---------------|---|---------------|
| Base Salary                                       | Cash          | Annual  | See note 1    |
| Annual Incentive Program ("AIP")                  | Cash          | For the CEO, CFO, and other senior officers, 100% of the AIP is paid out in cash annually.  | See note 2.   |
| Medium-Term Non-Equity Incentive Program ("MTIP") | Cash          | MTIP awards are made annually and consist of Performance Share Units ("PSU") that cliff-vest and are paid in cash at the end of three years.                                      | See note 3.   |
| Long-Term Equity Incentive Program ("LTIP")       | Stock Options | Shareholders approved the creation of the LTIP in 2018 in which the CEO and certain other senior officers participate. Renewal of the LTIP is subject to approval at the Meeting. | See note 4.   |

### Note 1. Base Salary

Individual salaries are based on a number of factors, including the individual's experience, level of responsibility within the Company and performance. The Board takes into account the compensation practices of other Canadian public companies so that executive compensation is competitive, both in terms of the individual components and in aggregate. Compensation surveys and management recommendations may be used by the Board as part of this process. The Board does not benchmark to any particular company or companies, but the Board may use as a resource informal compensation surveys and compensation information compiled through more formal compensation surveys performed by human resource consulting companies. The base salary of an NEO is intended to attract and retain qualified executives by providing a reasonable amount of non-contingent remuneration as part of their overall compensation package.

In addition to salary and participation in certain benefit plans that are generally available to all shore-based employees of the Company, NEOs are eligible to participate in incentive compensation programs that are considered at-risk compensation and are intended to compensate executives for actions and results that are consistent with pay for performance objectives and are to the benefit of the Company and its shareholders. The programs are designed to reward short-term (current year) as well as medium- and long-term success.

### Note 2. Annual Incentive Program

The AIP for senior officers has been designed to:

- Support the achievement of key business goals and focus the Company's senior officers on the long-term success of the organization.
- Attract, retain and reward senior officers and key employees in both the short- and long-term;
- Recognize senior officers for corporate, business unit and individual performance;
- Encourage senior officers and key employees to think like long-term owners and act in the long-term best interests of the Company; and,
- Align the interests of senior officers and key employees with those of the Company's shareholders.

The key measures in the AIP include improving the Company's return on equity ("**ROE**") and achieving operating metrics designed to measure improvement in long-term profitability. ROE is determined by dividing the net earnings of the Company by the average of shareholders' equity at the beginning and end of the year. In setting performance goals or measuring achievement of such goals, the Corporate Governance Committee may exercise judgment from time to time to exclude or include items from both of these calculations that are determined not to be indicative of management's performance during the year.

The Company uses ROE as a measure of management's efficient and effective use of the capital resources entrusted to them, including the prudent use of debt financing. The Company's long-term target for ROE is 9.5% and the Company uses this as a benchmark in establishing return on investment objectives when assessing new capital investments and business opportunities. The target for ROE for compensation purposes is determined annually by the Corporate Governance Committee in the context of this long-term target.

The weighting of the corporate and individual components of the AIP is dependent upon the employee's level within the organization. Grants made pursuant to the MTIP and LTIP (see more below) will be at the discretion of the Board but will be made taking into consideration the corporate and individual components below.

| Level                   | Target Award as a % of Base Salary | Corporate Component Weighting | Individual Component Weighting |
|-------------------------|------------------------------------|-------------------------------|--------------------------------|
| Chief Executive Officer | 75%                                | 75%                           | 25%                            |
| Chief Financial Officer | 50%                                | 75%                           | 25%                            |
| Other NEOs              | 30% - 50%                          | 75%                           | 25%                            |

Key performance targets are established on an annual basis by the Corporate Governance Committee. Individual performance targets for each senior officer are recommended by the CEO and approved by the Corporate Governance Committee. In the case of the CEO, individual performance targets are developed and approved by the Corporate Governance Committee. The actual incentive can vary between 0% and 140% of base salary for the CEO and between 0% and 94% or 0% and 60% for the other senior officers, depending on each individual's degree of achievement of individual targets and his or her contribution to the Company's performance targets.

### Note 3. Medium-Term Non-Equity Incentive Program

The MTIP, as it applies to the senior management team, is a discretionary plan under which the CEO, with the approval of the Corporate Governance Committee, may grant PSUs to members of management as an incentive, retention tool and mechanism to align management with the long-term success of the Company. PSUs awarded to the CEO, the CFO, the Executive Vice-President Strategy and Business Development, and the Executive Vice-President, Operations and Technical under the MTIP are granted at the discretion of the Corporate Governance Committee of the Board. The PSUs vest over a three-year period, and are paid out in cash upon vesting based on the share price of the Common Shares at the time of vesting.

The MTIP is intended to align executive compensation with enhancements in shareholder value by tying the value of MTIP units to the medium-term changes in value in the Common Shares of the Company. The time vesting condition of the MTIP units serves to enhance executive retention, while the non-equity character of the units enables the Company to tie the value of the compensation to share values without requiring the issuance of Common Shares, reducing the dilutive impact of these units on an after-tax basis.

### Note 4. Long-Term Equity Incentive Program

In 2018, shareholders of the Company approved the creation of the LTIP by passing an ordinary resolution to ratify and approve the adoption of the LTIP. Renewal of the LTIP was approved by shareholders of the Company at the Company's 2021 Annual General and Special Meeting and Shareholders are being asked approve a further three-year renewal at this year's Meeting. Further details of the LTIP are provided below. The LTIP serves to align the compensation of the eligible executives with longer term changes in shareholder value and enables participants in the program to acquire an equity interest in the Company. It is believed that such longer term alignment is important to ensure that senior executives create sustainable shareholder value over a long term. The Company does not have a policy of requiring executives to own equity; however, both the CEO and CFO own Common Shares of the Company.

For 2023, the CEO, CFO, Executive Vice-President, Strategy and Business Development, and Executive Vice-President, Operations and Technical participated in the LTIP.

## Summary Compensation Table

The following table sets forth the compensation earned by the CEO, CFO and by each of the other NEOs for the years ended December 31, 2023, 2022, and 2021.

