

# CANOPY RIVERS

**CANOPY RIVERS INC.**

**NOTICE OF MEETING**

**and**

**MANAGEMENT INFORMATION CIRCULAR**

**for the**

**ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

**to be held on**

**SEPTEMBER 24, 2020**

**DATED AS OF AUGUST 5, 2020**

## CANOPY RIVERS INC.

### Notice of Annual General and Special Meeting of Shareholders

To be held on September 24, 2020, at 10:00 a.m. (EDT)

**NOTICE IS HEREBY GIVEN** that the annual general and special meeting (the “**Meeting**”) of shareholders (the “**Shareholders**”) of Canopy Rivers Inc. (the “**Company**”) will be held at the offices of the Company at 40 King Street West, Suite 2504, Toronto, Ontario, M5H 3Y2 on September 24, 2020, at 10:00 a.m. (EDT) for the following purposes, as more particularly described in the attached management information circular (the “**Circular**”):

1. to receive and consider the audited consolidated financial statements of the Company for the financial years ended March 31, 2020 and 2019, together with the auditors’ report thereon (the “**Annual Financial Statements**”);
2. to elect the directors of the Company for the ensuing year;
3. to re-appoint KPMG LLP, Chartered Professional Accountants, as the auditors of the Company for the ensuing year and to authorize the board of directors of the Company (the “**Board**”) to fix their remuneration;
4. to consider and, if deemed advisable, to approve, an ordinary resolution approving the Company’s non-employee director share unit plan, including any previous grants of restricted share units and all unallocated restricted share units issuable thereunder;
5. to consider and, if deemed advisable, to approve, an ordinary resolution approving the Company’s long term incentive plan, including any previous grants of performance share units and all unallocated awards issuable thereunder; and
6. to transact such other business as may properly be brought before the Meeting or any adjournment or postponement thereof.

The Board has fixed the close of business on August 4, 2020, as the record date (the “**Record Date**”) for determining Shareholders entitled to receive notice of and to vote at the Meeting and any adjournment or postponement thereof. Only Shareholders whose names have been entered in the register of Shareholders at the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting.

**This year, out of an abundance of caution, to proactively deal with potential issues arising from the unprecedented public health impact of the novel coronavirus (“COVID-19”) pandemic, to comply with government and public health directives regarding physical distancing, and to limit and mitigate risks to the health and safety of its Shareholders, employees, directors and other stakeholders, the Company is urging all Shareholders to vote by proxy in advance of the Meeting and is discouraging physical attendance in person at the Meeting. The Meeting will not be open to the general public and will be limited to registered Shareholders and duly appointed proxyholders only.**

**Shareholders may access and ask questions at the Meeting by way of a live conference call and webcast, which will give all Shareholders an equal opportunity to access the Meeting regardless of their geographic location. Details regarding accessing the conference call and webcast are available on the Company’s website at [www.canopyrivers.com/investors](http://www.canopyrivers.com/investors). Please monitor the Company’s website for additional information and instructions. Please note that Shareholders will not be able to vote on matters to be addressed at the Meeting through the conference call or webcast.**

The Company reserves the right to take any additional precautionary measures that it deems necessary or advisable in relation to the Meeting in response to further developments in respect of the COVID-19 outbreak, including changing the time, date or location of the Meeting. Changes to the Meeting time, date or location and/or means of holding the Meeting may be announced by way of press release. Please monitor the Company’s press releases as well as its website at [www.canopyrivers.com](http://www.canopyrivers.com). The Company does not intend to prepare or mail an amended Circular in the event of changes to the Meeting format.

**The Company strongly encourages each Shareholder to submit a form of proxy or voting instruction form in advance of the Meeting using one of the methods described below and in the Circular.** Registered Shareholders should complete, date and sign a proxy form in advance of the Meeting and return it in the envelope provided for that purpose to the Company c/o TSX Trust Company (“**TSX Trust**”) at 301 – 100 Adelaide Street West, Toronto, Ontario, M5H 4H1, by courier, by mail, by fax at 1-416-595-9593, or by electronic voting through [www.voteproxyonline.com](http://www.voteproxyonline.com). Votes cast electronically are in all respects equivalent to, and will be treated in the exact same manner as, votes cast via a paper proxy form. Further details on the electronic voting process are provided in the form of proxy. Beneficial Shareholders who receive the Meeting materials through their broker or other intermediary should complete and return their form of proxy or voting information form in accordance with the instructions provided by their broker or intermediary. **Shareholders are reminded to review the Circular prior to voting.**

The Board has, by resolution, fixed 10:00 a.m. (EDT) on September 22, 2020, or in the event of an adjournment or postponement of the Meeting, 48 hours before the time of the adjourned or postponed Meeting (excluding Saturdays, Sundays and holidays), as the time before which proxy forms to be used or acted upon at the Meeting, or any adjournment or postponement thereof, must be deposited with the Company’s transfer agent and registrar, TSX Trust. Alternatively, a proxy form may be given to the Chair of the Meeting at which the proxy form is to be used. Late forms of proxy may be accepted or rejected by the Chair of the Meeting in his or her discretion, and the Chair is under no obligation to accept or reject any particular late form of proxy.

The Company has elected to use the “notice-and-access” mechanism provided for under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* to deliver the Meeting materials to Shareholders, including this Notice of Annual General and Special Meeting of Shareholders, the Circular, the Annual Financial Statements and the management’s discussion and analysis (“**MD&A**”) for the three and twelve months ended March 31, 2020 (the “**Annual MD&A**”). This means that, rather than receiving paper copies of the Meeting materials in the mail, Shareholders as of the Record Date will have access to electronic copies of the Meeting materials on the Company’s website at [www.canopyrivers.com/investors](http://www.canopyrivers.com/investors) and under the Company’s profile on the System for Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com). The Meeting materials will remain on the Company’s website for a period of one year.

Shareholders as of the Record Date will receive a package in the mail containing information explaining how to access and review the Meeting materials electronically and how to request a paper copy of such materials free of charge, and a proxy form or a voting instruction form so that Shareholders can vote their shares. In addition, the package will include a place to request copies of the Annual Financial Statements, the Annual MD&A and/or the Company’s interim financial statements and MD&A and a consent for electronic delivery.

Prior to the Meeting and for up to one year thereafter, those Shareholders who wish to receive paper copies of the Meeting materials may request them from TSX Trust by calling toll-free at 1-866-600-5869 or by email at [TMXEInvestorServices@tmx.com](mailto:TMXEInvestorServices@tmx.com). If a request for paper copies is received before the Meeting, the Meeting materials will be sent to such Shareholders at no cost within three business days of the request. If a request for paper copies is received on or after the Meeting, and within one year of the Meeting materials being filed, the Meeting materials will be sent to such Shareholders within ten calendar days after receiving the request. To receive paper copies of the Meeting materials in advance of the proxy deposit deadline, your request should be received by TSX Trust no later than September 15, 2020.

If you would like more information about “notice-and-access”, please contact TSX Trust by calling toll-free at 1-866-600-5869 or by email at [TMXEInvestorServices@tmx.com](mailto:TMXEInvestorServices@tmx.com).

DATED at Toronto, Ontario, this 5<sup>th</sup> day of August, 2020.

**BY ORDER OF THE BOARD OF DIRECTORS**

*(signed) John K. Bell*

Chair of the Board

## TABLE OF CONTENTS

|  |           |
|--|-----------|
| <b>GENERAL INFORMATION FOR THE MEETING .....</b>   | <b>1</b>  |
| Time, Date and Place of Meeting .....  | 1         |
| Date of Information .....  | 1         |
| Currency .....   | 1         |
| Record Date .....  | 1         |
| Quorum .....   | 1         |
| Notice-and-Access .....  | 1         |
| COVID-19.....  | 2         |
| Solicitation of Proxies.....   | 2         |
| Appointment and Revocation of Proxies .....  | 3         |
| Voting of Proxies .....  | 3         |
| Advice to Beneficial Shareholders.....   | 4         |
| <b>INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON.....</b>  | <b>4</b>  |
| <b>VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES .....</b>                                  | <b>5</b>  |
| <b>OVERVIEW OF BUSINESS AND CORPORATE STRUCTURE .....</b>  | <b>5</b>  |
| <b>BUSINESS OF MEETING .....</b>   | <b>6</b>  |
| Presentation of Financial Statements .....   | 6         |
| Election of Directors .....  | 6         |
| Appointment of Auditors .....  | 10        |
| Approval of the RSU Plan Resolution .....  | 11        |
| Approval of the LTIP Resolution.....   | 12        |
| <b>EXECUTIVE COMPENSATION.....</b>   | <b>14</b> |
| Compensation Discussion and Analysis .....   | 14        |
| Compensation, Nominating and Governance Committee .....  | 14        |
| Objectives and General Principles of the Company’s Compensation Program .....                              | 14        |
| Compensation Consultants.....  | 14        |
| Executive Compensation – Related Fees .....  | 15        |
| How the Company Determines Compensation .....  | 15        |
| Elements of Compensation .....   | 17        |
| Determining Each Element of Compensation .....   | 18        |
| Compensation Plan Changes for Fiscal 2021 .....  | 19        |
| Performance Graph .....  | 20        |
| Option-Based Awards .....  | 21        |
| PSU Awards.....  | 21        |
| Compensation Risk .....  | 22        |
| Financial Instruments.....   | 22        |
| <b>SUMMARY COMPENSATION TABLE .....</b>  | <b>22</b> |
| <b>INCENTIVE PLAN AWARDS .....</b>   | <b>24</b> |
| Outstanding Option-Based Awards.....   | 24        |
| Outstanding Share-Based Awards.....  | 24        |
| Incentive Plan Awards – Value Vested or Earned During the Year .....                                       | 25        |
| <b>PENSION PLAN BENEFITS .....</b>   | <b>25</b> |
| <b>MANAGEMENT AGREEMENTS AND TERMINATION AND CHANGE OF CONTROL BENEFITS.....</b>                           | <b>26</b> |
| Employee Agreements .....  | 26        |
| Estimated Incremental Payments on Termination Without Cause, Change of Control, All Other Termination..... | 26        |
| <b>DIRECTOR COMPENSATION.....</b>  | <b>28</b> |
| Compensation of Directors .....  | 28        |
| Outstanding Option-Based Awards.....   | 29        |
| Outstanding Share-Based Awards.....  | 30        |

|  |           |
|--|-----------|
| Incentive Plan Awards – Value Vested or Earned During Fiscal 2020.....         | 30        |
| <b>SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS.....</b> | <b>31</b> |
| Option Plan .....  | 31        |
| RSU Plan.....  | 34        |
| LTIP .....   | 37        |
| <b>INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS .....</b>                  | <b>41</b> |
| <b>INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTION .....</b>              | <b>41</b> |
| <b>MANAGEMENT CONTRACTS .....</b>  | <b>41</b> |
| <b>STATEMENT OF CORPORATE GOVERNANCE.....</b>                                  | <b>41</b> |
| Board of Directors.....  | 41        |
| Meetings of the Board.....   | 42        |
| Other Directorships .....  | 43        |
| Board Mandate.....   | 43        |
| Position Descriptions .....  | 43        |
| Board Orientation and Continuing Education .....                               | 44        |
| Board, Committee and Director Assessments .....                                | 45        |
| Ethical Business Conduct.....  | 45        |
| Nomination of Directors .....  | 46        |
| Compensation of Directors and Senior Executives .....                          | 46        |
| Board Committees.....  | 46        |
| Director Term Limits and Other Mechanisms of Board Renewal.....                | 46        |
| Diversity on the Board and in Senior Management .....                          | 47        |
| The Audit Committee.....   | 47        |
| The Compensation, Nominating and Governance Committee .....                    | 48        |
| The Conflicts Review Committee .....   | 49        |
| <b>ADDITIONAL INFORMATION.....</b>   | <b>49</b> |
| <b>APPROVAL .....</b>  | <b>50</b> |
| Schedule “A” .....   | A-1       |
| Schedule “B” .....   | B-1       |
| Schedule “C” .....   | C-1       |

## GENERAL INFORMATION FOR THE MEETING

### Time, Date and Place of Meeting

This management information circular (the “**Circular**”) is provided in connection with the solicitation, by or on behalf of the management of Canopy Rivers Inc. (the “**Company**”), of proxies for use at the Company’s annual general and special meeting (the “**Meeting**”) of the holders (collectively, the “**Shareholders**” or, individually, a “**Shareholder**”) of subordinated voting shares (the “**Subordinated Voting Shares**”) and multiple voting shares (the “**Multiple Voting Shares**”) and, together with the Subordinated Voting Shares, the “**Shares**”) of the Company, to be held at the offices of the Company at 40 King Street West, Suite 2504, Toronto, Ontario, M5H 3Y2 on September 24, 2020, at 10:00 a.m. (EDT) for the purposes set forth in the accompanying notice of meeting (the “**Notice**”). References in this Circular to the Meeting include any adjournment or postponement thereof.

### Date of Information

Unless otherwise stated herein, the information contained in this Circular is given as of August 5, 2020. Information set forth herein as to shareholdings is based upon information supplied by the respective persons holding such Shares.

### Currency

In this Circular, all references to dollar amounts are to Canadian dollars.

### Record Date

The Company has fixed the close of business on August 4, 2020, as the record date (the “**Record Date**”) for the purposes of determining Shareholders entitled to receive the Notice and to vote at the Meeting. Shareholders of record at the close of business on the Record Date will be entitled to vote in person or by proxy at the Meeting (subject, in the case of voting by proxy, to the timely deposit of a properly completed, signed and dated form of proxy with the Company’s registrar and transfer agent, TSX Trust Company (“**TSX Trust**”), as specified herein and in the Notice).

All Shareholders of record at the close of business on the Record Date are entitled to vote the Shares registered in such Shareholder’s name at that date on each matter to be acted upon at the Meeting. The failure of any Shareholder to receive a copy of the Notice does not deprive a Shareholder of the right to vote at the Meeting.

### Quorum

The quorum for the Meeting is two persons present in person and holding or representing by proxy not less than 20% of the votes attached to all Shares entitled to be voted at the Meeting.

### Notice-and-Access

This year, the Company has elected to use the “notice-and-access” provisions provided for under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”) to deliver the Meeting materials to Shareholders, including the Notice, this Circular and the Company’s audited consolidated financial statements for the financial years ended March 31, 2020 and 2019 (the “**Annual Financial Statements**”) and the management’s discussion and analysis (“**MD&A**”) for the three and twelve months ended March 31, 2020 (the “**Annual MD&A**”). This means that, rather than receiving paper copies of the Meeting materials in the mail, Shareholders as of the Record Date will have access to electronic copies of the Meeting materials on the Company’s website at [www.canopyrivers.com/investors](http://www.canopyrivers.com/investors) and under the Company’s profile on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) at [www.sedar.com](http://www.sedar.com). The Meeting materials will remain on the Company’s website for a period of one year.

Shareholders will receive a package in the mail containing information explaining how to access and review the Meeting materials electronically and how to request a paper copy of such materials free of charge, and a proxy form or a voting instruction form (“**VIF**”) so Shareholders can vote their Shares. In addition, the package will include a place to request copies of the Annual Financial Statements, the Annual MD&A and/or the Company’s interim financial statements and MD&A and a consent for electronic delivery. The Company believes that notice-and-access will substantially reduce printing, paper and postage costs and is a more environmentally friendly and cost-effective way to distribute the Meeting materials to Shareholders.

Prior to the Meeting and for up to one year thereafter, those Shareholders who wish to receive paper copies of the Meeting materials may request them from TSX Trust by calling toll-free at 1-866-600-5869 or by email at [TMXEInvestorServices@tmx.com](mailto:TMXEInvestorServices@tmx.com). If a request for paper copies is received before the Meeting, the Meeting materials will be sent to such Shareholders at no cost within three business days of the request. If a request for paper copies is received on or after the Meeting, and within one year of the Meeting materials being filed, the Meeting materials will be sent to such Shareholders within ten calendar days after receiving the request. To receive paper copies of the Meeting materials in advance of the proxy deposit deadline, your request should be received by TSX Trust no later than September 15, 2020.

If you would like more information about “notice-and-access”, please contact TSX Trust by calling toll-free at 1-866-600-5869 or by email at [TMXEInvestorServices@tmx.com](mailto:TMXEInvestorServices@tmx.com).

### **COVID-19**

While as of the date of this Circular, the Company intends to hold the Meeting as set out above, it is continuously monitoring the current public health crisis resulting from the global spread of the novel coronavirus (“COVID-19”). In light of the rapidly evolving situation resulting from the COVID-19 outbreak, the Company asks that Shareholders follow the current instructions and recommendations of federal, provincial and local health authorities when considering attending the Meeting. While it is not known what the situation with COVID-19 will be on the date of the Meeting, the Company will follow the guidance and orders of government and public health authorities in that regard, including those restricting the size of public gatherings in order to support efforts to reduce the impact and spread of COVID-19. As such, in order to mitigate risks to the health and safety of its Shareholders, employees, directors and other stakeholders, the Company is urging all Shareholders to vote by proxy in advance of the Meeting and is discouraging physical attendance in person at the Meeting. In order to adhere to all government and public health authority recommendations, the Company notes that the Meeting will be limited to only the legal requirements for Shareholder meetings with no investor presentation, and guests will not be permitted entrance unless legally required. The Meeting will not be open to the general public and will be limited to registered Shareholders and duly appointed proxyholders only.