| Name and Principal Position   | Year | Salary    | Share-based Award <sup>(1)</sup> | Option-based Award <sup>(2)</sup> | Non-equity Incentive Plan Compensation |                           | Pension Value | All Other | Total Compensation |
|---|------|-----------|----------------------------------|-----------------------------------|--|---------------------------|---------------|-----------|--------------------|
|   |      |           |                                  |                                   | Annual Incentive Plans                 | Long-term Incentive Plans |               |           |                    |
| Gregg A. Ruhl, President and Chief Executive Officer                                  | 2023 | \$670,000 | \$300,000                        | \$412,500                         | \$799,527                              | NIL                       | \$66,100      | \$54,466  | \$2,302,593        |
|   | 2022 | \$645,000 | \$195,000                        | \$252,525                         | \$875,975                              | NIL                       | \$64,000      | \$46,958  | \$2,079,458        |
|   | 2021 | \$620,000 | \$150,224                        | \$132,948                         | \$638,914                              | NIL                       | \$61,600      | \$25,248  | \$1,628,934        |
| Peter D. Winkley, Executive Vice-President and Chief Financial Officer                | 2023 | \$385,000 | \$90,000                         | \$123,750                         | \$306,286                              | NIL                       | \$31,900      | \$15,600  | \$952,536          |
|   | 2022 | \$370,000 | \$48,750                         | \$63,131                          | \$311,873                              | NIL                       | \$31,000      | \$15,600  | \$840,354          |
|   | 2021 | \$356,000 | \$37,556                         | \$33,237                          | \$277,142                              | NIL                       | \$29,900      | \$15,600  | \$749,435          |
| J. Wesley Newton, Executive Vice-President, Strategy and Business Development         | 2023 | \$385,000 | \$90,000                         | \$123,750                         | \$306,286                              | NIL                       | \$31,900      | \$15,600  | \$952,536          |
|   | 2022 | \$330,000 | \$48,750                         | \$63,131                          | \$298,782                              | NIL                       | \$26,200      | \$15,600  | \$782,463          |
|   | 2021 | \$305,000 | \$37,556                         | \$33,237                          | \$237,439                              | NIL                       | \$23,800      | \$15,600  | \$652,632          |
| Barton R. Reynolds, Executive Vice-President, Operations and Technical <sup>(3)</sup> | 2023 | \$360,000 | \$52,500                         | \$72,188                          | \$252,648                              | NIL                       | \$28,900      | \$15,600  | \$781,836          |
|   | 2022 | \$201,250 | NIL                              | NIL                               | \$157,016                              | NIL                       | \$15,200      | \$94,585  | \$468,051          |
| Stephen J. Wright, Senior Vice-President, Engineering <sup>(4)</sup>                  | 2023 | \$272,500 | \$50,000                         | NIL                               | \$109,987                              | NIL                       | \$18,400      | \$14,400  | \$465,287          |
|   | 2022 | \$215,525 | \$20,000                         | NIL                               | \$87,515                               | NIL                       | \$13,958      | \$14,400  | \$351,398          |
|   | 2021 | \$188,033 | \$5,000                          | NIL                               | \$80,789                               | NIL                       | \$12,391      | \$14,400  | \$300,613          |

<sup>(1)</sup> Represents the monetary value as of the grant date of awards under the Company's MTIP. Please refer to Medium-Term Non-Equity Incentive Program below for further details.

<sup>(2)</sup> The value of stock options set out above is based on the Black Scholes valuation model. See table following for further details.

<sup>(3)</sup> Mr. Reynolds joined the company as Executive Vice-President, Operations and Technical in June, 2022 and departed the Company in February, 2024.

<sup>(4)</sup> Mr. Wright was appointed Executive Vice-President, Operations and Technical in February, 2024. Prior to this appointment, Mr. Wright was Senior Vice-President, Technical and Vice-President, Engineering.

## INCENTIVE PLAN AWARDS

### Outstanding Option-Based and Share-Based Awards

#### Medium-Term Non-Equity Incentive Program

Under the Company's MTIP, certain components of executive incentive compensation are awarded in the form of PSUs. The amount of MTIP incentive compensation awarded as PSUs for senior management is at the discretion of the CEO, except for the CEO, Executive Vice-President and CFO, the Executive Vice-President, Strategy and Business Development, and the Executive Vice-President, Operations and Technical, which are issued at the discretion of the Corporate Governance Committee. The number of PSUs so awarded is calculated by dividing the monetary value of the award by the average closing share price of the Common Shares on the five days preceding, the day of and the four days following, the grant date. The PSUs vest on the third anniversary of the date of award and are paid out in cash based on the average closing share price on the five days preceding, the day of and the four days following the vesting date. Performance of the Common Shares over the vesting period will determine the ultimate pay-out under this plan. During the period prior to vesting, the PSUs will accrue dividends in the form of additional PSUs. The number of dividend PSUs to be issued will be based on the cash dividends attributable to the number of PSUs held by the executive divided by the average closing share price of Common Shares of the Company for the five days preceding, the day of and the four days following, the date of payment of the cash dividend on Common Shares.

The following table summarizes the share-based awards outstanding as a result of these grants:

| Executive          | PSUs Outstanding January 1, 2023 | PSUs Granted in 2023 | PSUs Issued in 2023 in Lieu of Dividends | PSUs Vested and Redeemed | Total Unvested PSUs | Total Value of Unvested PSUs at December 31, 2023 | PSUs Vesting by Year                            |
|--------------------|----------------------------------|----------------------|--|--------------------------|---------------------|---|---|
| Gregg A. Ruhl      | 37,737                           | 18,788               | 4,954                                    | (16,694)                 | 44,785              | \$669,541   | 2024 - 12,084<br>2025 - 13,231<br>2026 - 19,470 |
| Peter D. Winkley   | 10,151                           | 5,636                | 1,388                                    | (5,005)                  | 12,170              | \$181,943   | 2024 - 3,021<br>2025 - 3,309<br>2026 - 5,840    |
| J. Wesley Newton   | 9,782                            | 5,636                | 1,301                                    | (4,549)                  | 12,170              | \$181,943   | 2024 - 3,021<br>2025 - 3,309<br>2026 - 5,840    |
| Barton R. Reynolds | NIL                              | 3,288                | 119                                      | —                        | 3,407               | \$50,938  | 2026 - 3,407                                    |
| Stephen J. Wright  | 2,151                            | 3,134                | 403                                      | —                        | 5,688               | \$85,029  | 2024 - 399<br>2025 - 2,041<br>2026 - 3,248      |

#### Long-Term Equity Incentive Program

The purpose of the LTIP is to advance the interests of the Company by (i) encouraging senior management and key employees to think like long-term owners and act in the long-term best interests of the Company; (ii) aligning the interests of participants with those of the Company's shareholders; and (iii) enhancing the Company's ability to attract, retain, motivate and reward senior management and key employees.

**Administration and Eligibility:** The LTIP is administered by the Board, which may delegate this responsibility to a committee of the Board. The Board, in its sole discretion, shall from time to time designate the executive officers or employees to whom options shall be granted under the LTIP.

**Amendment:** The LTIP may be amended by the Board at any time in its sole discretion subject to compliance with applicable laws and the rules of the Toronto Stock Exchange (the "TSX") or other applicable regulatory bodies and without the consent of participants, provided that, in the case of an amendment or revision, it would not materially adversely affect the rights of any participant. Notwithstanding the foregoing sentence, subject to the rules of the TSX or other applicable regulatory bodies, the Board may, from time to time, in its absolute discretion and without shareholder approval, make the following amendments to the LTIP or any outstanding option:

- any amendment to the vesting and assignability provisions;
- any amendment regarding the effect of cessation of a participant's employment or engagement;
- any amendment which accelerates the date on which any option may be exercised under the LTIP;
- any amendment to the definition of an eligible person under the LTIP;
- any amendment to add provisions permitting a form of financial assistance and any amendment to the cash settled awards or clawback provisions which are adopted;
- any amendment necessary to comply with applicable law or the requirements of the TSX or any other regulatory body having authority over the Company, the LTIP or the shareholders;
- any amendment of a "housekeeping" nature, including, without limitation, to clarify the meaning of any existing provision of the LTIP, correct or supplement any provision of the LTIP that is inconsistent with any other provision of the LTIP, correct any grammatical or typographical errors or amend the definitions in the LTIP;
- any amendment regarding the administration of the LTIP; and,
- any other amendment that does not require the approval of the shareholders pursuant to the amendment provisions of the LTIP.

Shareholder approval of amendments will be required to: i) increase the maximum number of shares that may be issuable; ii) reduce the exercise price of options except where such reductions are specifically required by the LTIP; iii) extend the expiry date of options, unless such extension is required as a result of a black-out period; iv) increase the maximum number of shares that may be issuable to insiders; or v) amend the amendment provisions of the LTIP.

**Number of Securities Issuable and Issued:** The maximum number of Common Shares issuable under the LTIP is currently 5% of the issued and outstanding Common Shares of the Company and, as such, the rules of the TSX provide that the LTIP must be approved by shareholders every



three years. A total of 1,932,499 Common Shares have been reserved for issuance as at December 31, 2023. All of the Common Shares relating to exercised, cancelled or terminated options granted under the LTIP will automatically become available for the purposes of options that may be subsequently granted under the plan. The LTIP is considered an “evergreen” plan since the Common Shares relating to options which have been exercised shall be available for subsequent grants under the plan and the number of options available to grant increases or decreases as the number of issued and outstanding Common Shares increases or decreases.

**Securities Under Grant and Remaining Securities:** During 2023, 266,250 stock options were issued under the LTIP. The total number of options outstanding is 525,168, leaving 1,407,331 available to be issued as of December 31, 2023. The options outstanding are equal to 1.4% of the issued and outstanding Common Shares and the Common Shares remaining available for grant are equal to 3.6% of the issued and outstanding Common Shares.

**Insider Participation Limit:** The number of Common Shares issued within any one-year period and issuable, at any time, to insiders of the Company under all equity-based incentive compensation arrangements of the Company may not exceed 5% of the number of Common Shares that are outstanding from time to time (calculated on a non-diluted basis).

**Maximum Issuable to One Person:** The LTIP does not provide for a maximum number of Common Shares that may be issued to one person or entity.

**Burn Rate:** The Annual Burn Rate for the LTIP for the last three years was as follows:

| Year | Burn Rate |
|------|-----------|
| 2021 | 0.30%     |
| 2022 | 0.39%     |
| 2023 | 0.69%     |

**Assignability:** Except as specifically provided for in an option agreement approved by the Board, options granted pursuant to the LTIP are not assignable or transferable and may only be exercised during the lifetime of the participant by such participant (except that a participant may transfer options to a spouse, trustee or a company in respect of which the participant is the sole Shareholder).

**Exercise Price:** All options granted under the LTIP will have an exercise price determined and approved by the Board at the time of grant, which shall not be less than the market price of the Common Shares at such time. For purposes of the LTIP, the market price of the Common Shares shall be the closing price for the Common Shares on the TSX on the last trading day before the day on which the option is granted.

**Financial Assistance:** The Company does not provide financial assistance to option holders in connection with their participation in the LTIP. The Company has not adopted a policy prohibiting directors or officers from purchasing financial instruments that are designed to hedge or offset a decrease in the market value of equity securities granted as compensation or held, directly or indirectly, by a director or officer.

**Clawback:** Under the LTIP, option holders will be subject to the claw back of any options that had been issued pursuant to the Company's financial results where the Company's financial statements are restated, and the options would not have been awarded had the financial results been initially prepared in accordance with the restated statements.

**Term:** An option shall be exercisable during a period established by the Board which shall commence on the date of the grant and shall terminate no later than ten years after the date of the grant. The LTIP provides that the exercise period shall automatically be extended if the date on which it is scheduled to terminate shall fall during a black-out period or within nine business days after the end of a black-out period or any other trading restriction imposed by the Company (other than a cease trade order or other restriction imposed by any person other than the Company). In such cases, the extended exercise period shall terminate ten business days after the last day of the blackout period.

**Vesting:** Unless otherwise provided for in a participant's employment agreement or option agreement, options granted pursuant to the LTIP will cliff vest in full on the third anniversary date of the grant.

**Other Material Terms:** In order to facilitate the payment of the exercise price of the options, the LTIP has a cashless exercise feature pursuant to which a participant may elect to undertake either a broker-assisted “cashless exercise” or a “net exercise” subject to the procedures set out in the LTIP, including the consent of the Board, where required. Under the cashless exercise election, the option holder may elect to receive an amount in cash per option equal to the cash proceeds realized upon the sale of the Common Shares underlying the options by a securities dealer in the capital markets, minus the aggregate exercise price, any applicable withholding taxes and any transfer costs charged by the securities dealer. Under the net exercise election, the participant may elect to receive, and the Company may deliver, in its sole discretion, either (i) cash in an amount equal to the amount by which the aggregate fair market value of the Common Shares issuable under the option exceeds the aggregate exercise price in respect of such option (including any withholding taxes), or (ii) such number of Common Shares having a fair market value equal to the amount by which the aggregate fair market value of the Common Shares issuable under the option exceeds the aggregate exercise price in respect of such option (including any withholding taxes).

The LTIP also provides that appropriate adjustments, if any, will be made by the Board in connection with a stock dividend or split, special dividends, recapitalization, reorganization or other change of Common Shares, consolidation, distribution, merger or amalgamation or similar corporate transaction, in order to maintain the optionees’ economic rights in respect of their options in connection with such change in



capitalization, including adjustments to the exercise price and/or the number of Common Shares to which an optionee is entitled upon exercise of options, or permitting the immediate exercise of any outstanding options that are not otherwise exercisable.

The LTIP provides that upon certain change of control events, the vesting of all outstanding options shall automatically accelerate such that, notwithstanding the previously established vesting schedule, such outstanding options shall be fully vested and conditionally exercisable upon the completion of the change of control. The Board may in its discretion, acting in good faith, and subject to applicable regulatory provisions and shareholder approval, extend the expiration date of any option, provided that the period during which an option is exercisable does not exceed ten years from the date such option is granted.