**Shareholders may access and ask questions at the Meeting by way of a live conference call and webcast, which will give all Shareholders an equal opportunity to access the Meeting regardless of their geographic location. Details regarding accessing the conference call and webcast are available on the Company’s website at [www.canopyrivers.com/investors](http://www.canopyrivers.com/investors). Please monitor the Company’s website for additional information and instructions. Please note that Shareholders will not be able to vote on matters to be addressed at the Meeting through the conference call or webcast.**

The Company reserves the right to take any additional precautionary measures that it deems necessary or advisable in relation to the Meeting in response to further developments in respect of the COVID-19 outbreak, including changing the time, date or location of the Meeting. Changes to the Meeting time, date or location and/or means of holding the Meeting may be announced by way of press release. Please monitor the Company’s press releases as well as its website at [www.canopyrivers.com](http://www.canopyrivers.com). The Company does not intend to prepare or mail an amended management information circular in the event of changes to the Meeting format.

### **Solicitation of Proxies**

**The enclosed form of proxy is being solicited by the management of the Company for use at the Meeting.** Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, facsimile or other means of communication by the directors, officers and employees of the Company, none of whom will be specifically remunerated therefor. The cost of any such solicitation will be borne by the Company.

In accordance with NI 54-101, the Company has made arrangements to distribute copies of the Meeting materials to intermediaries or their nominees (collectively, the “**Intermediaries**” or, individually, an “**Intermediary**”) (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered Registered Retirement Savings Plans, Registered Retirement Income Funds, Deferred Profit Sharing Plans, Registered Education Savings Plans and similar plans) for distribution to Beneficial Shareholders (as defined herein) and such Intermediaries are required to forward the Meeting materials to each Beneficial Shareholder (unless the Beneficial Shareholder has declined to receive such materials). The Company is

paying Broadridge (as defined herein) to deliver, on behalf of the Intermediaries, a copy of the Meeting materials to each Beneficial Shareholder.

All references to Shareholders in this Circular, the accompanying form of proxy and the Notice are to registered Shareholders unless specifically noted otherwise.

### **Appointment and Revocation of Proxies**

The individuals named as proxyholders in the form of proxy accompanying this Circular are representatives of the Company's management. **A Shareholder who wishes to appoint another person (who need not be a Shareholder) as his or her representative at the Meeting may do so by either: (a) crossing out the names of the designated proxyholders and printing the appointee of their choice in the blank space provided for that purpose in the proxy form or VIF; or (b) completing another valid form of proxy.** In either case, the completed form of proxy must be delivered to TSX Trust at the place and within the time limits specified herein for the deposit of proxies. A Shareholder who appoints a proxy other than the designated proxyholders should notify their chosen proxyholder(s), obtain his or her consent to act as proxy, and provide instructions to such proxyholder on how the Shareholder's Shares are to be voted. The proxy appointee should bring personal identification to the Meeting. In all cases the form of proxy should be dated and executed by a Shareholder or an attorney duly authorized in writing (with proof of such authorization attached, in the case where an appointed attorney has executed the form of proxy).

A form of proxy will not be valid for the Meeting or any adjournment or postponement thereof unless it is completed and delivered to the Company c/o TSX Trust at 301 – 100 Adelaide Street West, Toronto, Ontario, M5H 4H1, by courier or mail, by fax at 1-416-595-9593, or by electronic voting through [www.voteproxyonline.com](http://www.voteproxyonline.com), in each case by 10:00 a.m. (EDT) on September 22, 2020, or in the event of an adjournment or postponement of the Meeting, 48 hours before the time of the adjourned or postponed Meeting (excluding Saturdays, Sundays and holidays). Votes cast electronically are in all respects equivalent to and will be treated in the exact same manner as, votes cast via a paper proxy form. Further details on the electronic voting process are provided in the form of proxy. Alternatively, a proxy form may be given to the Chair of the Meeting at which the proxy form is to be used. Late forms of proxy may be accepted or rejected by the Chair of the Meeting in his or her discretion, and the Chair is under no obligation to accept or reject any particular late form of proxy.

**A Shareholder who has given a proxy may revoke it, any time before it is exercised, by either: (a) attending the Meeting and voting in person if such Shareholder was a registered Shareholder at the close of business on the Record Date; (b) signing and delivering a form of proxy bearing a later date; (c) preparing an instrument in writing executed by such Shareholder or by his or her attorney authorized in writing, or if the Shareholder is a corporation, by an officer or attorney thereof duly authorized, and depositing it at the registered office of the Company (Canopy Rivers Inc., 40 King Street West, Suite 2504, Toronto, Ontario, M5H 3Y2. Attention: Chief Strategy Officer and General Counsel); or (d) in any other manner permitted by law.**

**A form of proxy will only be revoked if a revocation is received by 4:00 p.m. (EDT) on the last business day before the Meeting, or any adjournment or postponement thereof, or delivered to the Chair of the Meeting before it commences. If a registered Shareholder revokes a form of proxy and does not replace it with another form of proxy that is deposited with TSX Trust before the proxy deadline, such Shareholder can still vote its Shares, but to do so the registered Shareholder must attend the Meeting in person.**

### **Voting of Proxies**

The persons named in the form of proxy are officers of the Company that have been selected by the directors of the Company and that have indicated their willingness to represent Shareholders that appoint them as proxy. Each Shareholder may instruct his or her proxy on how to vote his or her Shares by completing the blanks on the form of proxy.

Shares represented by properly executed forms of proxy in favour of the person designated on the form of proxy will be voted or withheld from voting in accordance with the instructions given on the form of proxy and if a Shareholder specifies a choice with respect to any matter to be acted upon, the Shares will be voted accordingly. In the absence of such instructions, such Shares will be voted **FOR** the approval of all resolutions in this Circular.



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

### **Advice to Beneficial Shareholders**

**The information set forth in this section is of significant importance to Shareholders who do not hold Shares in their own name (“Beneficial Shareholders”).**

Beneficial Shareholders should note that only proxies deposited by Shareholders whose names appear on the records of the Company as of the Record Date as the registered Shareholders can be recognized and acted upon at the Meeting. If Shares are listed in an account statement provided to a Shareholder by an Intermediary, then in almost all cases those Shares will not be registered in such Shareholder’s name on the records of the Company. Such Shares will more likely be registered under the name of the Shareholder’s Intermediary. In Canada, the vast majority of such Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities), which acts as a nominee for many Canadian brokerage firms. Shares held by Intermediaries can only be voted (for, withheld or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, Intermediaries are prohibited from voting Shares for their clients.

The directors and officers of the Company do not know for whose benefit the Shares registered in the name of CDS & Co. are held.

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. Every Intermediary has its own mailing procedures and provides its own return voting instructions, which should be carefully followed by Beneficial Shareholders to ensure that their Shares are voted at the Meeting. Often the form of proxy supplied to a Beneficial Shareholder by its Intermediary is identical to the proxy form provided by the Company to the Intermediaries. However, its purpose is limited to instructing the Intermediary on how to vote on behalf of the Beneficial Shareholder. The majority of Intermediaries now delegate responsibility for obtaining instructions on how to vote from clients to Broadridge Investor Communications Corporation (“**Broadridge**”). Broadridge typically mails a form of proxy or VIF to the Beneficial Shareholders and asks the Beneficial Shareholders to return the form of proxy or VIF to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at the Meeting. A Beneficial Shareholder receiving a form of proxy or VIF from Broadridge cannot use that form of proxy or VIF to vote Shares directly at the Meeting. The form of proxy or VIF must be returned to Broadridge or the Intermediary well in advance of the Meeting to have the Shares voted. A Beneficial Shareholder may revoke a form of proxy or VIF or a waiver of the right to receive Meeting materials and to vote which has been given to their Intermediary at any time by written notice to the Intermediary, provided that the Intermediary is not required to act on a revocation of a form of proxy or VIF or of a waiver of the right to receive Meeting materials and to vote, which is not received by the Intermediary at least seven days prior to the Meeting. If you have any questions regarding the voting of Shares held through a broker or other Intermediary, please contact your broker or other Intermediary for assistance.

In accordance with the requirements of NI 54-101, the Company is using notice-and-access to send proxy-related materials for use in connection with the Meeting to Beneficial Shareholders using the “indirect” sending procedures set out in NI 54-101. Accordingly, the Company has distributed copies of the Meeting materials to Broadridge to deliver, on behalf of the Intermediaries, to the Beneficial Shareholders.

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

No (a) director or executive officer of the Company who has held such position at any time since April 1, 2019; (b) Nominee (as defined herein); or (c) associate or affiliate of a person in (a) or (b) 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 and the approval of the RSU Plan (as defined herein) and the LTIP (as defined herein). See “*Business of Meeting – Election of Directors*”, “*Business of Meeting – Approval of the RSU Plan Resolution*” and “*Business of Meeting – Approval of the LTIP Resolution*”.

## VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The authorized capital of the Company consists of an unlimited number of Subordinated Voting Shares and an unlimited number of Multiple Voting Shares, of which 155,502,725 Subordinated Voting Shares were issued and outstanding as at the Record Date, representing approximately 17.6% of the voting rights attached to all issued and outstanding Shares, and 36,468,318 Multiple Voting Shares were issued and outstanding as at the Record Date, representing approximately 82.4% of the voting rights attached to all issued and outstanding Shares. Each Subordinated Voting Share carries the right to one vote per share and each Multiple Voting Share carries the right to 20 votes per share. Canopy Growth Corporation (“CGC”) is the sole holder of the Multiple Voting Shares. No other voting securities were issued and outstanding as of the Record Date.

To the knowledge of the directors and the executive officers of the Company, as at the Record Date, no person beneficially owned, or controlled or directed, directly or indirectly, more than 10% of the issued and outstanding Subordinated Voting Shares and/or Multiple Voting Shares, other than as set out below:

| Name and Municipality of Residence                            | Number of Subordinated Voting Shares <sup>(1)</sup> | Number of Multiple Voting Shares <sup>(1)</sup> | Number of Shares <sup>(1)</sup>   |
|---|---|---|-----------------------------------|
| Canopy Growth Corporation<br>Smiths Falls, Ontario            | 15,223,938 (9.8%)                                   | 36,468,318 (100.0%)                             | 51,692,256 (26.9%) <sup>(2)</sup> |
| JW Asset Management, LLC <sup>(3)</sup><br>New York, New York | 33,433,334 (21.5%)                                  | Nil   | 33,433,334 (17.4%) <sup>(4)</sup> |

**Notes:**

- (1) All percentages are calculated on a non-diluted basis.
- (2) While CGC only owns approximately 26.9% of the outstanding Shares, due to the voting rights associated with the Multiple Voting Shares, CGC controls approximately 84.1% of the voting rights attached to the outstanding Shares.
- (3) 24,333,334 Subordinated Voting Shares are held by JW Partners, LP, 9,000,000 Subordinated Voting Shares are held by JW Opportunities Master Fund, Ltd., 70,000 Subordinated Voting Shares are held by JW Growth Fund, LLC, and 30,000 Subordinated Voting Shares are held by Insight Wellness Fund, LLC, each of which is controlled or directed by JW Asset Management, LLC.
- (4) While JW Asset Management, LLC owns approximately 17.4% of the outstanding Shares, due to the voting rights associated with the Multiple Voting Shares, JW Asset Management, LLC only controls approximately 3.8% of the voting rights attached to the outstanding Shares.

Under applicable Canadian securities laws, an offer to purchase Multiple Voting Shares would not necessarily require that an offer be made to purchase Subordinated Voting Shares. In accordance with the rules of the Toronto Stock Exchange (“TSX”), in order to ensure that, in the event of a take-over bid where an offer is made for the Multiple Voting Shares, the holders of Subordinated Voting Shares will be entitled to participate on an equal footing with holders of Multiple Voting Shares, CGC, as the sole holder of the outstanding Multiple Voting Shares, the Company and TSX Trust entered into a coattail agreement dated September 17, 2018 (the “Coattail Agreement”). The Coattail Agreement contains provisions customary for dual class, TSX-listed corporations designed to prevent transactions that would otherwise deprive the holders of Subordinated Voting Shares of rights under the take-over bid provisions of applicable Canadian securities laws that they would have been entitled to if the Multiple Voting Shares had been Subordinated Voting Shares.

The foregoing description is a summary of the material terms of the Coattail Agreement. Reference should be made to the full text of the Coattail Agreement, which is available for review under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

## OVERVIEW OF BUSINESS AND CORPORATE STRUCTURE

The Company was incorporated on October 31, 2017 as “AIM2 Ventures Inc.” under the *Business Corporations Act* (Ontario). Canopy Rivers Corporation (“CRC PrivateCo”) was incorporated on April 26, 2017 under the *Canada Business Corporations Act*. On September 14, 2018, the Company was renamed “Canopy Rivers Inc.” and on September 17, 2018, it completed a reverse take-over with CRC PrivateCo (the “Qualifying Transaction”). Pursuant to the Qualifying Transaction, the Company acquired all of the issued and outstanding shares of CRC PrivateCo by way of a three-cornered amalgamation, whereby (i) the Company incorporated 10859150 Canada Inc. (“Subco”), a new wholly-owned subsidiary of the Company; (ii) the Company issued one Subordinated Voting Share in exchange for each Class B common share of CRC PrivateCo then held by CRC PrivateCo shareholders; (iii) the Company issued one Multiple Voting Share in exchange for each Class A common share of CRC PrivateCo then held by CRC

PrivateCo shareholders; and (iv) Subco amalgamated with CRC PrivateCo and the resulting entity became a wholly-owned subsidiary of the Company and continued under the name “Canopy Rivers Corporation”.

Upon completion of the Qualifying Transaction, former shareholders of CRC PrivateCo became Shareholders, the former directors and officers of the Company resigned and new directors and officers of the Company were appointed, and the Company assumed the business operations of CRC PrivateCo.

The Subordinated Voting Shares trade on the TSX under the ticker symbol “RIV”. The registered and head office of the Company is located at 40 King Street West, Suite 2504, Toronto, Ontario, M5H 3Y2. Further information about the Company can be found under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company’s website at [www.canopyrivers.com](http://www.canopyrivers.com).

## **BUSINESS OF MEETING**

To the knowledge of the board of directors of the Company (the “**Board**”) and management of the Company, the only matters to be brought before the Meeting are those set out in the accompanying Notice and more particularly described below. **However, if other matters, which are not known to management, should properly come before the Meeting, the form of proxy will be voted on such matters in accordance with the best judgment of the persons voting the form of proxy.**

### **Presentation of Financial Statements**

The Annual Financial Statements will be placed before the Meeting. The Annual Financial Statements and Annual MD&A have been provided to Shareholders in accordance with applicable laws and are available under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com) or on the Company’s website at [www.canopyrivers.com/investors](http://www.canopyrivers.com/investors) and copies of these documents will also be available at the Meeting.

### **Election of Directors**

The Company currently has six directors and the Board intends to fix the number of directors to be elected at the Meeting at six. Of the six proposed Board nominees, whose names are set out below (the “**Nominees**”), five are currently directors of the Company and have been nominated by the Board for election as directors at the Meeting. These five Nominees have been directors of the Company since the dates indicated below. Mr. Hankinson is standing for election as a director for the first time at the Meeting. Mr. Bell will not be standing for re-election at the Meeting. If elected at the Meeting, each Nominee will hold office until the next annual meeting of Shareholders or until his or her successor is duly elected or appointed.

Pursuant to the investor rights agreement dated September 17, 2018 between the Company and CGC (the “**Investor Rights Agreement**”), CGC is entitled to, among other things, nominate two members of the Board for so long as the percentage of voting rights (on a non-diluted basis) beneficially owned, directly or indirectly, by CGC is more than 50% of the voting rights of the Company or any successor entity thereto. CGC’s Board nominees standing for election at the Meeting are Garth Hankinson and Mike Lee.

The table below sets forth the name, province or state and country of residence, date of appointment as a director and principal occupation during the prior five-year period of each Nominee and the number of voting securities of the Company beneficially owned, or over which control or direction is exercised, directly or indirectly, by each Nominee.

In addition, the biography of each Nominee is below. For additional information regarding the current directors’ meeting attendance and fees, see “*Statement of Corporate Governance – Meetings of the Board*”.