**Cessation:** The following table describes the impact of certain events upon the rights of holders under the LTIP, including termination for cause, resignation, termination other than for cause, retirement, death or disability, subject to the terms of a participant's employment agreement:

| Event Provisions                 | Provisions  |
|----------------------------------|---|
| Termination for cause            | Forfeiture of all vested and unvested options.  |
| Resignation                      | Forfeiture of all unvested options and vested options must be exercised by the earlier of the original expiry date and 90 days after resignation.   |
| Termination other than for cause | Forfeiture of all unvested options and vested options must be exercised by the earlier of the original expiry date and 90 days after termination.   |
| Retirement                       | Unvested options continue to vest in accordance with their vesting schedule and vested options must be exercised by the earlier of the original expiry date and three years after retirement. |
| Disability                       | Unvested options continue to vest in accordance with their vesting schedule and vested options remain exercisable until the original expiry date.   |
| Death                            | All unvested options immediately vest and all options expire 180 days after the date of death of the participant.   |

*Equity Compensation Plan Information:*

| Plan Category   | Number of securities to be issued upon exercise of outstanding options, warrants and rights<br>(a) | Weighted-average exercise price of outstanding options, warrants and rights<br>(b) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))<br>(c) |
|---|--|--|--|
| Equity compensation plans approved by securityholders     | 525,168  | \$14.94  | 1,407,331  |
| Equity compensation plans not approved by securityholders | —  | —  | —  |
| <b>Total</b>  | 525,168  | \$14.94  | 1,407,331  |

The following table summarizes the option-based awards in 2023 as a result of LTIP grants:

| Option-Based Awards in 2023           |   |                                     |                        |  |
|---------------------------------------|---|-------------------------------------|------------------------|--|
| Name                                  | Number of Shares Underlying Unexercised Options | Option Exercise Price at Grant Date | Option Expiration Date | Value of Unexercised, in-the-Money Options |
| Gregg A. Ruhl<br>2023 LTIP Award      | 150,000   | \$15.82                             | February 24, 2028      | NIL  |
| Peter D. Winkley<br>2023 LTIP Award   | 45,000  | \$15.82                             | February 24, 2028      | NIL  |
| J. Wesley Newton<br>2023 LTIP Award   | 45,000  | \$15.82                             | February 24, 2028      | NIL  |
| Barton R. Reynolds<br>2023 LTIP Award | 26,250  | \$15.82                             | February 24, 2028      | NIL  |

## Incentive Plan Awards - Value Vested or Granted During 2023

| Name               | Option-Based Awards |           | Share-Based Awards |           | Non-Equity Annual Incentive Plan Compensation Granted |
|--------------------|---------------------|-----------|--------------------|-----------|---|
|                    | Vested              | Granted   | Vested             | Granted   |   |
| Gregg A. Ruhl      | \$526,817           | \$412,500 | —                  | \$300,000 | \$799,527   |
| Peter D. Winkley   | \$155,922           | \$123,750 | —                  | \$90,000  | \$306,286   |
| J. Wesley Newton   | \$143,562           | \$123,750 | —                  | \$90,000  | \$306,286   |
| Barton R. Reynolds | —                   | \$72,188  | —                  | \$52,500  | \$252,648   |
| Stephen J. Wright  | —                   | —         | —                  | \$50,000  | \$109,987   |

## Securities Authorized for Issuance

The table below sets out information as of the end of the Company's most recently completed financial year with respect to compensation plans under which equity securities of the Company are authorized for issuance:

| Name                              | Option-Based Awards                             |                                      |                        | Value of Unexercised, in-the-Money Options <sup>(2)</sup> |
|-----------------------------------|---|--------------------------------------|------------------------|---|
|                                   | Number of Shares Underlying Unexercised Options | Option Exercise Price <sup>(1)</sup> | Option Expiration Date |   |
| Gregg A. Ruhl                     | 75,112  | \$12.77                              | February 26, 2026      | \$163,744   |
|                                   | 97,500  | \$15.02                              | February 25, 2027      | \$—   |
|                                   | 150,000   | \$15.82                              | February 24, 2028      | \$—   |
| Peter D. Winkley                  | 18,778  | \$12.77                              | February 26, 2026      | \$40,936  |
|                                   | 24,375  | \$15.02                              | February 25, 2027      | \$—   |
|                                   | 45,000  | \$15.82                              | February 24, 2028      | \$—   |
| J. Wesley Newton                  | 18,778  | \$12.77                              | February 26, 2026      | \$40,936  |
|                                   | 24,375  | \$15.02                              | February 25, 2027      | \$—   |
|                                   | 45,000  | \$15.82                              | February 24, 2028      | \$—   |
| Barton R. Reynolds <sup>(3)</sup> | 26,250  | \$15.82                              | February 24, 2028      | \$—   |

<sup>(1)</sup> During 2021 and 2023, the Company paid special dividends to holders of Common Shares. Under the terms of the LTIP, the exercise price of the options has been adjusted to reflect the dilutive impact of this special dividend.

<sup>(2)</sup> Based on the difference between the market value of the Common Shares at December 31, 2023 and the exercise price of the options.

<sup>(3)</sup> Mr. Reynolds joined the Company as Executive Vice-President in June, 2022 and departed the Company in February, 2024.

## RETIREMENT BENEFIT PLANS

The CEO, CFO and the other NEOs are all members of the Company's defined contribution pension plan (the "DC Plan"). The CEO, CFO, and certain NEOs are also eligible for the Company's supplemental executive retirement plan (the "SERP").

The DC Plan currently requires employee contributions equal to 6% (integrated with Canada Pension Plan deductions) of the maximum pension adjustment amount. No contributions are required for the SERP, which is an unfunded general liability of the Company.

The table below sets out the estimated pension benefits for the CEO, CFO, and the NEOs. Remuneration covered by the two plans is based on salary only.

## Defined Contribution Table - DC Plan and SERP

| Name and Principal Position   | Accumulated Value at Start of Year | Compensatory Change | Accumulated Value at End of Year |
|---|------------------------------------|---------------------|----------------------------------|
| Gregg A. Ruhl<br>President and Chief Executive Officer                          | \$486,800                          | \$66,100            | \$625,100                        |
| Peter D. Winkley<br>Executive Vice-President and Chief Financial Officer        | \$618,200                          | \$31,900            | \$712,300                        |
| J. Wesley Newton<br>Executive Vice-President, Strategy and Business Development | \$379,600                          | \$31,900            | \$458,700                        |
| Barton R. Reynolds<br>Executive Vice-President, Operations and Technical        | \$25,400                           | \$28,900            | \$72,500                         |
| Stephen J. Wright<br>Senior Vice-President, Engineering <sup>(2)</sup>          | \$293,700                          | \$18,400            | \$352,600                        |

<sup>(1)</sup> Mr. Reynolds joined the company as Executive Vice-President, Operations and Technical in June, 2022 and departed the Company in February, 2024.

<sup>(2)</sup> Mr. Wright was appointed Executive Vice-President, Operations and Technical in February, 2024. Prior to this appointment, Mr. Wright was Senior Vice-President, Technical and Vice-President, Engineering.

## Normal Retirement Pension – Defined Contribution Members

NEOs who are members of the DC Plan accumulate a balance in their DC Plan account based on annual contributions calculated using the current defined contribution formula of 12% of their base salary up to the maximum annual limits as prescribed by Canada Revenue Agency. In addition, certain NEOs accumulate a balance in their SERP account, which is an unregistered non-contributory specified pension plan based on annual contributions equal to 12% of their base salary less amounts contributed to the DC Plan. Amounts accumulated in the SERP accrue additional entitlement annually based on the average return earned by the master fund of the Company's closed defined benefit pension plan.

Upon retirement, NEO's who are members of the DC Plan are entitled to a pension that can be purchased with the accumulated funds in the member's DC Plan account or to transfer an amount equal to the accumulated funds subject to the terms of applicable legislation. Amounts accumulated by the retiring member in the SERP are paid monthly, with interest, over a period of ten years.

The defined contribution table reflects the accumulated amounts under both the registered DC Plan and the unregistered SERP, where applicable, as at December 31, 2023.

## Early Retirement Pension

There is no limitation on early retirement for DC Plan members with respect to their DC Plan accumulated funds. For purposes of the SERP, a defined contribution member may take early retirement at any time having attained the minimum age of 55.

## EMPLOYMENT CONTRACTS

Employment contracts are in place for all NEOs. The contracts set out the principal terms of the employment relationship with the Company, including the individual's overall role, the expectations of the Company around business practices including confidentiality, ethical behaviour and conflict of interest and the terms of compensation arrangements. In addition, the contracts detail the severance payments that will be provided on termination of employment and the consequent obligations of non-competition and non-solicitation. The contracts do not provide specific benefits associated with a change of control of the Company.

The contracts for the NEOs include termination provisions that specify the following:

- A NEO can be terminated for cause without payment of compensation.
- In the event that the Company terminates the employment of a NEO without just cause, or the NEO resigns for good reason (as defined in the contract), the NEO is entitled to:
  - Twelve month's base salary plus one additional month per year for each year of completed service after an agreed commencement date, which varies by individual. This termination compensation is subject to a maximum of 22 months in aggregate (the "**Severance Period**");
  - A payment in lieu of his or her annual incentive compensation award at target, pro-rated to the date of termination, together with a payment for the value of any previously awarded but unvested MTIP units;
  - A further payment representing the pro-rated value of the annual incentive compensation award, at target, through the Severance Period;
  - Continuation of regular contributions to maintain the NEO's participation in all medical group insurance benefit plans or programs the NEO participated in immediately prior to the termination of the NEO's employment during the Severance Period (except for short-term and long-term disability insurance, for which the period of contributions will cease on the date of termination), provided the insurer of such benefits agrees to continue coverage of the NEO; and
  - Continuation of the NEO's participation in the Company pension plan during the Severance Period.

The following table summarizes the payments which would be owed to each NEO in the event of a termination without cause or if the named NEO resigns for good reason and assuming a termination date of December 31, 2023:

| Name               | Termination without cause payout (\$) |
|--------------------|---------------------------------------|
| Gregg A. Ruhl      | \$2,593,767                           |
| Peter D. Winkley   | \$1,325,784                           |
| J. Wesley Newton   | \$1,112,532                           |
| Barton R. Reynolds | \$684,608                             |
| Stephen J. Wright  | \$647,019                             |

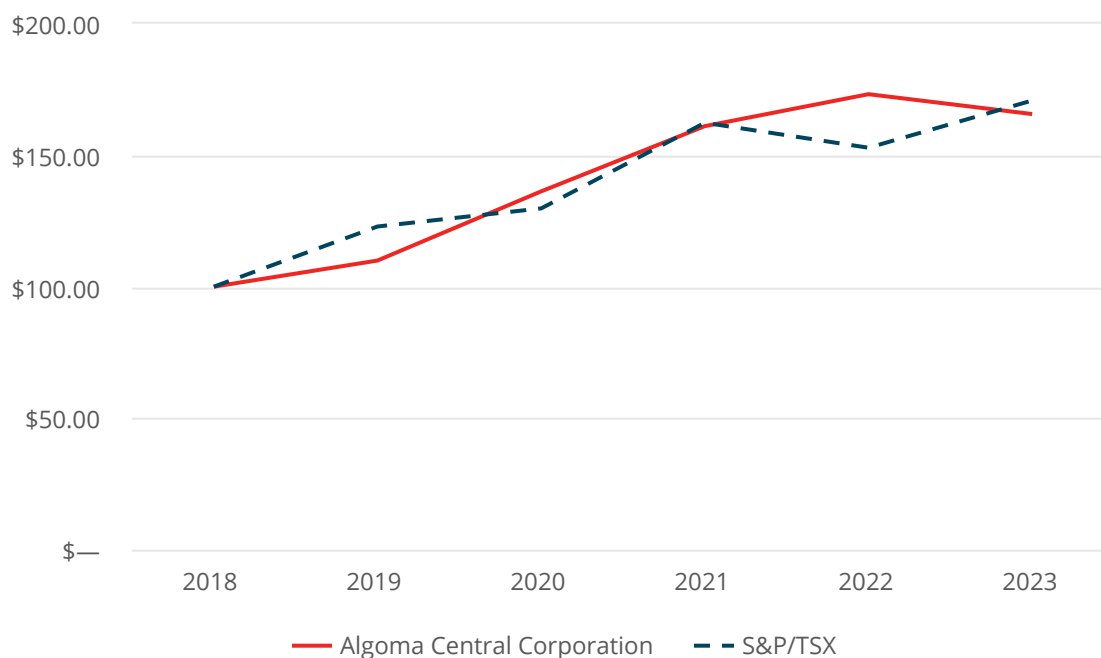
### Performance Graph

The following graph compares changes over the five years ended December 31, 2023 in the value of \$100 invested at January 1, 2019 in Common Shares of the Company and in the TSX S&P Composite Index, assuming reinvestment of dividends. Over this five-year period, the total shareholder returns on the Common Shares of the Company are marginally lower than the total shareholder return on the S&P/TSX Composite Index.

The Company's executive and senior management participate in compensation programs that include stock options and PSUs, the value of which are ultimately based on the price of the Common Shares and, in the case of PSUs, dividends paid. Grants of both stock options and PSUs are based on financial, operational, and personal performance metrics, with a heavy weighting to the return on equity of the Company. There is no linkage between share price performance and the number of stock options or PSUs granted. Stock options and PSUs accounted for 24.1% of total compensation for the five NEOs for the year ended December 31, 2023.

During the five year period between January 1, 2019 and December 31, 2023, the total return index of the Common Shares increased 66% (including re-invested dividends) while the total return index of the TSX S&P Composite Index rose 71%.

The Company has experienced generally improving financial results since 2018. Revenue has grown at an annual rate of 7.3% during the past five years and net earnings have increased at an annual rate of 10.2%.



## COMPENSATION OF DIRECTORS

Members of the Board are compensated by way of an annual retainer, a fee for sitting as a member on or chair of a committee of the Board, and meeting attendance fees. The Corporate Governance Committee of the Board reviews the compensation of directors annually, recognizing the need for competitive compensation, as well as the risk, workload and time involved in being a director. Typically, these director fees will increase annually by a similar percentage to that at which general staff salary increases are set.