At the Meeting, Shareholders will be entitled to cast their votes for, or withhold their votes from, the election of each Nominee.

| Name, Province or State and Country of Residence                    | Director Since <sup>(1)</sup> | Present Principal Occupation and Positions Held during the Preceding Five Years <sup>(2)</sup>  | Number of Subordinated Voting Shares Beneficially Owned or Controlled <sup>(3)</sup> |
|---|-------------------------------|---|--|
| <b>Narbe Alexandrian</b><br>Ontario, Canada                         | September 26, 2019            | May 2019 to present – President and Chief Executive Officer (“CEO”) of the Company<br>January 2019 to May 2019 – President of the Company<br>September 2018 to January 2019 – Vice-President, Business Development of the Company<br>July 2018 to September 2018 – Vice-President, Business Development of CRC PrivateCo<br>December 2014 to July 2018 – Venture Capitalist at OMERS Ventures | 29,207 <sup>(11)</sup>   |
| <b>Asha Daniere</b> <sup>(6)(8)(10)</sup><br>Ontario, Canada        | September 17, 2018            | March 2020 to present – Independent Strategic Legal Advisor<br>September 2012 to February 2020 – Executive Vice-President, Legal and Business Affairs at Blue Ant Media   | Nil  |
| <b>Garth Hankinson</b><br>New York, United States                   | N/A                           | January 2020 to present – Executive Vice-President and Chief Financial Officer (“CFO”), Constellation Brands, Inc. (“Constellation Brands”)<br>February 2016 to January 2020 – Senior Vice-President of Corporate Development, Constellation Brands<br>October 2009 to February 2016 – Vice President of Corporate Development, Constellation Brands  | Nil  |
| <b>Mike Lee</b><br>New York, United States                          | June 15, 2020                 | June 2019 to present – Executive Vice-President and CFO, CGC<br>February 2019 to June 2019 – Executive Vice-President of Finance, CGC<br>December 2017 to February 2019 – Senior Vice-President of Business Transformation, Constellation Brands<br>July 2014 to December 2017 – Senior Vice-President and CFO of Wine and Spirits Division, Constellation Brands                             | Nil  |
| <b>Richard Mavrincac</b> <sup>(4)(5)(7)(9)</sup><br>Ontario, Canada | September 17, 2018            | March 2017 to present – Corporate Director<br>May 2007 to March 2017 – Retired  | 179,000 <sup>(12)</sup>  |
| <b>Joseph Mimran</b> <sup>(6)(7)</sup><br>Ontario, Canada           | September 17, 2018            | June 2015 to present – Chairman, Gibraltar & Company, Inc.<br>January 2002 to present – Chairman and President, Joseph Mimran & Associates Inc.<br>January 2017 to July 2018 – Co-CEO, Gibraltar Opportunity, Inc.<br>January 2017 to July 2018 – Co-CEO, Gibraltar Growth Corporation  | 597,545 <sup>(13)</sup>  |

Notes:

- (1) Each director’s term will continue until the next annual meeting of Shareholders or until the director resigns, becomes ineligible or unable to serve or until his or her successor is elected or appointed.

- (2) The information as to principal occupations of the Nominees, not being within the direct knowledge of the Company, has been furnished by the respective Nominees.
- (3) The information as to the number of Subordinated Voting Shares beneficially owned, or over which control or direction is exercised, by the Nominees directly or indirectly, not being within the direct knowledge of the Company, has been furnished by the respective Nominees or obtained from the System for Electronic Disclosure by Insiders, and may include Subordinated Voting Shares owned or controlled by the Nominees' spouses and/or children and/or companies controlled by them or their spouses and/or children.
- (4) Lead independent director of the Board (the "**Lead Director**").
- (5) Member of the Compensation, Nominating and Governance Committee of the Board (the "**CNG Committee**").
- (6) Member of the Audit Committee of the Board (the "**Audit Committee**").
- (7) Member of the Conflicts Review Committee of the Board (the "**Conflicts Review Committee**").
- (8) Chair of the CNG Committee.
- (9) Chair of the Audit Committee.
- (10) Chair of the Conflicts Review Committee.
- (11) 5,592 Subordinated Voting Shares are controlled indirectly by Mr. Alexandrian through his spouse.
- (12) 150,000 Subordinated Voting Shares are controlled indirectly by Mr. Mavrinac through his spouse.
- (13) 454,545 Subordinated Voting Shares are held indirectly by Mr. Mimran through Joseph Mimran & Associates Inc., a corporation over which Mr. Mimran has control. 143,000 Subordinated Voting Shares are held indirectly by Mr. Mimran through 3208575 Canada Inc., a corporation over which Mr. Mimran has control.

As at the date of this Circular, to the Company's knowledge, the current and proposed directors of the Company, as a group, beneficially own, directly or indirectly, or exercise control or direction over 1,514,086 Subordinated Voting Shares, representing approximately 1.0% of the total issued and outstanding Subordinated Voting Shares and approximately 0.2% of the voting rights attached to all of the outstanding Shares on a non-diluted basis.

To be effective, the election of each Nominee requires the affirmative vote of not less than a majority of the votes cast by Shareholders present in person or represented by proxy and entitled to vote at the Meeting. **The Board recommends that Shareholders vote FOR the election of each Nominee. Shares represented by proxies in favour of the person designated on the form of proxy will be voted FOR each Nominee unless a Shareholder has specified in the form of proxy that his, her, or its Shares, as applicable, are to be withheld from voting in respect of any particular Nominee or Nominees. Management does not contemplate that any of the Nominees will be unable to serve as directors; however, if for any reason, any of the Nominees do not stand for election or are unable to serve as such, proxies in favour of the person designated on the form of proxy will be voted for another Nominee in his or her discretion unless a Shareholder has specified in the form of proxy that his, her or its Shares are to be withheld from voting in respect of any particular Nominee or Nominees.**

### *Director Biographies*

**Narbe Alexandrian** – Mr. Alexandrian is the President and CEO of the Company. Mr. Alexandrian previously served as Vice-President, Business Development of CRC PrivateCo from July 2018 to September 2018 and of the Company from September 2018 to January 2019. He was appointed as President of the Company in January 2019 and as President and CEO of the Company in May 2019, and was elected as a director of the Company in September 2019. Prior to joining the Company, Mr. Alexandrian was a Venture Capitalist at OMERS Ventures, one of the most prominent technology venture capital funds in Canada. During his time at OMERS Ventures, Mr. Alexandrian helped fundraise for two funds (\$520,000,000 of capital), sourced and lead multiple debt/equity financings, and acted as a board observer for a number of portfolio companies. Prior to OMERS Ventures, he was a Senior Strategy Manager in TELUS' Internet of Things (IoT) group where he helped launch operational go-to-market strategies with TELUS' executive leadership team. Prior to TELUS, he held roles at Firmex Inc., a leading virtual data room company based in Toronto, and Deloitte LLP ("**Deloitte**"), where he held roles in Financial Advisory and Consulting (fka Monitor Deloitte). Mr. Alexandrian is a Sessional Instructor at the Schulich School of Business, teaching technology entrepreneurship and venture capital within the undergraduate and MBA programs, and serves on the board of the National Cannabis Industry Association. He holds a Bachelor of Business Administration degree from the Schulich School of Business at York University and is a Chartered Professional Accountant (CPA Canada).

**Asha Daniere** – Ms. Daniere is a strategic and legal advisor to companies in the media and technology industries. Previously, she was Executive Vice-President, Legal and Business Affairs at Blue Ant Media, a multi-platform media company. Ms. Daniere was the Senior Vice President and General Counsel at Score Media Inc. ("**Score Media**"), formerly a publicly traded sports media company. Prior to her role at Score Media, Ms. Daniere was General Counsel at Fun Technologies Inc. ("**Fun Technologies**"), an Internet start-up that previously traded on the TSX and on the Alternative Investment Market. Fun Technologies was focused on online skill games and online fantasy sports offerings and was bought by Liberty Media Inc. during her tenure at a valuation of \$454,000,000. In addition to her experience in Canada, Ms. Daniere practiced law in the United States as an associate at White and Case LLP in New

York City and as in-house counsel to The Topps Company, Inc. Ms. Daniere is currently a board member of the Toronto International Film Festival and MDC Partners Inc. She received her J.D. from Tulane Law School and her B.A. from the University of Toronto.

**Garth Hankinson** – Mr. Hankinson is the Executive Vice-President and CFO of Constellation Brands, a leading international producer and marketer of beer, wine and spirits, having served in the role since January 2020. In this role, Mr. Hankinson is responsible for corporate strategy, all aspects of finance and accounting, investor relations, mergers and acquisitions, information technology and Constellation Ventures. Prior to that, he served as Constellation Brands' Senior Vice-President, Corporate Development, a position he held since February 2016, where he was responsible for leading all of their financial planning, reporting, and analysis activities, as well as all efforts related to mergers, acquisitions, ventures investments, and strategic alliances. From October 2009 until February 2016 he served as the Vice-President, Corporate Development of Constellation Brands and from October 2007 until October 2009 he served as the Vice-President, Business Development for Constellation Brands' prior Canadian business, Constellation Brands Canada, Inc., which was a Canadian subsidiary of Constellation Brands during that time. From March 2004 until October 2007, Mr. Hankinson served as the Director of Corporate Development of Constellation Brands. Before joining Constellation Brands, Mr. Hankinson held roles in sales operations and business intelligence at Xerox Corporation. He also served as an auditor and analyst at Citicorp, Inc.

**Mike Lee** – Mr. Lee is the Executive Vice-President and CFO of CGC, a leading diversified cannabis, hemp and cannabis device company. Mr. Lee joined CGC in February 2019 and became CFO in June of 2019. As CFO, Mr. Lee is responsible for finance, audit, technology, corporate development, and investor relations. Prior to joining CGC, Mr. Lee held previous roles with companies such as E&J Gallo Winery and PepsiCo where he served in a variety of commercially oriented finance roles supporting commercial/operating teams to deliver on their strategic imperatives. Most recently, Mr. Lee served as CFO of the wine and spirits division and was head of business transformation at Constellation Brands. Since joining CGC, Mr. Lee has helped to build enhanced capabilities across the organization, helping to improve financial reporting and analysis, accelerating the accounting close, improving CGC's control environment, while also leading a conversion to US GAAP reporting and CGC's first year of compliance with the Sarbanes-Oxley Act of 2002. Mr. Lee holds a bachelor's degree in accounting from California State University and an MBA from the University of Michigan, graduating with honors from both universities. Mr. Lee is a Certified Public Accountant in the state of California.

**Richard Mavrinac** – Mr. Mavrinac served as CFO of George Weston Limited (“**GWL**”) and Executive Vice-President of Loblaw Companies Limited (“**Loblaws**”) from 2003 to 2007. As CFO of GWL, a major Canadian company that operates grocery, drugstore and general retailers, a commercial bakery and a real estate investment trust, Mr. Mavrinac's experience covered all aspects of finance, including responsibility for financial reporting. Mr. Mavrinac began his career with Loblaws, a subsidiary of GWL, in 1982 and he held a variety of senior financial positions within the company. In 1996, Mr. Mavrinac assumed the role of Senior Vice-President, Finance for GWL and Loblaws. Mr. Mavrinac is currently a member of the board of directors of Roots Corporation and TerrAscend Corp. Mr. Mavrinac received his Bachelor of Commerce degree from the University of Toronto in 1975 and began his career with Peat Marwick Mitchell Chartered Accountants after receiving his Chartered Accountant designation in 1978.

**Joseph Mimran** – Mr. Mimran is among Canada's leading fashion and retail pioneers and entrepreneurs. Throughout his career, he has founded or co-founded and built brands that have helped define the fashion industry landscape, including Joe Fresh™, Club Monaco, Alfred Sung, Caban and, with his wife Kimberley Newport-Mimran, Pink Tartan. In addition, Mr. Mimran is the Chairman of Gibraltar & Company, Inc., a private investment management company, and was formerly the Co-CEO of Gibraltar Opportunity, Inc., a provider of advisory and revenue acceleration services, and Gibraltar Growth Corporation, a special acquisition corporation. Mr. Mimran was the founder and former Creative Director of the Joe Fresh™ brand for Loblaws, where he led the entire creative process for the women's, men's and children's apparel line, from product design to marketing and advertising to store selection and design for the merchandising of the line. Mr. Mimran founded the consulting firm Joseph Mimran & Associates Inc. (“**JMA**”) in 2001. In 2003, Loblaws engaged JMA to design home products under its President's Choice brand, followed by all general merchandise categories by 2009. Mr. Mimran co-founded The Monaco Group (which included Alfred Sung, a high-end fashion women's wear line, and Club Monaco, a fashion-forward, high-end casual clothing retailer) in 1980 and took the company public in 1986. The company was purchased by Dylex in 1989. In 1991, Mr. Mimran repurchased Club Monaco from Dylex, founded and launched Caban (a design-oriented home furnishings retailer) and took the business public in 1997. In 1999, he sold Club Monaco (and Caban) to Ralph Lauren for an

equity value of \$77,500,000. Mr. Mimran has been the recipient of many industry awards, including the Canadian Style Award and the lifetime achievement award by the Design Exchange, and in 2015 he was inducted into Canada's Marketing Hall of Legends. Mr. Mimran began his career at Coopers & Lybrand (now PricewaterhouseCoopers) after receiving his Chartered Accountant designation.

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

To the knowledge of the Company, no Nominee is, as at the date hereof, or has been, within the 10 years before the date hereof, a director, CEO or CFO of any company (including the Company) that:

- (a) was subject to a cease trade or similar order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days and that was issued while the Nominee was acting in the capacity of director, CEO or CFO; or
- (b) was subject to a cease trade or similar order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the Nominee ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity of a director, CEO or CFO.

To the knowledge of the Company, no Nominee:

- (a) is, as at the date hereof, or has been, within the 10 years before the date hereof, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the Nominee.

To the knowledge of the Company, as at the date hereof, no Nominee has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a Nominee.

#### ***Majority Voting Policy***

The TSX requires listed companies to adopt a majority voting policy with respect to uncontested elections of directors, unless it is otherwise exempt. A majority voting policy generally provides that a director who has received a majority of withhold votes must tender his or her resignation immediately after the applicable meeting of shareholders, with such resignation to be effective upon acceptance by the board of directors. Listed companies that are "majority controlled" are exempt from this policy. The Company is majority controlled given that, as of the Record Date, CGC owns voting securities carrying approximately 82.4% of the voting rights attached to all issued and outstanding Shares. The Board has determined that a majority voting policy is not beneficial given that CGC could cast a majority of the votes in an election of the directors. Accordingly, the Company is relying on this majority-controlled exemption and has not adopted a majority voting policy.

#### **Appointment of Auditors**

KPMG LLP, Chartered Professional Accountants ("KPMG"), has been the independent external auditors of the Company since October 4, 2018. At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to approve, an ordinary resolution re-appointing KPMG as auditors of the Company, to hold office until the close of the next annual meeting of Shareholders, and to authorize the Board to fix their remuneration. Additional information

with respect to the Company's auditors can be found in the Company's annual information form dated June 2, 2020 (the "AIF"), available under the Company's profile on SEDAR at www.sedar.com and on the Company's website at www.canopyrivers.com/investors.

To be effective, the resolution approving the re-appointment of KPMG as auditors of the Company until the close of the next annual meeting of Shareholders and authorizing the Board to fix their remuneration requires the affirmative vote of not less than a majority of the votes cast by Shareholders present in person or represented by proxy and entitled to vote at the Meeting. **The Board recommends that Shareholders vote FOR the re-appointment of KPMG. Shares represented by proxies in favour of the person designated on the form of proxy will be voted FOR the resolution authorizing the re-appointment of KPMG as auditors of the Company, to hold office for the ensuing year at a remuneration to be fixed by the Board, unless a Shareholder has specified in the form of proxy that his, her or its Shares are to be withheld from voting in respect thereof.**

### **Approval of the RSU Plan Resolution**

On March 18, 2020, the Board approved the Company's share unit plan for non-employee directors (the "RSU Plan") that provides for the issuance of restricted share units ("RSUs") to Non-Employee Directors (as defined herein). A copy of the RSU Plan is appended hereto as Schedule "A".

The purpose of the RSU Plan is to promote a greater alignment of long-term interests between Non-Employee Directors and Shareholders and to provide compensation for Non-Employee Directors that, together with the other director compensation mechanisms, is reflective of the responsibility, commitment and risk accompanying membership on the Board and the performance of the duties required of the various Board committees.

On March 31, 2020, an aggregate of 356,308 RSUs were granted pursuant to the RSU Plan to four Non-Employee Directors, in each case subject to the approval of the Shareholders and the TSX. The grant date market value of each Subordinated Voting Share underlying the RSUs was deemed to be \$0.81, and the RSUs are redeemable in three equal instalments on each of the first three anniversaries of the grant date. The TSX has conditionally approved the RSU Plan, subject to receipt of Shareholder approval. In the event that the RSU Plan Resolution (as defined herein) does not receive the required Shareholder approval at the Meeting, the RSU Plan and all RSUs previously granted thereunder will terminate and be null and void.

The RSU Plan provides that the maximum number of Subordinated Voting Shares that may be issued or issuable under the RSU Plan shall be a number equal to 1% of the number of issued and outstanding Shares on a non-diluted basis from time to time. As at August 5, 2020, the Company had 155,502,725 Subordinated Voting Shares and 36,468,318 Multiple Voting Shares issued and outstanding (on a non-diluted basis). Accordingly, the maximum number of Subordinated Voting Shares available for issuance pursuant to the RSU Plan is 1,919,710, being 1% of the number of issued and outstanding Shares on a non-diluted basis.

As at August 5, 2020, there were 356,308 RSUs outstanding under the RSU Plan in respect of which up to 356,308 Subordinated Voting Shares may be issued, which represents 0.2% of the outstanding Shares, leaving a maximum of 1,563,402 Subordinated Voting Shares available for issuance under the RSU Plan if the RSU Plan Resolution (as defined herein) is approved at the Meeting. For a summary of additional material terms of the RSU Plan and a description of the RSUs granted thereunder prior to the Meeting, see "*Securities Authorized for Issuance Under Equity Compensation Plans – RSU Plan*".