During 2023, each director of the Company was paid \$30,550 for serving as a director, \$8,100 for each committee of the Board on which the director served, \$6,750 to \$15,450 for each committee of the Board on which the director served as Chairman, and \$2,250 per meeting of the Board or of a committee that the director attended in person or by telephone. The Chairman is paid an annual retainer of \$315,400 and is not entitled to meeting or committee fees. From time to time, the Company invites Board members to attend meetings with management for informational purposes. Members who attend such meetings are paid a fee equal to the per-meeting Board fee. Total fees for 2023 are set out below.

| Name                             | Fees Earned | Share-Based Awards | Option-Based Awards | Non-Equity Incentive Plan Compensation | Pension Value | All Other Compensation | Total     |
|----------------------------------|-------------|--------------------|---------------------|--|---------------|------------------------|-----------|
| Mats Berglund <sup>(1)</sup>     | \$51,417    | Nil                | Nil                 | Nil                                    | Nil           | Nil                    | \$51,417  |
| Richard B. Carty                 | \$106,300   | Nil                | Nil                 | Nil                                    | Nil           | Nil                    | \$106,300 |
| Jens Grønning <sup>(1)</sup>     | \$51,417    | Nil                | Nil                 | Nil                                    | Nil           | Nil                    | \$51,417  |
| E.M. Blake Hutcheson             | \$71,500    | Nil                | Nil                 | Nil                                    | Nil           | Nil                    | \$71,500  |
| Duncan N.R. Jackman              | \$315,400   | Nil                | Nil                 | Nil                                    | Nil           | Nil                    | \$315,400 |
| Trinity Jackman                  | \$73,750    | Nil                | Nil                 | Nil                                    | Nil           | Nil                    | \$73,750  |
| Mark McQueen                     | \$63,175    | Nil                | Nil                 | Nil                                    | Nil           | Nil                    | \$63,175  |
| Clive P. Rowe                    | \$115,438   | Nil                | Nil                 | Nil                                    | Nil           | Nil                    | \$115,438 |
| Gregg A. Ruhl <sup>(1)</sup>     | NIL         | Nil                | Nil                 | Nil                                    | Nil           | Nil                    | NIL       |
| Harold S. Stephen <sup>(2)</sup> | \$16,217    | Nil                | Nil                 | Nil                                    | Nil           | Nil                    | \$16,217  |
| Eric Stevenson                   | \$100,950   | Nil                | Nil                 | Nil                                    | Nil           | Nil                    | \$100,950 |

<sup>(1)</sup> Msrs. Berglund, Grønning, and Ruhl were elected to the Board of Directors on May 3, 2023.

<sup>(2)</sup> Mr. Stephen retired from the Board of Directors effective May 3, 2023.

### Directors' and Officers' Insurance

The Company maintains directors' and officers' liability insurance with a policy limit of \$20 million in the aggregate, subject to certain exclusions and deductibles. Generally, under this insurance, the Company is reimbursed for payments made under corporate indemnity provisions on behalf of its directors and officers, and individual directors and officers are reimbursed for losses arising during the performance of their duties for which they are not indemnified by the Company. There is no deductible payable in respect of direct reimbursement of directors and officers and there is a \$100,000 deductible for each loss in respect of corporate reimbursement. The annual premium for such insurance for 2023 was \$90,075.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

### General

The primary responsibility for managing the Company lies with the Board, although day-to-day management of the business of the Company is carried out by the Company's officers and employees. The Board sets policies and goals for management of the Company and supervises the implementation of those policies and goals. Certain duties more effectively carried out by a smaller number of directors are delegated to various committees of the Board (a "Committee"), which report to the Board with their recommendations. The Corporate Governance Committee is charged with the responsibility of at least annually assessing the effectiveness and contribution of the Board and its committees and the competencies and skills of the directors and reporting the results of that assessment to the Board. In addition, the Company's Board and its Corporate Governance Committee have carried out a study of the current corporate governance initiatives of Canadian regulators (including National Instrument 58-101 – *Disclosure of Corporate Governance Practices*) in order to ensure that the Company's approach to corporate governance is current, appropriate and effective. The Board and the Corporate Governance Committee are satisfied that the Company's corporate governance practices meet these standards.

### Mandate of the Board of Directors

The mandate of the Board is to enhance shareholder value by careful management of the Company's core businesses and by continuously assessing long-range opportunities to expand these businesses.

To this end, the Board sets long-term goals and approves strategic plans, as well as policies established by senior management. At least yearly, the CEO reviews the Company's business plan and makes submissions to the Board. The Board reviews the business plan and management submissions and approves if appropriate.

As part of the annual audit process and the preparation of management's discussions and analysis of the Company's financial condition and the results of operations contained in the Annual Report to shareholders, the Audit Committee, in conjunction with management and the auditors appointed by the shareholders of the Company, reviews business risks and how the Company addresses such risks. In addition, as part of their annual audit, the auditors assess the Company's internal control systems and make recommendations to the Audit Committee for its consideration and review. No internal auditor has been appointed because the size of the Company would not justify the cost of such auditor.

### **Position Descriptions**

The Board, relying on its various Committees, appoints and monitors senior management and determines compensation to be paid to senior management. Currently there is no written mandate for the CEO; however, the Corporate Governance Committee sets and reviews objectives relating to management of the Company, including asset management, fiscal performance and effective use of human resources with the overall objective of maximizing shareholder value. The Board approves and develops the corporate objectives that the CEO is responsible for meeting. Salaries and bonus allocations to senior management are based in large part on these deliberations.

By establishing and maintaining effective communication channels, the Company ensures that the Board, its Committees and management of the Company can carry out their respective functions. Shareholder concerns are addressed by the CEO or the appropriate person in the organization. Major corporate decisions are disclosed to the public through timely press releases. The Company has a policy on disclosure controls which is reviewed and approved annually by the Board, through the Audit Committee, to ensure compliance with regulatory requirements.

Position descriptions for the Chairman of the Board and the Chairman of each Committee have been established.

The Chairman of the Board is responsible for the administration of the Board and overall corporate governance of the Company, including providing leadership to the Board, setting the agenda and schedules for meetings, chairing Board meetings and the annual meeting of shareholders and working with the CEO to achieve the goals of the Company.

The primary responsibility of the chair of each Committee is to ensure that the Committee carries out its duties as set out in its mandate, including providing leadership to the Committee, setting the agenda and scheduling meetings, chairing Committee meetings and reporting the deliberations and recommendations of the Committee to the Board.

### **Ethical Business Conduct**

The Board has adopted a Code of Conduct (the "Code") for the Company's directors, officers and employees which is publicly available on the Company's website. The Code and compliance therewith is reviewed and approved regularly by the Board through the Corporate Governance Committee. The Company also has in place a policy for employee complaints on accounting and auditing matters.