Pursuant to section 613 of the TSX Company Manual, to permit the issuance of Subordinated Voting Shares upon redemption of the outstanding RSUs and those that may be granted in the future, the Company must seek Shareholder approval at the Meeting for the RSU Plan, including all previous grants of RSUs and all unallocated RSUs issuable thereunder. Accordingly, at the Meeting, Shareholders will be asked to consider and, if deemed advisable, to approve, an ordinary resolution in the form set out below (the "**RSU Plan Resolution**"), subject to such amendments, variations or additions as may be approved at the Meeting, approving the RSU Plan, including all previous grants of RSUs and all unallocated RSUs issuable thereunder.

To be effective, the RSU Plan Resolution requires the affirmative vote of not less than a majority of the votes cast by Shareholders present in person or represented by proxy and entitled to vote at the Meeting. **The Board recommends that Shareholders vote FOR the RSU Plan Resolution. Shares represented by proxies in favour of the person**



**designated on the form of proxy will be voted FOR the RSU Plan Resolution, unless a Shareholder has specified in the form of proxy that his, her or its Shares are to be voted against the RSU Plan Resolution.**

The text of the RSU Plan Resolution to be submitted to Shareholders at the Meeting is set forth below:

**“IT IS HEREBY RESOLVED, THAT:**

- (1) the share unit plan for non-employee directors (the “**RSU Plan**”) of Canopy Rivers Inc. (the “**Company**”), as more particularly described in the management information circular of the Company dated August 5, 2020 (the “**Circular**”), is hereby ratified, confirmed and approved and all unallocated restricted share units (“**RSUs**”) issuable thereunder are hereby authorized and approved;
- (2) the Company has the ability to continue granting RSUs under the RSU Plan until September 24, 2023, which is the date that is three years from the date of approval of the RSU Plan by the shareholders of the Company;
- (3) the grants to certain Non-Employee Directors (as defined in the RSU Plan) of an aggregate of 356,308 RSUs pursuant to the RSU Plan on March 31, 2020, as more particularly described in the Circular, are hereby authorized, ratified and approved to be satisfied by the issuance of subordinated voting shares of the Company from treasury; and
- (4) any one or more of the directors or officers of the Company is hereby authorized and directed, acting for, in the name of and on behalf of the Company, to execute or cause to be executed, under the seal of the Company or otherwise, and to deliver or cause to be delivered, such other documents and instruments, and to do or cause to be done all such other acts and things, as may in the opinion of such director or officer of the Company be necessary or desirable to carry out the intent of the foregoing resolutions, the execution of any such document or the doing of any such other act or thing by any director or officer of the Company being conclusive evidence of such determination.”

**Approval of the LTIP Resolution**

On August 5, 2020, the Board approved the Company’s long term incentive plan (the “**LTIP**”) that provides for the issuance of options, Restricted Share Units (as defined in the LTIP), performance share units (“**PSUs**”), Stock Appreciation Rights (as defined in the LTIP) and Restricted Stock (as defined in the LTIP) to officers, employees and other eligible service providers of the Company. A copy of the LTIP is appended hereto as Schedule “B”.

The purpose of the LTIP is to (i) promote further alignment of interests between officers, employees and other eligible service providers of the Company and Shareholders; (ii) to associate a portion of the compensation payable to officers, employees and other eligible service providers of the Company with the returns achieved by Shareholders; and (iii) to attract and retain officers, employees and other eligible service providers with the knowledge, experience and expertise required by the Company.

On August 5, 2020, an aggregate of 650,000 PSUs were granted under the LTIP to four officers of the Company and an aggregate of 560,000 PSUs were granted under the LTIP to other employees of the Company, in each case subject to the approval of the Shareholders and the TSX. The grant date market value of each Subordinated Voting Share underlying the PSUs was \$0.98. The PSUs vest in three equal instalments on each of April 1, 2021, April 1, 2022, and April 1, 2023, generally subject to continued service, and, once vested, are redeemable, at the option of the holder, at any point between the vesting date and the fifth anniversary of the grant date, subject to earlier settlement in the event of termination of service. The number of PSUs that will be eligible to vest on a vesting date may be adjusted upwards based on the Subordinated Voting Share price performance between the grant date and the vesting date. The TSX has conditionally approved the LTIP, subject to receipt of Shareholder approval. In the event that the LTIP Resolution does not receive the required Shareholder approval at the Meeting, the LTIP and all PSUs previously granted thereunder will terminate and be null and void.

The aggregate number of Subordinated Voting Shares that may be issued pursuant to awards granted under the LTIP, together with all other security-based compensation arrangements of the Company, shall be a number equal to 10% of the aggregate number of issued and outstanding Shares from time to time. As at August 5, 2020, the Company had

155,502,725 Subordinated Voting Shares and 36,468,318 Multiple Voting Shares issued and outstanding (on a non-diluted basis). Accordingly, the maximum number of Subordinated Voting Shares available for issuance pursuant to the LTIP is 19,197,104, being 10% of the number of issued and outstanding Shares, less the number of awards outstanding under the Company's other security-based compensation arrangements.

As at August 5, 2020, there were 1,210,000 PSUs outstanding under the LTIP. Therefore, together with all of the currently issued and outstanding RSUs under the RSU Plan and options under the Option Plan (as defined herein), up to 15,493,978 Subordinated Voting Shares may be issued pursuant to the Company's security-based compensation arrangements (or 8.1% of the Shares issued and outstanding), leaving a maximum of 3,703,126 Subordinated Voting Shares available for issuance under the LTIP if the LTIP Resolution is approved at the Meeting. For a summary of additional material terms of the LTIP and a description of the PSUs granted prior to the Meeting, see "*Securities Authorized for Issuance Under Equity Compensation Plans – LTIP*".

Pursuant to section 613 of the TSX Company Manual, to permit the issuance of Subordinated Voting Shares upon redemption of the outstanding PSUs and those that may be granted in the future, the Company must seek Shareholder approval at the Meeting for the LTIP, including all previous grants of PSUs and all unallocated awards issuable thereunder. Accordingly, at the Meeting, Shareholders will be asked to consider and, if deemed advisable, to approve, an ordinary resolution in the form set out below (the "**LTIP Resolution**"), subject to such amendments, variations or additions as may be approved at the Meeting, approving the Company's LTIP, including all previous grants of PSUs and all unallocated awards issuable thereunder.

To be effective, the LTIP Resolution requires the affirmative vote of not less than a majority of the votes cast by Shareholders present in person or represented by proxy and entitled to vote at the Meeting. **The Board recommends that Shareholders vote FOR the LTIP Resolution. Shares represented by proxies in favour of the person designated on the form of proxy will be voted FOR the LTIP Resolution, unless a Shareholder has specified in the form of proxy that his, her or its Shares are to be voted against the LTIP Resolution.**

The text of the LTIP Resolution to be submitted to Shareholders at the Meeting is set forth below:

**"IT IS HEREBY RESOLVED, THAT:**

- (1) the long term incentive plan (the "**LTIP**") of Canopy Rivers Inc. (the "**Company**"), as more particularly described in the management information circular of the Company dated August 5, 2020 (the "**Circular**"), is hereby ratified, confirmed and approved and all unallocated Options, Restricted Share Units, Performance Share Units, Stock Appreciation Rights and Restricted Stock (as such terms are defined in the LTIP) or such other awards as may be permitted by the LTIP issuable thereunder are hereby authorized and approved;
- (2) the Company has the ability to continue granting Options, Restricted Share Units, Performance Share Units, Stock Appreciation Rights and Restricted Stock under the LTIP until September 24, 2023, which is the date that is three years from the date of approval of the LTIP by the shareholders of the Company;
- (3) the grants to certain Participants (as defined in the LTIP) of an aggregate of 1,210,000 Performance Share Units pursuant to the LTIP on August 5, 2020, as more particularly described in the Circular, are hereby authorized, ratified and approved to be satisfied by the issuance of subordinated voting shares of the Company from treasury; and
- (4) any one or more of the directors or officers of the Company is hereby authorized and directed, acting for, in the name of and on behalf of the Company, to execute or cause to be executed, under the seal of the Company or otherwise, and to deliver or cause to be delivered, such other documents and instruments, and to do or cause to be done all such other acts and things, as may in the opinion of such director or officer of the Company be necessary or desirable to carry out the intent of the foregoing resolutions, the execution of any such document or the doing of any such other act or thing by any director or officer of the Company being conclusive evidence of such determination."

## EXECUTIVE COMPENSATION

### **Compensation Discussion and Analysis**

The purpose of this compensation discussion and analysis is to describe and explain the Company's executive compensation strategy, philosophy, objectives and processes and to discuss decisions made by the Company during the financial year ended March 31, 2020 ("**Fiscal 2020**") to determine the compensation of the Company's CEO, CFO and three other most highly compensated executive officers (collectively, the "**NEOs**").

The NEOs of the Company for Fiscal 2020 were:

- Narbe Alexandrian – President and CEO;
- Bruce Linton – former CEO, director and Chair of the Board;
- Edward Lucarelli – CFO;
- Olivier Dufourmantelle – Chief Operating Officer; and
- Matthew Mundy – Chief Strategy Officer and General Counsel.

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

The CNG Committee is constituted by the Board to assist the Board with fulfilling its corporate governance responsibilities under applicable laws, to promote a culture of integrity throughout the Company, to assist the Board in setting director and executive officer compensation and to develop and submit to the Board recommendations with respect to other employee benefits as it sees fit.

As of the date of this Circular, the CNG Committee is composed of three directors: Ms. Daniere (Chair), Mr. Mavrinac and Mr. Bell. The Board has determined that each member of the CNG Committee is independent within the meaning of National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"), other than Mr. Bell. Each of the CNG Committee members has prior experience with corporate governance and determining compensation plans and levels in other organizations. For a general description of the CNG Committee members' relevant education and experience, see "*Business of Meeting – Election of Directors – Director Biographies*".

### **Objectives and General Principles of the Company's Compensation Program**

The Company's compensation program is designed to achieve the following objectives and general principles: (i) establish sound corporate governance practices that are in the best interest of Shareholders and that contribute to effective and efficient decision-making; (ii) offer competitive compensation to attract, retain and motivate qualified executives to best allow the Company to meet its goals; and (iii) act in the best interests of the Company and the Shareholders through a fiscally prudent approach.

Guided by these objectives and principles, the CNG Committee annually reviews, approves and recommends to the Board for approval the remuneration of the senior executives of the Company, namely, any executives in the offices (as applicable) of the CEO, President, CFO, Chief Strategy Officer, General Counsel, Chief Operating Officer, Vice Presidents and any senior executives of the Company having comparable positions as may be specified by the Board (collectively, the "**Senior Executives**"), including the various elements of Senior Executive remuneration. The remuneration of the Senior Executives other than the CEO is reviewed by the CNG Committee in consultation with the CEO, and is designed to reward both individual and corporate performance as described below.

### **Compensation Consultants**

The CNG Committee may periodically engage a third-party consultant to review and advise the CNG Committee on Senior Executive and director compensation, including a compensation peer review.

On April 1, 2019, the CNG Committee engaged Gallagher Benefit Services (Canada) Group Inc. ("**Gallagher**"), a third-party compensation consultant. During Fiscal 2020, Gallagher assisted the Board with determining the compensation of the Company's directors and Senior Executives. Its mandate included working with the Board to

develop an executive compensation philosophy, setting an approach to benchmarking Senior Executive and director compensation, the development of an annual incentive structure, and advising on equity-based compensation. In addition, Gallagher’s benefits division works with the Company’s management on its group benefits program.

On November 14, 2019, the CNG Committee engaged Hugessen Consulting (“**Hugessen**” and, together with Gallagher, the “**Compensation Consultants**”), a third-party compensation consultant, to provide independent advice on the competitiveness and effectiveness of the Company’s compensation programs for its Senior Executives. In fulfilling its mandate, Hugessen (i) conducted comprehensive reviews of the Company’s compensation practices, plans and policies, including its incentive plans, (ii) provided compensation research and data, and education on emerging trends and best practices, (iii) assisted with the development of compensation peer groups and the performance of an in-depth compensation peer review, and (iv) provided recommendations regarding Senior Executive compensation on a go-forward basis, including with respect to the RSU Plan and LTIP and the terms of the awards to be granted thereunder. Hugessen does not provide any services directly to management of the Company.

Each of the Compensation Consultants is independent of management and all work conducted by the Compensation Consultants was pre-approved by the CNG Committee. The CNG Committee took the reports and recommendations of the Compensation Consultants into consideration when assessing director and Senior Executive compensation, but ultimately made its own decisions and recommendations for the Board to approve.

### **Executive Compensation – Related Fees**

The aggregate fees billed by each of the Compensation Consultants for all services provided in connection with their reviews in Fiscal 2020 and the financial year ended March 31, 2019 (“**Fiscal 2019**”) were as follows:

#### *Gallagher*

| <b>Fiscal Year</b> | <b>Compensation-Related Fees</b> | <b>All Other Fees</b> |
|--------------------|----------------------------------|-----------------------|
| 2020               | \$24,295                         | Nil                   |
| 2019               | Nil                              | Nil                   |

#### *Hugessen*

| <b>Fiscal Year</b> | <b>Compensation-Related Fees</b> | <b>All Other Fees</b> |
|--------------------|----------------------------------|-----------------------|
| 2020               | \$44,838                         | Nil                   |
| 2019               | Nil                              | Nil                   |

### **How the Company Determines Compensation**

#### The Role of the Compensation, Nominating and Governance Committee

The CNG Committee is responsible for, among other things, reviewing and making recommendations to the Board with respect to the remuneration of the Senior Executives and directors of the Company. In doing so, the CNG Committee may use information gathered from an independent compensation consultant, if engaged, a comparison of the Company’s remuneration policies with the remuneration practices of its peers in the cannabis and financial services industries with a similar market capitalization to the Company, its own assessment of individual and corporate performance, and feedback from the CEO in order to establish compensation strategies for the Senior Executives. The CNG Committee also reviews, approves and recommends to the Board for approval and administers the Company’s share-based compensation plans, including the Company’s amended and restated option plan (the “**Option Plan**”), the RSU Plan and the LTIP. The compensation of all of the Senior Executives is reviewed annually by the CNG Committee and is subject to review and approval by the Board. The Board has the ultimate discretion to increase or decrease any and all elements of compensation for the Senior Executives.

With respect to employees below the level of the Senior Executives, the CEO, in consultation with the CFO and the respective Senior Executive responsible for each employee’s functional area, has the authority to approve

compensation strategies. However, the CNG Committee is responsible for recommending actions to the Board related to other aspects of these employees' compensation, such as bonus plans and grants pursuant to the Option Plan and LTIP.

During Fiscal 2020, the Board accepted all of the recommendations of the CNG Committee. The CNG Committee has full discretion to adopt or alter management recommendations or to consult its own external advisors. The CNG Committee believes it is important to follow appropriate governance practices in carrying out its responsibilities with respect to the development and administration of executive compensation and benefit programs. Governance practices followed by the CNG Committee include holding *in-camera* sessions without management present and, when necessary, obtaining advice from external consultants.

### The Role of Management

Mr. Alexandrian, the President and CEO of the Company, plays an important role in the compensation decision-making process for other Senior Executives. The CNG Committee engages in active discussions with Mr. Alexandrian regarding the determination of performance objectives, including individual performance objectives, for other Senior Executives, and whether, and to what extent, objectives for the previous year have been achieved for those individuals. Mr. Alexandrian also submits a self-assessment of his own individual performance objectives and/or results achieved to the CNG Committee.

Mr. Alexandrian makes recommendations to the CNG Committee regarding the amount and type of compensation awards for other Senior Executives. Other than individual and corporate goal setting and performance benchmarking, Mr. Alexandrian does not engage in discussions with the CNG Committee regarding his own compensation. The CNG Committee makes its own determination regarding Mr. Alexandrian's compensation, including his entitlement to be paid an annual long or short-term incentive bonus, guided by an assessment of whether the Company met or exceeded its corporate performance objectives for the year in question and Mr. Alexandrian's success in meeting his individual performance objectives. The CNG Committee then makes a recommendation to the Board with respect to Mr. Alexandrian's compensation.

The CNG Committee has *in-camera* discussions to complete an independent assessment of the performance of Mr. Alexandrian and the other Senior Executives, the latter of which is informed by Mr. Alexandrian's recommendations and input. The CNG Committee then determines the overall individual performance rating for Mr. Alexandrian, and provides feedback with respect to Mr. Alexandrian's recommendations regarding the compensation of the other Senior Executives, and considers this before making a recommendation to the Board on Senior Executive compensation.

### Peer Groups

In order to assist the CNG Committee in determining the key elements and the level of compensation for Senior Executives and directors, the CNG Committee considers Senior Executive and director compensation in comparison to broad peer groups of companies, with an emphasis on the cannabis and financial services industries. This process helps the CNG Committee ensure that Senior Executive and director compensation and benefits packages, as applicable, are competitive and aligned with those companies in its peer groups.

During Fiscal 2020, the CNG Committee worked with Hugessen to develop peer groups for the Company for Senior Executive compensation benchmarking purposes. The Company's peer groups for Fiscal 2020 were selected based on the following criteria:

- **Geographic location** – including companies with Canadian headquarters;
- **Size** – using market capitalization (at the time of the review) as the primary size scoping criteria; and
- **Industry** – one peer group focused on publicly-traded cannabis companies and the other on financial services companies.

Based on the above criteria, the CNG Committee considered the following issuers to be part of the Company's peer groups for purposes of its Fiscal 2020 Senior Executive compensation peer review:

| <b>Peer Groups for Fiscal 2020 Compensation</b>   |  |
|---|--|
| <b>Cannabis Issuers</b>   | <b>Financial Services Issuers</b>  |
| <ul style="list-style-type: none"> <li>• HEXO Corp.</li> <li>• Organigram Holdings Inc.</li> <li>• MediPharm Labs Corp.</li> <li>• Auxly Cannabis Group Inc.</li> <li>• The Valens Company Inc.</li> <li>• The Supreme Cannabis Company, Inc.</li> <li>• The Green Organic Dutchman Holdings Ltd.</li> <li>• Aleafia Health Inc.</li> <li>• Australis Capital Inc.</li> <li>• Trichome Financial Corp.</li> </ul> | <ul style="list-style-type: none"> <li>• goeasy Ltd.</li> <li>• Guardian Capital Group Limited</li> <li>• Atrium Mortgage Investment Corporation</li> <li>• Senvest Capital Inc.</li> <li>• MCAN Mortgage Corporation</li> <li>• Trisura Group Ltd.</li> <li>• Chesswood Group Limited</li> <li>• VersaBank</li> </ul> |

In its analysis of the appropriate level and components of compensation for the Senior Executives, Hugessen collected and summarized, and the CNG Committee considered the summary of, the compensation practices of the companies noted above. The CNG Committee evaluated competitive pay between the approximate medians and all quartiles of the peer groups.

#### Corporate Performance

On an annual basis, the Board reviews a strategic plan and budget outlining the Company's corporate objectives in line with the Company's key long-term strategies for growth and value creation. The CNG Committee also performs an assessment of the Company's corporate performance, taking into account a number of qualitative and/or quantitative factors, including achievement of financial targets, investment and share price performance and progress on key corporate and strategic initiatives. These quantitative and qualitative objectives are considered by the CNG Committee when making compensation recommendations to the Board for the Senior Executives.

At the end of each financial year, the CNG Committee reviews the results achieved by the Company and discusses them with the CEO. For the purposes of compensation deliberations, the CNG Committee reviews the Company's actual corporate performance relative to an expected level of performance. The Company's overall corporate performance provides context for the CNG Committee's review of individual performance by the Senior Executives.

#### Individual Performance

At the beginning of each fiscal year, each Senior Executive, other than the CEO, sets individual performance objectives in consultation with the CEO, and the CEO sets individual performance objectives in consultation with the CNG Committee. As with the Company's corporate objectives, these individual performance objectives include a combination of quantitative and qualitative measures, and are aimed at advancing the Company's corporate objectives as well as its operating, financial and strategic position in the marketplace for the current and future fiscal years. At the end of each fiscal year, the individual performance of each Senior Executive is evaluated by the CEO and/or CNG Committee, as applicable, against such objectives, and the Senior Executive is assigned an overall individual performance rating that is considered by the CNG Committee when making compensation recommendations to the Board for the Senior Executives.

Each Senior Executive's compensation is also generally considered in relation to other Senior Executives and employees as well as in relation to the compensation practices of the Company's peer group issuers in order to establish compensation levels. The difference between one Senior Executive's compensation to that of another Senior Executive reflects, in part, the difference in their relative responsibilities.

#### Elements of Compensation

The Company's compensation program for the Senior Executives is comprised of the following four primary elements:

- (1) base salary;
- (2) short-term incentives, primarily in the form of an annual performance cash bonus;

- (3) long-term incentives through participation in the Option Plan and LTIP, which are described in this Circular under the headings “*Securities Authorized for Issuance Under Equity Compensation Plans – Option Plan*” and “*Securities Authorized for Issuance Under Equity Compensation Plans – LTIP*”; and
- (4) other perquisites and benefits.

Each element plays a role in meeting the Company’s compensation goals and objectives. The allocation of compensation among these different compensation elements is flexible and is intended to reflect market practice as well as the CNG Committee’s assessment of corporate and individual performance, as described above. The CNG Committee understands that retention of the Senior Executives is critical to business continuity, and the mix of compensation is designed to reward short-term results and motivate long-term performance.

### **Determining Each Element of Compensation**

Each of the four elements of Senior Executive compensation is determined as follows:

#### **Base Salary**

The base salary for each Senior Executive is determined based on his or her responsibilities and individual performance factors, the Company’s overall corporate performance, benchmark data, compensation consultant recommendations, as applicable, and other assessments as determined by the CNG Committee and, for non-CEO Senior Executives, in conjunction with the CEO, and then is recommended to the Board for final approval. Similarly, the CEO, in consultation with the CFO and the respective Senior Executive responsible for each employee’s functional area, take into account other employees’ responsibilities and individual performance factors, the Company’s overall corporate performance and other assessments when determining base salary for other employees.

The base salaries for Senior Executives and other employees are reviewed annually by the CNG Committee or Senior Executives, as applicable, and are generally established at the beginning of the fiscal year. Base salary is considered as a part of the overall compensation package and is intended to attract and adequately remunerate the Senior Executives and other employees for properly fulfilling the minimum requirements of their position. Base salary provides compensation certainty to the Senior Executives and other employees and allows them to make decisions that are beneficial to the Company, or its stakeholders, independent of considering the impact such decisions might have on their compensation that is tied to either short-term or long-term corporate performance.

#### **Short-Term Incentives**

The Company provides short-term incentives to the Senior Executives and other employees through eligibility for annual performance cash bonuses. Each Senior Executive and other employee is eligible to receive a cash bonus which, if applicable, is paid following the determination of the Company’s annual financial results. The annual performance cash bonus for Senior Executives is reviewed and approved by the CNG Committee and then recommended to the Board for final approval.

Corporate performance and individual performance, as described above, are taken into consideration when determining short-term incentives for the Senior Executives. For Fiscal 2020, 40% of the annual performance cash bonus for both the Senior Executives and other employees was allocated to corporate performance and 60% was allocated to individual performance. Annual performance cash bonuses may not be paid if corporate and/or individual performance objectives are not achieved. While annual performance cash bonuses are generally paid if corporate and/or individual performance objectives are achieved, the Board may, in its discretion, determine not to award any annual cash bonuses even if such objectives are achieved. Senior Executives are eligible to receive a cash bonus of up to 100% of their base salaries.

The CNG Committee attempts to align the corporate and individual performance objectives of the Senior Executives with those that the CNG Committee believes will enhance future Shareholder value. In Fiscal 2020, the key corporate performance objectives were based on: achievement of financial targets, investment and share price performance and progress on key corporate and strategic initiatives. Individual performance objectives vary based on the role and responsibilities of each Senior Executive.

From time to time, the CNG Committee may change the Company's corporate performance objectives in order to provide continued incentives to Senior Executives and other employees throughout the year, if it becomes clear that these objectives as originally outlined are unachievable as a result of external factors beyond the control of the Senior Executives.

### Long-Term Incentives

Long-term incentives for Senior Executives are reviewed and approved by the CNG Committee and then recommended to the Board for final approval. Historically, the Company provided long-term incentive compensation to the Senior Executives and other employees by granting options under the Option Plan. However, no options were granted to Senior Executives during Fiscal 2020, other than options granted as part of Fiscal 2019 compensation and options granted to Mr. Alexandrian in connection with his appointment as CEO.

In the past, the Board has determined that the grant of options to Senior Executives and other employees pursuant to the Option Plan may be desirable insofar as it encourages the attraction and retention of both current and potential employees and Senior Executives by affording them the opportunity to acquire a proprietary interest in the Company. Options tie pay to performance because the value of the options when they vest is based solely on the Subordinated Voting Share price at that time. Accordingly, declines in Subordinated Voting Share price have a negative impact on compensation, while increases have a positive impact. In addition, the three-year annual vesting period for options typically used by the Company in connection with the grant of options serves as a retention tool for the Senior Executives and other employees. If the LTIP receives final TSX and Shareholder approval, the Company intends to cease issuing options pursuant to the Option Plan and to instead only issue options pursuant to the LTIP going forward.

The Board has also determined that the grant of PSUs and other awards to Senior Executives and other employees pursuant to the LTIP may be desirable insofar as it encourages the attraction and retention of both current and potential employees and Senior Executives by affording them a proprietary interest in the Company. PSUs tie pay to performance because the value of the PSUs is based on the Subordinated Voting Share price and the number of PSUs that will be eligible to vest on a vesting date may be adjusted upwards based on the Subordinated Voting Share price performance between the grant date and the vesting date. Accordingly, declines in Subordinated Voting Share price have a negative impact on compensation, while increases have a positive impact. In addition, the three-year annual vesting period for the PSUs issued to the NEOs as part of their compensation for Fiscal 2021 (as defined herein), as well as the other vesting conditions that may be set out in the award agreement for other awards granted to Senior Executives and other employees pursuant to the LTIP, serves as a retention tool for the Senior Executives and other employees.

For a more detailed description of the considerations involved in granting options and PSUs, see "*Option-Based Awards*" and "*PSU Awards*" below.

### Other Perquisites and Benefits

The Company provides a benefit plan to its Senior Executives, which includes health, medical and insurance benefits, along with a health spending account and wellness benefit. The Company believes its benefits program is reasonable and consistent with its overall executive compensation program and is based on competitive market practices. These perquisites are afforded to all employees of the Company.

### Compensation Plan Changes for Fiscal 2021

The Company has implemented the following compensation changes for the financial year ended March 31, 2021 ("**Fiscal 2021**"):

(1) Base Salary:

- No changes were made to the NEOs' base salaries for Fiscal 2021.

(2) Short-Term Incentives:

- For Fiscal 2021, 75% of the NEOs' annual cash bonuses will be allocated to corporate performance, including 25% allocated to the achievement of the Company's targeted normalized operating expense



budget and 50% allocated to specific performance targets relating to the trading price of the Subordinated Voting Shares during Fiscal 2021, and 25% will be allocated to individual performance. Subject to the discretion of the Board, if the Company does not achieve its targeted normalized operating expense budget, no annual cash bonuses will be payable to the NEOs for Fiscal 2021. No other changes were made to the Company's short-term incentives, which will continue to be based on the NEOs' responsibilities, individual and overall corporate performance during the year, benchmark data, the recommendation of a compensation consultant, if applicable, and the assessment of such individuals as determined by the CNG Committee and, for non-CEO Senior Executives, in conjunction with the CEO.

(3) Long-Term Incentives:

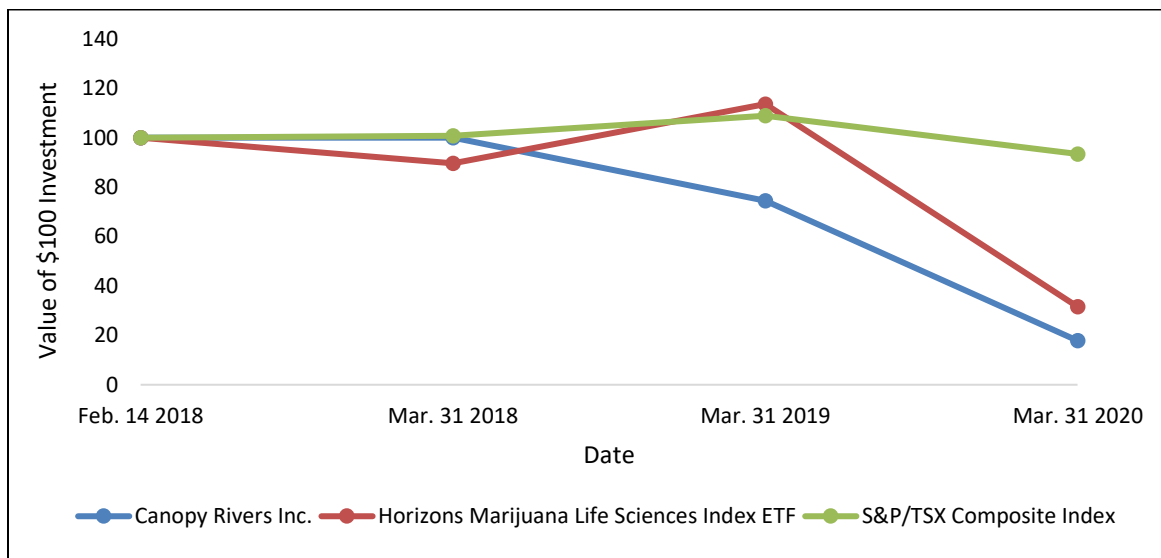
- Subject to final TSX and Shareholder approval of the LTIP, the Company has granted PSUs pursuant to the LTIP to the NEOs as part of their long-term incentive compensation for Fiscal 2021. If the LTIP receives final TSX and Shareholder approval, the Company intends to cease issuing options pursuant to the Option Plan, and expects that any options and other awards will be issued pursuant to the LTIP going forward. No other changes were made to the Company's long-term incentives, which will continue to be based on the NEOs' responsibilities, individual and overall corporate performance during the year, benchmark data, the recommendation of a compensation consultant, if applicable, and the assessment of such individuals as determined by the CNG Committee and, for non-CEO Senior Executives, in conjunction with the CEO.

(4) Other Perquisites and Benefits:

- No changes were made to perquisites and benefits for Fiscal 2021.

**Performance Graph**

The following graph compares the total cumulative Shareholder return for \$100 invested in Subordinated Voting Shares with (i) the S&P/TSX Composite Index and (ii) the Horizons Marijuana Life Sciences Index ETF, in each case for the period commencing February 14, 2018 and ending March 31, 2020, assuming the reinvestment of all dividends.



|  | <b>Feb. 14,<br/>2018<sup>(1)</sup></b> | <b>Mar. 31,<br/>2018</b> | <b>Mar. 31,<br/>2019</b> | <b>Mar. 31,<br/>2020</b> |
|--|--|--------------------------|--------------------------|--------------------------|
| Canopy Rivers Inc.                         | 100                                    | 100                      | 74.50                    | 17.83                    |
| S&P/TSX Composite Index                    | 100                                    | 100.70                   | 108.87                   | 93.40                    |
| Horizons Marijuana Life Sciences Index ETF | 100                                    | 89.63                    | 113.58                   | 31.58                    |

Notes:

(1) Share data for February 14, 2018 is for AIM2 Ventures Inc., a predecessor of the Company. Share data for March 2018, 2019 and 2020 is for the Company and accounts for the Consolidation (as defined herein).

The Company completed the Qualifying Transaction on September 17, 2018. In connection with the Qualifying Transaction, the Company filed articles of amendment to affect a consolidation (the “**Consolidation**”) of the outstanding common shares of the Company (the “**Common Shares**”) on the basis of one post-Consolidation Common Share for every 26.565 pre-Consolidation Common Shares. The Company also changed its authorized share capital to create the Subordinated Voting Shares and the Multiple Voting Shares, and to re-designate each outstanding post-Consolidation Common Share as a Subordinated Voting Share.

During Fiscal 2019 and Fiscal 2020, the cannabis market experienced considerable volatility. Share prices across the cannabis industry declined amid increased competition and a slower-than-expected development of the Canadian cannabis market, specifically relating to the limited roll-out of retail distribution in highly populated areas. Although the NEOs’ base salaries increased in Fiscal 2019 and Fiscal 2020 as the Company grew and aimed to better align its compensation practices with its peers based on benchmark data and advice from the Compensation Consultants, the overall value of NEO compensation decreased during Fiscal 2019 and Fiscal 2020, as the economic value of the security-based compensation received by NEOs declined with the Company’s share price. See “*Executive Compensation – Incentive Plan Awards*” below for a summary of the economic value of the NEOs’ security-based compensation as at March 31, 2020.

**Option-Based Awards**

Option holders only benefit if the market value of the Subordinated Voting Shares at the time of option exercise is greater than the exercise price of the options at the time of grant. For a detailed description of the Option Plan and the LTIP, see “*Securities Authorized for Issuance Under Equity Compensation Plans – Option Plan*” and “*Securities Authorized for Issuance Under Equity Compensation Plans – LTIP*”.

The granting of options and their vesting periods are recommended by the CNG Committee and approved by the Board. The CNG Committee considers a number of factors prior to the grant of options including, but not limited to, individual and corporate performance, an individual’s level of responsibility within the Company, previous award grants and the individual’s position, ongoing responsibilities, overall compensation and prevailing market conditions and the recommendation of a compensation consultant, if applicable. The CEO and, when requested, the Senior Executives, are instrumental in making recommendations to the CNG Committee regarding options granted to other employees. In the context of the Company’s evolving compensation philosophy, policies and practices, the CNG Committee reviews the criteria for granting options during its ongoing review of the Company’s compensation philosophy, policies and practices.

**PSU Awards**

The benefit to be received by holders of PSUs will generally be based on the Subordinated Voting Share price, such that the more the Subordinated Voting Share price increases, the greater the benefit will be to the holder. For a detailed description of the PSUs, see “*Securities Authorized for Issuance Under Equity Compensation Plans – LTIP*”.

The granting of PSUs and their vesting periods and performance conditions are recommended by the CNG Committee and approved by the Board. The CNG Committee considers a number of factors prior to the grant of PSUs including, but not limited to, individual and corporate performance, an individual’s level of responsibility within the Company, previous grants of securities and the individual’s position, ongoing responsibilities, overall compensation, prevailing market conditions and the recommendation of a compensation consultant, if applicable. The CEO and, when requested, the Senior Executives, are instrumental in making recommendations to the CNG Committee regarding PSUs granted to other employees. In the context of the Company’s evolving compensation philosophy, policies and practices, the

CNG Committee will review the criteria for granting PSUs during its ongoing review of the Company's compensation philosophy, policies and practices.