The Board monitors the ethical conduct of the Company and management and ensures that it complies with applicable legal and regulatory requirements, such as those of relevant securities commissions and stock exchanges. The Company abides by all legal, accounting and technical reporting standards using professionally qualified and experienced staff and employs outside consultants where additional assistance or specialized expertise is required. In addition, the Board itself must comply with the conflict of interest provisions of the CBCA, as well as relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

### **Nomination of Directors**

The Corporate Governance Committee serves as the Company's nominating committee. All five directors on the Corporate Governance Committee in 2023 were independent. The Corporate Governance Committee is required to review at least annually the size, conduct, composition and structure of the Board and its various committees. The Corporate Governance Committee is responsible for establishing the criteria for selection of new or additional Board members and will identify and recommend potential candidates for such selection. The actual decision as to who should be nominated is the responsibility of the full Board after considering the recommendations of the Corporate Governance Committee.

### **Compensation**

The Corporate Governance Committee serves as the Company's compensation committee. The Corporate Governance Committee reviews and makes recommendations to the Board respecting compensation of directors and senior officers. Compensation of individual directors reflects attendance at Board meetings and participation on Committees. The Board reviews from time to time the adequacy and form of compensation of directors to ensure that the compensation realistically reflects the responsibility and risk involved in being an effective director. See *"Remuneration of Directors and Executive Officers – Compensation of Directors"*.

Members of the Corporate Governance Committee have broad experience in business and have dealt with compensation matters in the course of that experience. In addition, Richard B. Carty served as a vice-president of human resources in a previous role.

## Composition of the Board

The Board for 2023 consisted of ten directors. All sitting directors serve on at least one committee and all directors are able to devote as much time as a director of the Company as is necessary to fulfill the obligations as such.

The Board makes a determination of the status of each director as an independent or non-independent director. Each Board member is required to complete a questionnaire annually, which is designed to assist the Board as a whole in making this determination. A director is “independent” if he or she has no direct or indirect material relationship with the issuer. A “material relationship” is a relationship which could, in the view of an issuer’s board of directors, be reasonably expected to interfere with the exercise of a director’s independent judgment.

E-L Financial Corporation Limited (“E-L”) and companies acting in concert with it (the “**Significant Shareholder**”) control in the aggregate 29,340,740 Common Shares (74.2%). Duncan N. R. Jackman, a director of the Company, is a director of E-L and an officer of E-L, Clive P. Rowe, a director of the Company, is a director of E-L, and Richard B. Carty, a director of the Company, is an officer of E-L. Apart from Mr. Ruhl who is President and CEO of the Company and Messrs. Jackman, Rowe, and Carty, none of the other directors has an interest in or relationship with either the Company or the Significant Shareholder.

Notwithstanding the foregoing, the Board and each director, having individually considered their respective interests and relationship and having received and considered professional advice, have determined that as of March 8, 2024 all current directors are independent.

The independent directors do not hold regularly scheduled meetings at which any non-independent directors and members of management are not in attendance. Each regularly scheduled meeting of the Board includes an in-camera session from which all members of management are excluded.

The Board and the Corporate Governance Committee have structured the Board and its Committees to be formed with a majority of directors who do not have such interests in or relationships with the Company or the Significant Shareholder and, accordingly, the composition of the Board fairly reflects the investment in the Company by shareholders other than the Significant Shareholder.

Independence of the Board from management is achieved by separating the functions of the CEO and the Chairman of the Board. The Board has not felt it necessary to exclude the CEO from deliberation other than in respect of personal remuneration matters.

Board members are selected based on the skill and experience they bring to the Company. The Company has not historically provided an orientation or education program for new directors as there is little turnover of members of the Board and four of the ten proposed directors have a history of directorship in other public corporations. Instead, the Company provides necessary education (through management and outside professional advisers) on specific issues as they arise.

## Board Effectiveness and Renewal

The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and its Committees. The skills and needs of the Board are regularly discussed by Board members, although not as part of a formal assessment process. The Board is of the view that it is important to have experienced directors who are familiar with the operations of the Company and its subsidiaries. While the Board welcomes fresh points of view, on balance it is felt that the Board and the Company are better served with the experience of long serving Board members and that adopting fixed term limits would result in a loss of legacy knowledge of the business and operations of the Company and its subsidiaries. The Company has adopted an age limit for Board members and they are expected to retire after reaching 75 years of age.

### *Term limits for directors or other mechanisms of Board renewal*

| <b>Age limit</b> | <b>Term limit</b> | <b>Other mechanisms of Board renewal</b> |
|------------------|-------------------|--|
| 75 years         | None              | None                                     |

It is expected that if an individual director is found or finds that he or she is unable to contribute due to ability, lack of time or other commitments, the individual would either resign or request not to be nominated for re-election. The Board, through regular interaction between its members, has satisfied itself that the Board, its various Committees and individual directors are performing effectively.

## Board and Senior Management Diversity

The diversity information disclosed in this document reflects the Company's situation as of March 8, 2024.

The Company has a long-standing view that directors and members of senior management are best identified, nominated and/or appointed based on merit, which includes consideration of competencies, expertise, skills, background and other qualities the Company identifies from time to time as being important, regardless of whether or not the candidate is a member of a designated group. The CBCA defines “designated groups” to include women, Indigenous peoples, persons with disabilities and members of visible minorities. While the Company values the benefits of fostering greater diversity in the boardroom and within our workforce, this view ensures that the Company consistently selects from the best possible candidates.

The Company has adopted written diversity policies relating to the identification and nomination of directors and members of senior management from designated groups. The Board and senior management review and assess its effectiveness in promoting a diverse board and senior management on an annual basis. As noted below, there has been an increase over the past year in the representation of designated groups among the senior management team of the Company.

Considering the merit-based approach to identifying, nominating and/or hiring: (i) the Board may consider the level of representation of designated groups on the Board in identifying and nominating candidates for election or re-election to the Board, and the Company may consider the same when appointing members of senior management; and (ii) the Company has not adopted a target number or percentage (or range) for members of the designated groups to hold positions on the Board or to be members of senior management by a specific date.

*Total number of diverse directors on the Board and senior management members*

#### Representation of designated groups on the Board

| Designated groups  | Number | Percentage |
|--|--------|------------|
| Women  | 1      | 13 %       |
| Indigenous peoples   | 0      | — %        |
| Members of visible minorities  | 0      | — %        |
| Persons with disabilities  | 0      | — %        |
| Number of individuals that are members of more than one designated group | 0      | — %        |

#### Representation of designated groups among senior management team

| Designated groups  | Number | Percentage |
|--|--------|------------|
| Women  | 2      | 13 %       |
| Indigenous peoples   | 0      | — %        |
| Members of visible minorities  | 1      | 7 %        |
| Persons with disabilities  | 0      | — %        |
| Number of individuals that are members of more than one designated group | 0      | — %        |

#### Directorships

In addition to their principal occupations, the following directors of the Company are currently directors of the following other reporting issuers:

| Name of Director    | Name of Reporting Issuer  |
|---------------------|---|
| Duncan N.R. Jackman | Dream Unlimited Corp.<br>First National Financial Corporation<br>The Empire Life Insurance Company<br>E-L Financial Corporation Limited<br>Economic Investment Trust Limited<br>United Corporations Limited |
| Trinity Jackman     | United Corporations Limited   |
| Clive P. Rowe       | E-L Financial Corporation Limited<br>The Empire Life Insurance Company  |
| Mats Berglund       | Ardmore Shipping Corporation<br>Pacific Basin Shipping Limited  |



## Attendance at Board Meetings

The attendance for each director for the six Board meetings and for the Committee meetings since the beginning of the most recently completed financial year is as follows:

| Name                             | Board Meetings Attended | Committee Meetings Held | Committee Meetings Attended |
|----------------------------------|-------------------------|-------------------------|-----------------------------|
| Mats Berglund <sup>(1)</sup>     | 3                       | 5                       | 5                           |
| Richard B. Carty                 | 6                       | 10                      | 10                          |
| Jens Grønning <sup>(1)</sup>     | 3                       | 5                       | 5                           |
| E.M. Blake Hutcheson             | 5                       | 6                       | 7                           |
| Duncan N.R. Jackman              | 6                       | 8                       | 8                           |
| Trinity Jackman                  | 6                       | 6                       | 6                           |
| Mark McQueen                     | 6                       | 4                       | 4                           |
| Clive P. Rowe                    | 6                       | 10                      | 10                          |
| Gregg A. Ruhl <sup>(1)</sup>     | 3                       | N/A                     | N/A                         |
| Harold S. Stephen <sup>(2)</sup> | 3                       | 3                       | 3                           |
| Eric Stevenson                   | 6                       | 11                      | 11                          |

<sup>(1)</sup> Msrs. Berglund, Grønning, and Ruhl were elected to the Board of Directors on May 3, 2023.

<sup>(2)</sup> Mr. Stephen retired from the Board of Directors effective May 3, 2023.

## Board Committees

Some duties of the Board are carried out by various Committees. This permits individual directors with specific expertise to focus their energies on the tasks that these Committees have undertaken; however, ultimate decision-making remains with the full Board on all important matters. Committees report and make recommendations to the Board. Only where the Board feels that it must defer to the special expertise of Committee members, or where required by practical considerations, will the Board delegate decision-making on specific issues to a Committee. Each Board Committee has a charter which is reviewed annually.

### *Executive Committee*

The Executive Committee is composed of two independent directors. The Executive Committee acts as an important link between management and the Board. The main function of the Committee is to review major issues affecting the Company and recommend to the Board actions to be taken in respect to those issues. The Executive Committee decides directly on actions only with respect to issues, if any, which require immediate decision. Such decisions are reviewed at the next meeting of the Board.

### *Audit Committee*

The Company is required to have an Audit Committee. The Audit Committee of the Board is composed of four independent directors and meets four times per year. The mandate of the Audit Committee is to do all things required by applicable securities laws of an audit committee, including the review of the audited annual financial statements of the Company and acting as liaison between the Company and the external auditors. Additional disclosure respecting the Audit Committee is included in section 14 of the annual information form (the "AIF") of the Company for the financial year ended December 31, 2023, which is incorporated by reference herein and is filed on SEDAR. Upon request, a copy of the AIF will be provided free of charge to any shareholder or other interested party.

### *Environmental Health and Safety Committee*

The Environmental, Health and Safety Committee of the Board (the "EH&S Committee") is composed of six independent directors. This EH&S Committee receives regular reports from management and meets with management three times each year to review environmental matters. This Committee also addresses health and safety issues affecting the Company's employees.

### *Corporate Governance Committee*

The Corporate Governance Committee is composed of five independent directors. This Committee meets three times per year to review corporate governance issues.

The Corporate Governance Committee reviews and makes recommendations to the Board respecting compensation of directors and senior officers, sets criteria for the selection of new directors and recommends nominees to the Board. This Committee also monitors the Company's compliance with all regulatory requirements under applicable pension legislation.

In addition, the Corporate Governance Committee reviews at least annually the size and composition of the Board and its committees to ensure that their respective mandates can be, and are, carried out effectively.

The Corporate Governance Committee has general responsibility for developing, analyzing and reporting to the Board the Company's approach to governance issues. This Committee works closely with the CEO of the Company to consider and develop position descriptions for directors, the Chairman, the Chair of each committee and the CEO and to define the limits of management responsibilities. The Corporate Governance Committee has been instrumental in the preparation of this statement on the system of corporate governance and will continue to monitor the effectiveness of such practices.

#### *Investment Committee*

The Investment Committee is composed of five independent directors and the CEO of the Company. The main function of the Investment Committee is to review management's investment proposals that are either not core to the Company's strategy or within categories of investment parameters previously delegated by the Board. The Investment Committee reviews, provides feedback and approves actions only with respect to investment proposals, if any, which require immediate decision. Such decisions are reviewed at the next meeting of the Board.

## **OTHER MATTERS**

### **Normal Course Issuer Bid**

On March 21, 2023, the Company renewed its normal course issuer bid with the intention to purchase, through the facilities of the TSX, up to 1,926,915 of its Common Shares representing approximately 5% of the 38,538,301 Common Shares which were issued and outstanding as at the close of business on March 7, 2023 (the "NCIB").

Subject to prescribed exceptions, the Company is allowed to purchase up to 3,173 Shares on the TSX during any trading day, representing approximately 25% of the average daily trading volume of the Shares on the TSX for the previous six calendar months, being 12,695 Shares. Any Shares purchased under the NCIB are cancelled.

The Company purchased 515,461 shares during the period ended December 31, 2023 under the NCIB, which expires on March 20, 2024.

The Company intends to renew its normal course issuer bid following its expiry on March 20, 2024, subject to receipt of the required approvals from regulatory authorities.

### **Shareholder Proposals**

A registered shareholder or non-registered shareholder may (a) submit to the Company notice of any matter that the person proposes to raise at the next annual meeting of shareholders of the Company (a "proposal"); and (b) discuss at the meeting any matter in respect of which the person would have been entitled to submit a proposal, subject to the requirements under section 137 of the CBCA. The Company shall set out such proposal and the accompanying supporting statement, if any, in the management information circular for the next annual meeting of shareholders, provided that the proposal is submitted to the Company during the 60-day period beginning on the 150<sup>th</sup> day before the anniversary date of the previous annual meeting of shareholders and satisfies the other requirements of section 137 of the CBCA. No shareholder proposals were received by the Company with respect to the Meeting.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca) or on the Company's website. Copies of the Annual Report also available on SEDAR or at [www.algonet.com/investor-relations/](http://www.algonet.com/investor-relations/). Shareholders may request copies be sent to them free of charge by contacting the Secretary of the Company, Suite 600, 63 Church Street, St. Catharines, ON L2R 3C4 or by calling 1-888-999-1883 (toll free in North America). Financial information with respect to the Company is provided in the Company's comparative financial statements and accompanying management's discussion & analysis for the most recently completed financial year.

## **BOARD APPROVAL**

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



J. Wesley Newton  
Secretary

Toronto, Ontario  
March 8, 2024

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## INFORMATION FOR SHAREHOLDERS

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