### **Compensation Risk**

The CNG Committee has not formally considered the implications of the risks associated with the Company's compensation policies or practices. However, when setting compensation levels, the Board and CNG Committee seek to alleviate risk by having a balance of short-term and long-term compensation. For example, options typically do not vest immediately, which allows for continued appreciation over the term of the options. As a part of reviewing compensation levels, the Board and CNG Committee seek an appropriate balance of base salary, variable pay opportunities based on the achievement of individual and corporate performance objectives, options grants and PSU grants to balance the short-term and long-term interests of the Company by tying compensation to the achievement of the business objectives of the Company, while also ensuring that the Senior Executives and certain other employees of the Company have sufficient equity exposure to align their interests with the interests of Shareholders.

The Company believes that the compensation policies it has established reflect an appropriate mixture of guaranteed compensation, incentive-based compensation through short-term and long-term incentive plans and risk mitigation. The CNG Committee currently believes that its compensation policies and practices will not lead to inappropriate or excessive risk taking on the part of the Senior Executives or other employees of the Company.

### **Financial Instruments**

Pursuant to the Company's Corporate Disclosure and Insider Trading Policy, the Senior Executives and certain other employees are prohibited from selling securities of the Company short or selling a call option or buying a put option in respect of securities of the Company or any of its affiliates or engaging in any other transaction to synthetically monetize securities of the Company. To the Company's knowledge, no Senior Executive or director of the Company has entered into or purchased any such financial instruments.

## **SUMMARY COMPENSATION TABLE**

The following table sets forth the compensation earned by each NEO for the Company's last three completed fiscal years:

| Summary Compensation Table  |                      |                        |                    |                                    |  |                           |                              |                                       |                    |
|---|----------------------|------------------------|--------------------|------------------------------------|--|---------------------------|------------------------------|---------------------------------------|--------------------|
| Name and Principal Position   | Year <sup>(2)</sup>  | Salary                 | Share-Based Awards | Option-Based Awards <sup>(1)</sup> | Non-Equity Incentive Plan Compensation |                           | Pension Value <sup>(4)</sup> | All Other Compensation <sup>(5)</sup> | Total Compensation |
|   |                      |                        |                    |                                    | Annual Incentive Plans <sup>(3)</sup>  | Long-Term Incentive Plans |                              |                                       |                    |
|   |                      | (\$)                   | (\$)               | (\$)                               | (\$)                                   | (\$)                      | (\$)                         | (\$)                                  | (\$)               |
| <b>Narbe Alexandrian</b> ,<br>President and CEO <sup>(6)</sup>                            | 2020 <sup>(8)</sup>  | 360,000 <sup>(7)</sup> | Nil                | 1,262,091                          | Nil                                    | Nil                       | Nil                          | Nil                                   | 1,622,091          |
|   | 2019 <sup>(8)</sup>  | 111,205                | Nil                | 458,044                            | 120,329                                | Nil                       | Nil                          | 75,000                                | 764,579            |
|   | 2018                 | Nil                    | Nil                | Nil                                | Nil                                    | Nil                       | Nil                          | Nil                                   | Nil                |
| <b>Bruce Linton</b> ,<br>Former CEO,<br>director and Chair<br>of the Board <sup>(9)</sup> | 2020                 | 1                      | Nil                | 141,599                            | Nil                                    | Nil                       | Nil                          | Nil                                   | 141,600            |
|   | 2019                 | 1                      | Nil                | 415,598                            | Nil                                    | Nil                       | Nil                          | Nil                                   | 415,599            |
|   | 2018                 | Nil                    | Nil                | 26,983                             | Nil                                    | Nil                       | Nil                          | Nil                                   | 26,983             |
| <b>Edward Lucarelli</b> ,<br>CFO <sup>(10)</sup>  | 2020                 | 300,000 <sup>(7)</sup> | Nil                | 357,257                            | Nil                                    | Nil                       | Nil                          | Nil                                   | 657,257            |
|   | 2019                 | 165,000                | Nil                | 284,150                            | 150,000                                | Nil                       | Nil                          | Nil                                   | 599,150            |
|   | 2018 <sup>(11)</sup> | 9,493                  | Nil                | 17,936                             | Nil                                    | Nil                       | Nil                          | Nil                                   | 27,429             |
|   | 2020                 | 299,000 <sup>(7)</sup> | Nil                | 267,112                            | Nil                                    | Nil                       | Nil                          | Nil                                   | 566,112            |

**Summary Compensation Table**

| Name and Principal Position   | Year <sup>(2)</sup>  | Salary                  | Share-Based Awards | Option-Based Awards <sup>(1)</sup> | Non-Equity Incentive Plan Compensation |                           | Pension Value <sup>(4)</sup> | All Other Compensation <sup>(5)</sup> | Total Compensation |
|---|----------------------|-------------------------|--------------------|------------------------------------|--|---------------------------|------------------------------|---------------------------------------|--------------------|
|   |                      |                         |                    |                                    | Annual Incentive Plans <sup>(3)</sup>  | Long-Term Incentive Plans |                              |                                       |                    |
|   |                      |                         |                    |                                    | (\$)                                   | (\$)                      |                              |                                       |                    |
| <b>Olivier Dufourmantelle</b> ,<br>Chief Operating Officer <sup>(12)</sup>        | 2019 <sup>(13)</sup> | 193,890 <sup>(14)</sup> | Nil                | 259,749                            | 90,000 <sup>(14)</sup>                 | Nil                       | Nil                          | Nil                                   | 543,639            |
|   | 2018                 | Nil                     | Nil                | 16,865                             | Nil                                    | Nil                       | Nil                          | Nil                                   | 16,865             |
| <b>Matt Mundy</b> ,<br>Chief Strategy Officer and General Counsel <sup>(15)</sup> | 2020                 | 280,000 <sup>(7)</sup>  | Nil                | 312,574                            | Nil                                    | Nil                       | Nil                          | Nil                                   | 592,574            |
|   | 2019 <sup>(16)</sup> | 136,767                 | Nil                | 198,694                            | 128,219                                | Nil                       | Nil                          | 10,000                                | 473,681            |
|   | 2018                 | Nil                     | Nil                | Nil                                | Nil                                    | Nil                       | Nil                          | Nil                                   | Nil                |

**Notes:**

- (1) This value represents the systematic recognition of the grant date fair value of the equity instruments granted (derived using the Black-Scholes methodology) over the applicable vesting period, consistent with the value and corresponding expense calculated for accounting purposes. The key inputs and assumptions used in fair valuing the options include the exercise and share prices on the date of grant (ranging from \$0.60 to \$4.35), expected volatility (ranging from 70% to 100%) and expected option life (ranging from 3.0 years to 5.0 years). Note that for accounting purposes, Mr. Linton's and certain of Mr. Dufourmantelle's options are re-measured each reporting period, as these options were granted to Mr. Linton and Mr. Dufourmantelle in their capacities as consultants of the Company before their employment with the Company formally commenced. This value does not reflect the economic value of the option-based awards provided to the NEOs as at March 31, 2020. An indication of the value of these awards as at March 31, 2020 is presented in the tables below under "Executive Compensation - Incentive Plan Awards".
- (2) Fiscal 2018 covers the financial period from April 26, 2017 to March 31, 2018. Fiscal 2019 covers the financial period from April 1, 2018 to March 31, 2019. Fiscal 2020 covers the financial period from April 1, 2019 to March 31, 2020.
- (3) Annual incentive plan amounts represent annual cash bonuses awarded in accordance with the Company's compensation practices and policies. No annual cash bonuses were paid to the NEOs in respect of Fiscal 2020.
- (4) The Company currently does not have a defined benefit plan or a defined contribution plan.
- (5) "All other compensation" for Fiscal 2020 was nil. "All other compensation" for Fiscal 2019 includes (i) \$75,000 awarded to Mr. Alexandrian as a promotion bonus upon his appointment as President of the Company; and (ii) \$10,000 awarded to Mr. Mundy as a signing bonus upon commencement of his employment with CRC PrivateCo.
- (6) Mr. Alexandrian was appointed as the Vice President, Business Development of the Company upon completion of the Qualifying Transaction on September 17, 2018. Prior to completion of the Qualifying Transaction, Mr. Alexandrian served as the Vice President, Business Development of CRC PrivateCo from July 30, 2018 until completion of the Qualifying Transaction. Mr. Alexandrian was appointed as President of the Company on January 17, 2019 and as President and CEO of the Company on May 22, 2019. Mr. Alexandrian does not receive any compensation in his capacity as a director of the Company.
- (7) Salary amounts for Fiscal 2020 include salary increases that were recommended by the CNG Committee following a review of the NEOs' base salaries for Fiscal 2020 and approved by the Board.
- (8) Mr. Alexandrian's compensation for Fiscal 2019 was only for a portion of the fiscal year, as he joined CRC PrivateCo on July 30, 2018, and was for several different roles, as he served as the Vice President, Business Development of CRC PrivateCo and then of the Company until his appointment as President of the Company on January 17, 2019. Mr. Alexandrian's compensation for Fiscal 2020 was also for several different roles, as he served as President of the Company until his appointment as President and CEO of the Company on May 22, 2019.
- (9) Mr. Linton was appointed as the CEO of the Company and as a director and Chair of the Board upon completion of the Qualifying Transaction on September 17, 2018. Prior to completion of the Qualifying Transaction, Mr. Linton served as the CEO of CRC PrivateCo from CRC PrivateCo's inception on April 26, 2017 until completion of the Qualifying Transaction. Mr. Linton resigned as CEO of the Company on May 22, 2019 and as a director and Chair of the Board on July 2, 2019. Mr. Linton did not receive any compensation in his capacity as a director of the Company.
- (10) Mr. Lucarelli was appointed as the CFO of the Company upon completion of the Qualifying Transaction on September 17, 2018. Prior to completion of the Qualifying Transaction, Mr. Lucarelli served as the CFO of CRC PrivateCo from March 12, 2018 until completion of the Qualifying Transaction.
- (11) Mr. Lucarelli's compensation for Fiscal 2018 was only for a portion of the fiscal year, as he joined CRC PrivateCo as the CFO on March 12, 2018.
- (12) Mr. Dufourmantelle was appointed as the Chief Operating Officer of the Company upon completion of the Qualifying Transaction on September 17, 2018. Prior to completion of the Qualifying Transaction, Mr. Dufourmantelle served as the Chief Operating Officer of CRC PrivateCo from April 30, 2018 until completion of the Qualifying Transaction.
- (13) Mr. Dufourmantelle's compensation for Fiscal 2019 was only for a portion of the fiscal year, as he joined CRC PrivateCo as the Chief Operating Officer on April 30, 2018.

- (14) Pursuant to an agreement with CGC, the Company was reimbursed an amount equal to 50% of Mr. Dufourmantelle’s base salary and annual non-equity incentive plan compensation by CGC for Fiscal 2019.
- (15) Mr. Mundy was appointed as the General Counsel and Corporate Secretary of the Company upon completion of the Qualifying Transaction on September 17, 2018. Prior to completion of the Qualifying Transaction, Mr. Mundy served as the General Counsel and Corporate Secretary of CRC PrivateCo from May 23, 2018 until completion of the Qualifying Transaction. Mr. Mundy was appointed as Chief Strategy Officer and General Counsel of the Company on June 19, 2020.
- (16) Mr. Mundy’s compensation for Fiscal 2019 was only for a portion of the fiscal year, as he joined CRC PrivateCo as the General Counsel and Corporate Secretary on May 23, 2018.

## INCENTIVE PLAN AWARDS

### Outstanding Option-Based Awards

The following table sets forth details of all option-based awards that were outstanding for each NEO as of March 31, 2020:

| Name                        | Option-Based Awards                                 |                       |                        |  |
|-----------------------------|---|-----------------------|------------------------|--|
|                             | Number of securities underlying unexercised options | Option exercise price | Option expiration date | Value of unexercised in-the-money options <sup>(1)</sup> |
|                             | (#)   | (\$)                  |                        | (\$)   |
| Narbe Alexandrian           | 500,000   | 3.50                  | July 30, 2023          | Nil  |
|                             | 400,000   | 4.35                  | January 17, 2024       | Nil  |
|                             | 491,500   | 3.87                  | June 13, 2024          | Nil  |
| Bruce Linton <sup>(2)</sup> | 200,000   | 0.60                  | December 4, 2022       | 60,000   |
| Edward Lucarelli            | 900,000   | 1.10                  | February 23, 2023      | Nil  |
|                             | 241,500   | 3.87                  | June 13, 2024          | Nil  |
| Olivier Dufourmantelle      | 125,000   | 0.60                  | December 4, 2022       | 37,500   |
|                             | 230,000   | 3.87                  | June 13, 2024          | Nil  |
| Matthew Mundy               | 700,000   | 1.10                  | April 25, 2023         | Nil  |
|                             | 200,000   | 3.87                  | June 13, 2024          | Nil  |

Notes:

- (1) Calculated by multiplying the difference between the closing price of the Subordinated Voting Shares on the TSX on March 31, 2020, which was \$0.90, and the option exercise price by the number of unexercised, in-the-money options, regardless of whether or not the options have vested. Where the difference is negative, the options are not “in-the-money” and no value is ascribed. These granted options may or may not ever be exercised. Whether granted options are exercised or not will be based primarily, but not singularly, on the Company’s future stock price and whether the granted options become “in-the-money”.
- (2) Mr. Linton resigned as CEO of the Company on May 22, 2019 and as a director and Chair of the Board on July 2, 2019. In accordance with the terms of the Option Plan, the Board approved the accelerated vesting of Mr. Linton’s unvested options as of July 2, 2019 and the extension of the expiry date for Mr. Linton’s outstanding options to their original expiry date of December 4, 2022.

### Outstanding Share-Based Awards

The following table sets forth details of all share-based awards that were outstanding for each NEO as of March 31, 2020:

| Name                              | Share-Based Awards                                       |   |   |
|-----------------------------------|--|---|---|
|                                   | Number of shares or units of shares that have not vested | Market or payout value of share-based awards that have not vested | Market or payout value of vested share-based awards not paid out or distributed |
|                                   | (#)  | (\$)  | (\$)  |
| <b>Narbe Alexandrian</b>          | Nil  | N/A   | N/A   |
| <b>Bruce Linton<sup>(1)</sup></b> | Nil  | N/A   | N/A   |
| <b>Edward Lucarelli</b>           | Nil  | N/A   | N/A   |
| <b>Olivier Dufourmantelle</b>     | Nil  | N/A   | N/A   |
| <b>Matthew Mundy</b>              | Nil  | N/A   | N/A   |

Notes:

(1) Mr. Linton resigned as CEO of the Company on May 22, 2019 and as a director and Chair of the Board on July 2, 2019.

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

The following table sets forth, for each NEO, the value of option and share-based awards that vested during Fiscal 2020 and the value of non-equity incentive plan compensation earned during Fiscal 2020:

| Name                              | Option-based awards – Value vested during the year <sup>(1)</sup> | Share-based awards – Value vested during the year | Non-equity incentive plan compensation – Value earned during the year |
|-----------------------------------|---|---|---|
|                                   | \$  | \$  | \$  |
| <b>Narbe Alexandrian</b>          | Nil   | Nil   | Nil   |
| <b>Bruce Linton<sup>(2)</sup></b> | 20,000  | Nil   | Nil   |
| <b>Edward Lucarelli</b>           | Nil   | Nil   | Nil   |
| <b>Olivier Dufourmantelle</b>     | 12,500  | Nil   | Nil   |
| <b>Matthew Mundy</b>              | Nil   | Nil   | Nil   |

Notes:

(1) Calculated by multiplying the difference between the closing price of the Subordinated Voting Shares on the TSX on March 31, 2020, which was \$0.90, and the option exercise price by the number of options that vested during the year. Where the difference is negative, the options are not “in-the-money” and no value is ascribed. These granted options may or may not ever be exercised. Whether granted options are exercised or not will be based primarily, but not singularly, on the Company’s future stock price and whether the granted options become “in-the-money”.

(2) Mr. Linton resigned as CEO of the Company on May 22, 2019 and as a director and Chair of the Board on July 2, 2019. In accordance with the terms of the Option Plan, the Board approved the accelerated vesting of Mr. Linton’s unvested options as of July 2, 2019 and the extension of the expiry date for Mr. Linton’s outstanding options to their original expiry date of December 4, 2022.

For a detailed description of the Option Plan see “*Securities Authorized for Issuance Under Equity Compensation Plans – Option Plan*”.

### **PENSION PLAN BENEFITS**

No benefits were paid and no benefits are proposed to be paid to any of the NEOs under any pension or retirement plan.

## MANAGEMENT AGREEMENTS AND TERMINATION AND CHANGE OF CONTROL BENEFITS

### Employee Agreements

The Company has written employment agreements with all of the NEOs. Under these employment agreements, the NEOs are required to work full time for the Company and are eligible to receive equity incentives and performance-based variable pay opportunities. The material terms and conditions of the NEO employment agreements are set out below.

The Company has entered into an employment agreement, as amended, with Narbe Alexandrian governing Mr. Alexandrian's role as President and CEO of the Company (the "**Alexandrian Employment Agreement**"). The Alexandrian Employment Agreement continues indefinitely, until terminated in accordance with the terms of the agreement. The Alexandrian Employment Agreement includes standard non-competition and non-solicitation provisions during the term of the agreement and for a period of up to 12 months thereafter.

The Company has entered into an employment agreement with Edward Lucarelli governing Mr. Lucarelli's role as CFO of the Company (the "**Lucarelli Employment Agreement**"). The Lucarelli Employment Agreement continues indefinitely, until terminated in accordance with the terms of the agreement. The Lucarelli Employment Agreement includes standard non-competition and non-solicitation provisions during the term of the agreement and for a period of up to 12 months thereafter.

The Company has entered into an employment agreement with Olivier Dufourmantelle governing Mr. Dufourmantelle's role as Chief Operating Officer of the Company (the "**Dufourmantelle Employment Agreement**"). The Dufourmantelle Employment Agreement continues indefinitely, until terminated in accordance with the terms of the agreement. The Dufourmantelle Employment Agreement includes standard non-competition and non-solicitation provisions during the term of the agreement and for a period of 12 months thereafter.

The Company has entered into an employment agreement with Matthew Mundy governing Mr. Mundy's role as Chief Strategy Officer and General Counsel of the Company (the "**Mundy Employment Agreement**"). The Mundy Employment Agreement continues indefinitely, until terminated in accordance with the terms of the agreement. The Mundy Employment Agreement includes standard non-competition and non-solicitation provisions during the term of the agreement and for a period of up to 12 months thereafter.

Mr. Linton resigned as CEO of the Company on May 22, 2019, and no payments were made by the Company in connection with Mr. Linton's resignation.

### Estimated Incremental Payments on Termination Without Cause, Change of Control, All Other Termination

#### *Termination Without Cause*

Each of the Alexandrian Employment Agreement, the Lucarelli Employment Agreement and the Mundy Employment Agreement provide that if the Company terminates the executive's employment, other than for cause, the executive is entitled to (i) nine months' notice or salary in lieu thereof, plus one month for every year and part year that the executive has been employed by the Company (subject to a maximum of 18 months), plus (ii) the average annual bonus actually paid to the executive with respect to the two completed years preceding the date of termination. In addition, if the Company terminates the employment of Messrs. Alexandrian, Lucarelli or Mundy other than for cause, all of their unvested options will vest immediately.

The Dufourmantelle Employment Agreement provides that if the Company terminates the executive's employment, other than for cause, the executive is entitled to (i) six months' notice or salary in lieu thereof, plus one month for every year and part year that the executive has been employed by the Company (subject to a maximum of 18 months), plus (ii) the average annual bonus actually paid to the executive with respect to the two completed years preceding the date of termination. Mr. Dufourmantelle's options are governed by the terms of the Option Plan in the event of his termination. See "*Securities Authorized for Issuance Under Equity Compensation Plans – Option Plan.*"

### *Payment on Termination Without Cause*

The following table provides details regarding the estimated incremental payments from the Company to each of the currently employed NEOs in the event of termination without cause, assuming that such termination was effective on March 31, 2020.

| Name                          | Severance Period | Cash Termination Payment | Cash Payment for Pro-Rated Bonus/Other | Accelerated Vesting of Option-Based Awards(1) | Accelerated Vesting of Share-Based Awards | Total     |
|-------------------------------|------------------|--------------------------|--|---|---|-----------|
|                               | (# of months)    | (\$)                     | (\$)                                   | (\$)  | (\$)                                      | (\$)      |
| <b>Narbe Alexandrian</b>      | 11               | 450,329                  | Nil                                    | Nil   | Nil                                       | 450,329   |
| <b>Edward Lucarelli</b>       | 12               | 450,000                  | Nil                                    | Nil   | Nil                                       | 450,000   |
| <b>Olivier Dufourmantelle</b> | 8                | 256,667                  | Nil                                    | 12,500  | Nil                                       | 269,167   |
| <b>Matthew Mundy</b>          | 11               | 384,886                  | Nil                                    | Nil   | Nil                                       | 384,886   |
| <b>TOTALS</b>                 | N/A              | 1,541,881                | Nil                                    | 12,500  | Nil                                       | 1,554,382 |

Notes:

- (1) Upon a termination without cause effective March 31, 2020, certain unvested options held by the NEOs on the date of termination would vest. The value attributed to such options was calculated by multiplying the difference between the closing price of the Subordinated Voting Shares on the TSX on March 31, 2020, which was \$0.90, and the option exercise price by the number of unexercised, in-the-money options that would vest.

### *Change of Control*

The Alexandrian Employment Agreement, the Lucarelli Employment Agreement and the Mundy Employment Agreement provide that if (a) the Company terminates the executive's employment, other than for cause, within 12 months following a change of control, or (b) the terms of the executive's employment are materially changed without the express consent of the employee in writing and the executive elects to resign within 12 months of a change of control, the executive is entitled to receive (i) 12 months' notice or salary in lieu thereof, plus one month's salary for every year and part year that the executive has been employed by the Company (subject to a maximum of 18 months), plus (ii) the average annual bonus actually paid to the executive with respect to the two completed years preceding the date of termination. In addition, in the event of a change of control, certain of the unvested options held by Messrs. Alexandrian, Lucarelli or Mundy will vest immediately and others will terminate unless the Board, in its discretion, approves the accelerated vesting of such options.

The Dufourmantelle Employment Agreement does not provide for any payments upon a change of control and all of Mr. Dufourmantelle's options are governed by the terms of the Option Plan. See "*Securities Authorized for Issuance Under Equity Compensation Plans – Option Plan.*"

### *Payment on Change of Control*

The following table provides details regarding the estimated incremental payments from the Company to each of the currently employed NEOs on a change of control, assuming the applicable change of control occurred on March 31, 2020.

| Name                     | Severance Period | Cash Termination Payment | Cash Payment for Pro-Rated Bonus/Other | Accelerated Vesting of Option-Based Awards(1) | Accelerated Vesting of Share-Based Awards | Total   |
|--------------------------|------------------|--------------------------|--|---|---|---------|
|                          | (# of months)    | (\$)                     | (\$)                                   | (\$)  | (\$)                                      | (\$)    |
| <b>Narbe Alexandrian</b> | 14               | 540,329                  | Nil                                    | Nil   | Nil                                       | 540,329 |



| Name                   | Severance Period | Cash Termination Payment | Cash Payment for Pro-Rated Bonus/Other | Accelerated Vesting of Option-Based Awards <sup>(1)</sup> | Accelerated Vesting of Share-Based Awards | Total     |
|------------------------|------------------|--------------------------|--|---|---|-----------|
|                        | (# of months)    | (\$)                     | (\$)                                   | (\$)  | (\$)                                      | (\$)      |
| Edward Lucarelli       | 15               | 525,000                  | Nil                                    | Nil   | Nil                                       | 525,000   |
| Olivier Dufourmantelle | Nil              | Nil                      | Nil                                    | Nil   | Nil                                       | Nil       |
| Matthew Mundy          | 14               | 454,886                  | Nil                                    | Nil   | Nil                                       | 454,886   |
| <b>TOTALS</b>          | N/A              | 1,520,215                | Nil                                    | Nil   | Nil                                       | 1,520,215 |

Notes:

- (1) Upon the termination of certain NEOs other than for cause, within 12 months following a change of control or if the terms of such NEOs' employment are materially changed without the express consent of the NEO in writing and the NEO elects to resign within 12 months of a change of control, certain unvested options held by the NEOs on the date of termination or resignation would vest. The value attributed to such options was calculated by multiplying the difference between the closing price of the Subordinated Voting Shares on the TSX on March 31, 2020, which was \$0.90, and the option exercise price by the number of unexercised, in-the-money options that would vest.

## DIRECTOR COMPENSATION

### Compensation of Directors

Historically, the Company has paid each director that is not a NEO a fee for serving on the Board. Going forward, the Company does not intend to pay director fees to directors that are also NEOs or Board nominees of CGC. It also pays directors a fee for serving as the Chair of certain Board committees. In making recommendations to the Board relating to director compensation for Fiscal 2020, the CNG Committee considered director compensation offered by similar companies, its directors' time commitments, the recommendation of Gallagher, and the risks and responsibilities that the directors of the Company assume.

In Fiscal 2020, each director that was not an NEO received an annual retainer of \$120,000 (the "Annual Retainer") payable in cash, options, RSUs, deferred share units or other forms of security-based compensation approved by the Board, with a maximum of \$60,000 payable in cash. The Chair of the Board, the Lead Director and the Chair of the Audit Committee also received an additional annual cash retainer of \$15,000 and the Chair of the CNG Committee received an additional annual cash retainer of \$10,000, subject to a maximum additional payment to each director of \$15,000. The Chair of the Conflicts Review Committee did not receive an additional annual cash retainer in Fiscal 2020.

During the first quarter of Fiscal 2021, the Board determined to reduce the Annual Retainer by 25% to \$90,000 per year until such time as the Board determines otherwise, payable, at the option of each director, in cash, options, RSUs, deferred share units or such other form of security-based compensation as may be approved by the Board from time to time, with a maximum of \$45,000 payable in cash. In addition, the Board determined to reduce the additional annual cash retainer payable to the Chair of the Board, the Lead Director and the Chair of the Audit Committee by 25% to \$11,250 and to increase the additional annual cash retainer payable to the Chair of the CNG Committee to \$11,250, subject to a maximum additional payment to each director of \$11,250, until such time as the Board determines otherwise. The Chair of the Conflicts Review Committee is not expected to receive an additional annual cash retainer for Fiscal 2021.

### **RSU Awards**

Non-Employee Directors are eligible to receive some or all of their Annual Retainer in the form of RSUs, as noted above. The benefit to be received by holders of RSUs will generally be based on the Subordinated Voting Share price, such that the more the Subordinated Voting Share price increases, the greater the benefit will be to the holder. For a detailed description of the RSUs, see "*Securities Authorized for Issuance Under Equity Compensation Plans – RSU Plan*".

The granting of RSUs and their redemption periods are recommended by the CNG Committee and approved by the Board. The CNG Committee considers a number of factors prior to the grant of RSUs including, but not limited to, director compensation offered by similar companies, its directors' time commitments, the recommendation of a compensation consultant, if applicable, and the risks and responsibilities that the directors of the Company assume. In the context of the Company's evolving compensation philosophy, policies and practices, the CNG Committee will review the criteria for granting RSUs during its ongoing review of the Company's compensation philosophy, policies and practices.

### ***Director Compensation Table***

As of March 31, 2020, the Company had five directors, one of whom was also an NEO. For a description of the compensation paid to Mr. Alexandrian and Mr. Linton, NEOs of the Company who also acted as directors of the Company, during Fiscal 2020, see "Summary Compensation Table". The following table is a summary of compensation paid to the directors of the Company, other than directors who were also NEOs, for Fiscal 2020:

| Name                    | Fees Earned <sup>(1)</sup> | Share-Based Awards <sup>(2)</sup> | Option-Based Awards <sup>(3)</sup> | Non-Equity Incentive Plan Compensation | Pension Value | All Other Compensation | Total   |
|-------------------------|----------------------------|-----------------------------------|------------------------------------|--|---------------|------------------------|---------|
|                         | (\$)                       | (\$)                              | (\$)                               | (\$)                                   | (\$)          | (\$)                   | (\$)    |
| <b>John K. Bell</b>     | 75,000                     | 60,000 <sup>(4)</sup>             | Nil                                | Nil                                    | Nil           | Nil                    | 135,000 |
| <b>Asha Daniere</b>     | 70,000                     | 60,000 <sup>(4)</sup>             | Nil                                | Nil                                    | Nil           | Nil                    | 130,000 |
| <b>Richard Mavrinac</b> | 25,000                     | 110,000 <sup>(5)</sup>            | Nil                                | Nil                                    | Nil           | Nil                    | 135,000 |
| <b>Joseph Mimran</b>    | 60,000                     | 60,000 <sup>(4)</sup>             | Nil                                | Nil                                    | Nil           | Nil                    | 120,000 |

**Notes:**

- (1) All fees awarded, earned, paid, or payable in cash for services as a director, including the cash portion of the Annual Retainer and any Board committee and Chair fees received from the Company.
- (2) The value of each RSU on March 31, 2020, the grant date for the RSUs, was deemed to be \$0.81, being the five-day volume weighted average trading price per Subordinated Voting Share on the TSX for the five trading days immediately preceding the grant date. The RSUs are redeemable in three equal instalments on each of the first three anniversaries of the grant date. All of the Non-Employee Directors of the Company, other than Mr. Mavrinac, received 50% of their Annual Retainer for Fiscal 2020 in the form of RSUs. Mr. Mavrinac received 92% of his Annual Retainer for Fiscal 2020 in the form of RSUs.
- (3) No options were granted to the directors during Fiscal 2020.
- (4) Represents the value ascribed to 73,719 RSUs that were issued to each of Mr. Bell, Ms. Daniere and Mr. Mimran on March 31, 2020.
- (5) Represents the value ascribed to 135,151 RSUs that were issued to Mr. Mavrinac on March 31, 2020.

### **Outstanding Option-Based Awards**

The following table is a summary of option-based awards granted to the directors of the Company, other than directors who were also NEOs, that were outstanding as at March 31, 2020:

| Name                    | Option-Based Awards                                 |                       |                        |  |
|-------------------------|---|-----------------------|------------------------|--|
|                         | Number of securities underlying unexercised options | Option exercise price | Option expiration date | Value of unexercised in-the-money options <sup>(1)</sup> |
|                         | (#)   | (\$)                  |                        | (\$)   |
| <b>John K. Bell</b>     | 200,000   | 0.60                  | December 4, 2022       | 60,000   |
| <b>Asha Daniere</b>     | 75,000  | 3.50                  | July 30, 2023          | Nil  |
| <b>Richard Mavrinac</b> | 75,000  | 3.50                  | July 30, 2023          | Nil  |
| <b>Joseph Mimran</b>    | 75,000  | 3.50                  | July 30, 2023          | Nil  |

**Notes:**

- (1) Calculated by multiplying the difference between the closing price of the Subordinated Voting Shares on the TSX on March 31, 2020, which was \$0.90, and the option exercise price by the number of unexercised, in-the-money options, regardless of whether or not the options have vested. Where the difference is negative, the options are not “in-the-money” and no value is ascribed. These granted options may or may not ever be exercised. Whether granted options are exercised or not will be based primarily, but not singularly, on the Company’s future stock price and whether the granted options become “in-the-money”.

### **Outstanding Share-Based Awards**

The following table is a summary of share-based awards granted to the directors of the Company, other than directors who were also NEOs, that were outstanding as at March 31, 2020:

| Name                    | Share-Based Awards                                       |   |  |
|-------------------------|--|---|--|
|                         | Number of shares or units of shares that have not vested | Market or payout value of share-based awards that have not vested | Market or payout value of vested share-based awards not paid out or distributed <sup>(1)</sup> |
|                         | (#)  | (\$)  | (\$)   |
| <b>John K. Bell</b>     | Nil  | N/A   | 60,000   |
| <b>Asha Daniere</b>     | Nil  | N/A   | 60,000   |
| <b>Richard Mavrinac</b> | Nil  | N/A   | 110,000  |
| <b>Joseph Mimran</b>    | Nil  | N/A   | 60,000   |

Notes:

- (1) The value of each RSU on March 31, 2020, the grant date for the RSUs, was deemed to be \$0.81, being the five-day volume weighted average trading price per Subordinated Voting Share on the TSX for the five trading days immediately preceding the grant date. The RSUs are redeemable in three equal instalments on each of the first three anniversaries of the grant date.

### **Incentive Plan Awards – Value Vested or Earned During Fiscal 2020**

The following table sets forth, for each of the Company’s directors, other than directors who were also NEOs, the value of option and share-based awards that vested during Fiscal 2020, and the value of non-equity incentive plan compensation earned during Fiscal 2020:

| Name                    | Option-based awards – Value vested during the year <sup>(1)</sup> | Share-based awards – Value vested during the year <sup>(2)</sup> | Non-equity incentive plan compensation – Value earned during the year |
|-------------------------|---|--|---|
|                         | (\$)  | (\$)   | (\$)  |
| <b>John K. Bell</b>     | 20,000  | 60,000   | Nil   |
| <b>Asha Daniere</b>     | Nil   | 60,000   | Nil   |
| <b>Richard Mavrinac</b> | Nil   | 110,000  | Nil   |
| <b>Joseph Mimran</b>    | Nil   | 60,000   | Nil   |

Notes:

- (1) Calculated by multiplying the difference between the closing price of the Subordinated Voting Shares on the TSX on March 31, 2020, which was \$0.90, and the option exercise price by the number of options that vested during the year. Where the difference is negative, the options are not “in-the-money” and no value is ascribed. These granted options may or may not ever be exercised. Whether granted options are exercised or not will be based primarily, but not singularly, on the Company’s future stock price and whether the granted options become “in-the-money”.
- (2) The RSUs vested on March 31, 2020, the grant date for the RSUs. The value of each RSU on the grant date was deemed to be \$0.81, being the five-day volume weighted average trading price per Subordinated Voting Share on the TSX for the five trading days immediately preceding the grant date. The RSUs are redeemable in three equal instalments on each of the first three anniversaries of the grant date.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table is a summary of compensation plans under which equity securities of the Company were authorized for issuance as of March 31, 2020:

| Plan Category  | Number of securities to be issued upon exercise of outstanding options, warrants and rights | Weighted average exercise price of outstanding options, warrants and rights | Number of securities remaining available for future issuance under equity compensation plans |
|--|---|---|--|
|  | (#)   | (\$)  | (#)  |
| Equity compensation plans approved by security holders     | 13,066,004 <sup>(1)</sup>   | 2.31  | 6,148,430 <sup>(2)</sup>   |
| Equity compensation plans not approved by security holders | 356,308 <sup>(3)</sup>  | 0.81  | 1,565,135 <sup>(4)</sup>   |
| <b>Total</b>   | 13,422,312 <sup>(5)</sup>   | 2.27  | 7,713,565 <sup>(6)</sup>   |

Notes:

- (1) Represents the number of Subordinated Voting Shares reserved for issuance upon the exercise of outstanding options granted under the Option Plan as of March 31, 2020.
- (2) Represents the maximum number of additional Subordinated Voting Shares remaining available for future issuance under the Option Plan based on 192,144,343 Shares outstanding as of March 31, 2020. If the LTIP is approved at the Meeting, the Company intends to cease issuing options pursuant to the Option Plan and to instead only issue options pursuant to the LTIP going forward.
- (3) Represents the number of Subordinated Voting Shares reserved for issuance upon redemption of outstanding RSUs granted under the RSU Plan as of March 31, 2020.
- (4) Represents the maximum number of additional Subordinated Voting Shares remaining available for future issuance under the RSU Plan based on 192,144,343 Shares outstanding as of March 31, 2020.
- (5) Represents 13,066,004 Subordinated Voting Shares reserved for issuance upon exercise of outstanding options granted under the Option Plan and 356,308 Subordinated Voting Shares reserved for issuance upon redemption of outstanding RSUs granted under the RSU Plan as of March 31, 2020.
- (6) Represents the maximum number of additional Subordinated Voting Shares remaining available for future issuance under the Option Plan and the RSU Plan based on 192,144,343 Shares outstanding as of March 31, 2020.

### Option Plan

The Option Plan was approved by the Board on August 5, 2019 and by Shareholders on September 26, 2019. The purpose of the Option Plan is to provide incentives that attract, retain and motivate the Company’s directors, officers, employees, and other eligible persons whose contributions are important to the future success of the Company, by providing them with the opportunity, through options, to acquire an increased proprietary interest in the Company.

The following is a summary of the material terms of the Option Plan. This summary is qualified in its entirety by reference to the Option Plan, which is attached as Schedule “A” to the management information circular of the Company dated August 6, 2019, which is available under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company’s website at [www.canopyrivers.com/investors](http://www.canopyrivers.com/investors).

If the LTIP receives final TSX and Shareholder approval, the Company intends to cease issuing options pursuant to the Option Plan and to instead only issue options pursuant to the LTIP going forward. All unallocated Subordinated Voting Shares issuable pursuant to the Option Plan will cease to be reserved for issuance under the Option Plan. All outstanding options that were issued pursuant to the Option Plan will continue to be governed by the Option Plan, but upon the expiry or termination of such options, the Subordinated Voting Shares underlying the options will no longer be available for issuance under the Option Plan.

### *Eligibility*

Any senior officer, director, employee, management company employee, consultant, or investor relations person of the Company or its subsidiaries (each as described in the Option Plan and each for the purposes of this section, an “**Eligible Person**”) is eligible to receive options under the Option Plan.

### ***Subordinated Voting Shares Subject to the Option Plan***

The Option Plan provides that the number of Subordinated Voting Shares which may be available for issuance under the Option Plan will not exceed 10% of the total number of Shares issued and outstanding from time to time, calculated at the time of grant, on a non-diluted basis. As at August 5, 2020, the Company had 155,502,725 Subordinated Voting Shares and 36,468,318 Multiple Voting Shares issued and outstanding (on a non-diluted basis). Accordingly, the maximum number of Subordinated Voting Shares available for issuance pursuant to the Option Plan is 19,197,104, being 10% of the number of Shares issued and outstanding.

As at August 5, 2020, there were 12,717,670 options outstanding under the Option Plan. Therefore, 12,717,670 Subordinated Voting Shares may be issued (or 6.6% of the Shares issued and outstanding), leaving a maximum of 6,479,434 Subordinated Voting Shares available for issuance under the Option Plan.

The “burn rate” (calculated by dividing the number of options granted under the Option Plan during the applicable year, by the weighted average number of securities outstanding for the applicable fiscal year) for the Option Plan was 1.1% in Fiscal 2020, 3.9% in Fiscal 2019 and 6.8% in the financial period ended March 31, 2018.

### ***Limits with Respect to Insiders***

- (a) The maximum number of Subordinated Voting Shares which may be reserved for issuance under options granted to Insiders (as defined in the TSX Company Manual) (as a group) under the Option Plan, together with any other of the Company’s previously established and outstanding stock option plans or grants, shall be 10% of the Subordinated Voting Shares issued and outstanding at the time of the grant (on a non-diluted basis); and
- (b) The maximum number of options which may be granted to Insiders (as a group) under the Option Plan, together with any other of the Company’s previously established and outstanding stock option plans or grants, within any 12 month period shall be 10% of the issued Subordinated Voting Shares, calculated on the date an option is granted to any insider (on a non-diluted basis).

### ***Limits with Respect to Consultants and Investor Relations Persons***

- (a) The maximum number of options which may be granted to any one consultant under the Option Plan, together with any other of the Company’s previously established and outstanding stock option plans or grants, within any 12 month period, must not exceed 2% of the issued and outstanding Subordinated Voting Shares, calculated at the date an option is granted to such consultant (on a non-diluted basis); and
- (b) The maximum number of options which may be granted to all investor relations person under the Option Plan, together with any other of the Company’s previously established and outstanding stock option plans or grants, within any 12 month period, must not exceed, in the aggregate, 2% of the issued and outstanding Subordinated Voting Shares, calculated on the date an option granted to any such investor relations person (on a non-diluted basis).

### ***Exercise of Options***

The exercise price of options may not be less than the “market price” (as defined in the Option Plan) of the Subordinated Voting Shares at the time the option is granted, subject to the minimum exercise price allowable by the stock exchange on which the Company’s securities are listed. Subject to the provisions of the Option Plan and the particular option, an option may be exercised, in whole or in part, by delivering a written notice of exercise to the Company along with payment in cash or certified cheque for the full amount of the purchase price of the Subordinated Voting Shares then being purchased.

### ***Term and Expiry Date***

The period within which options may be exercised and the number of options which may be exercised in any such period are determined by the Board at the time of granting the options provided, however, that the maximum term of any options awarded under the Option Plan is five years from the date of the option grant.

### ***Vesting***

All options granted pursuant to the Option Plan will be subject to such vesting requirements as may be prescribed by the stock exchange on which the Company's securities are listed, if applicable, or as may be imposed by the Board. All options granted to investor relations persons must vest in stages over not less than 12 months, with no more than one-quarter of the options vesting in any three-month period.

### ***Termination of Options***

An optionee who ceases to be an Eligible Person for any reason, other than as a result of having been dismissed for cause or as a result of the optionee's death, may exercise any vested and unexpired options held by such optionee for a period of 90 days from the date of cessation (or until the normal expiry date of the option rights of such optionee, if earlier), subject to extension by the Board for up to a maximum of 12 months with approval from the TSX. An optionee who was engaged in providing investor relation activities may exercise any vested and unexpired options held by such optionee for a period of 30 days from the date that the optionee ceased to provide such investor relations activities.

In the event of a death of the optionee, the optionee's representative may exercise any vested and unexpired options held by the optionee for a period of 12 months from the optionee's death (unless such period is extended by the Board). Any extension of the exercise period by the Board is subject to the approval of the stock exchange on which the Company's securities are listed.

If an optionee ceases to be an Eligible Person as a result of having been dismissed for cause, all unexercised options of that optionee under the Option Plan will immediately terminate and will lapse.

### ***Transferability***

Options granted under the Option Plan will be non-assignable and non-transferable by an optionee other than pursuant to a will or by the laws of descent and distribution, and such options shall be exercisable, during an optionee's lifetime, only by the optionee.

### ***Capital Changes, Corporate Transactions and Change of Control***

The Option Plan contains provisions for the treatment of options in relation to capital changes and with regard to a reorganization, stock split, stock dividend, combination of shares merger, consolidation, rights offering or any other change in the corporate structure or shares of the Company. The aggregate number and kind of shares available under the Option Plan will be appropriately adjusted in the event of a reorganization, recapitalization, stock split, stock dividend, combination of shares, merger, consolidation, rights offering or any other change in the corporate structure or shares of the Company.

In the event of an Acceleration Event (as defined in the Option Plan), provided that the Board has determined that no adjustment will be made pursuant to the Option Plan, the Board may (i) permit the optionee to exercise the option granted, as to all or any of the optioned shares in respect of which such option has not previously been exercised (regardless of any vesting restrictions), during the period specified in the notice (but in no event later than the expiry date of the option), so that the optionee may participate in such transaction, offer or proposal; and (ii) require the acceleration of the time for the exercise of such option and of the time for the fulfilment of any conditions or restrictions on such exercise. Further, the Board, in its sole discretion, may authorize and implement any one or more of the following additional courses of action in the event of an Acceleration Event:

- (a) terminating without any payment or other consideration, any options not exercised or surrendered by the effective time of the Acceleration Event;
- (b) causing the Company to offer to acquire from each optionee his or her options for a cash payment equal to the In-the-Money Amount (as defined in the Option Plan), and any options not so surrendered or exercised by the effective time of the Acceleration Event will be deemed to have expired; and
- (c) an option granted under the Option Plan may be exchanged for an option to acquire, for the same aggregate consideration, that number and type of securities as would be distributed to the optionee in respect of the shares issued to the optionee had he or she exercised the option prior to the effective time of the Acceleration Event, provided that any such replacement option must provide that it survives for a period of not less than

one year from the effective time of the Acceleration Event, regardless of the continuing directorship, officership or employment of the optionee.

#### ***Amendment and Termination of the Option Plan***

The Board may at any time terminate the Option Plan, provided that no such termination adversely affects the rights of any optionee under any previously granted option, except with the consent of such optionee. The Board may also amend the Option Plan from time to time without Shareholder approval:

- (a) for the purposes of making formal, minor or technical modifications to any of the provisions of the Option Plan;
- (b) to correct any defect, supply any omission, or reconcile any inconsistency in the Option Plan, any option or any option certificate;
- (c) to change the vesting provisions of options or the Option Plan;
- (d) to change the termination provisions of any options or the Option Plan that does not entail an extension beyond the original expiry date of the options;
- (e) to add or modify a cashless exercise feature providing for the payment in cash or securities on the exercise of options; and
- (f) to add or change provisions relating to any form of financial assistance provided by the Company to optionees that would facilitate the purchase of securities under the Option Plan;

provided however, that the Shareholders must approve any amendment to the Option Plan that results in:

- (g) an increase in the number of Subordinated Voting Shares issuable under options granted pursuant to the Option Plan (other than by virtue of adjustments in accordance with the terms of the Option Plan);
- (h) a material change in the persons who qualify as Eligible Persons under the Option Plan;
- (i) a reduction in the exercise price of an option;
- (j) the cancellation and reissue of any option;
- (k) an extension of the term of an option beyond its original expiry date;
- (l) options becoming transferable or assignable other than for the purposes for estate settlement purposes as described in section 15 of the Option Plan;
- (m) a change to the insider participation limits set forth in section 5 of the Option Plan; or
- (n) an amendment to section 21 of the Option Plan, so as to change or expand the ability of the Board to amend or modify the Option Plan.

#### **RSU Plan**

The RSU Plan was approved by the Board on March 18, 2020, subject to receipt of final TSX and Shareholder approval. The purpose of the RSU Plan is to promote a greater alignment of long-term interests between the Company's Non-Employee Directors and Shareholders and to provide compensation for Non-Employee Directors that, together with the other director compensation mechanisms, is reflective of the responsibility, commitment and risk accompanying membership on the Board and the performance of the duties required of the various Board committees.

The following is a summary of the material terms of the RSU Plan. This summary is qualified in its entirety by reference to the RSU Plan, which is attached as Schedule "A" hereto. In the event that the RSU Plan Resolution does not receive the required Shareholder approval at the Meeting, the RSU Plan and all RSUs previously granted thereunder will terminate and be null and void. See "*Business of Meeting – Approval of the RSU Plan Resolution*".

## ***Definitions***

For purposes of the RSU Plan:

“**Annual Remuneration**” means all amounts ordinarily payable in cash to a Non-Employee Director by the Company in respect of the services provided by the Non-Employee Director to the Company in connection with such Non-Employee Director’s service on the Board in the Company’s fiscal year, including as applicable and without limitation (i) the annual base retainer fee payable to a Non-Employee Director by the Company for serving as a member of the Board; (ii) the fee for serving as a member of a Board committee; and (iii) the fee for chairing a Board committee. For greater certainty, “**Annual Remuneration**” shall exclude any meeting fees payable in respect of attendance at individual meetings and amounts received by a Non-Employee Director as a reimbursement for expenses incurred in attending meetings.

“**Conversion Date**” means the date used to determine the Fair Market Value (as defined herein) of an RSU for purposes of determining the number of RSUs to be credited to a participant under the RSU Plan;

“**Fair Market Value**” means, with respect to any particular date:

- (i) if the Subordinated Voting Shares are listed on only one stock exchange, the volume weighted average trading price per Subordinated Voting Share on such stock exchange during the immediately preceding five trading days;
- (ii) if the Subordinated Voting Shares are listed on more than one stock exchange, the Fair Market Value as determined in accordance with paragraph (i) above for the stock exchange on which the greatest volume of trading of the Subordinated Voting Shares occurred during the immediately preceding twenty trading days; and
- (iii) if the Subordinated Voting Shares are not listed for trading on a stock exchange, a price which is determined by the Board in good faith to be the Fair Market Value of the Subordinated Voting Shares.

## ***Eligibility***

Each director who is not an officer or employee of the Company or any subsidiary thereof, including any non-executive Chair of the Board (a “**Non-Employee Director**”), is eligible to receive RSUs under the RSU Plan.

### ***Subordinated Voting Shares Subject to the RSU Plan***

The RSU Plan provides that the maximum number of Subordinated Voting Shares that may be issued or issuable under the RSU Plan shall be a number equal to 1% of the number of issued and outstanding Shares on a non-diluted basis from time to time.

### ***Additional RSU Plan Limits***

No RSUs shall be granted under the RSU Plan if:

- (a) together with any other security based compensation arrangements established or maintained by the Company, such grant of RSUs could result, at any time, in the aggregate number of Subordinated Voting Shares (i) issued to Insiders, within any one-year period or (ii) issuable to Insiders, at any time, exceeding 10% of the issued and outstanding Subordinated Voting Shares on a non-diluted basis; or
- (b) such grant of RSUs to a Non-Employee Director is made on a discretionary basis or in any way other than as a value-for-value alternative to cash compensation and will result in: (i) the aggregate number of Subordinated Voting Shares reserved for issuance to all Non-Employee Directors pursuant to outstanding RSUs granted under the RSU Plan on a discretionary basis or in any way other than as a value-for-value alternative to cash compensation (or as dividend equivalents) and all other security based compensation arrangements of the Company providing for equity awards other than in lieu of cash fees exceeding 1% of the total number of Shares then-issued and outstanding; or (ii) the Fair Market Value of RSUs on their date of grant to any Non-Employee Director under the Plan on a discretionary basis or in any way other than as a value-for-value



alternative to cash compensation (or as dividend equivalents) and all other security based compensation arrangements of the Company providing for equity awards other than in lieu of cash fees exceeding \$150,000 per year.

### ***RSU Awards***

RSUs elected by a Non-Employee Director as a value-for-value alternative to cash compensation that relate to the Non-Employee Director's services as a member of the Board in a fiscal year will be credited to the Non-Employee Director as of the applicable Conversion Date, which will generally be the last day of such fiscal year. The number of RSUs to be credited to a Non-Employee Director as of a particular Conversion Date will be determined by dividing the portion of that Non-Employee Director's Annual Remuneration for the applicable period to be satisfied by RSUs by the Fair Market Value on the particular Conversion Date. The RSUs will be fully vested upon being credited to the Non-Employee Director.

The Board may also award such number of RSUs to a Non-Employee Director as it deems advisable to provide the Non-Employee Director with appropriate equity-based compensation for their services. The Board will determine the date on which such RSUs are granted and the Conversion Date as of which they will be awarded to the Non-Employee Director, together with any terms or conditions with respect to the vesting of such RSUs. The Company and a Non-Employee Director who receives such a discretionary award of RSUs will enter into an award agreement to evidence the award and the terms applicable thereto.

### ***Redemption of RSUs***

Subject to the discretion of the Board, each grant of RSUs awarded to a Non-Employee Director as a value-for-value alternative to cash compensation will be redeemed in three equal instalments on each of the first three anniversaries of the applicable Conversion Date.

Share Units credited to a Non-Employee Director's Account as a discretionary award that have vested will be redeemed in accordance with the award agreement governing the RSUs.

### ***Settlement of RSUs***

A Non-Employee Director whose RSUs are redeemed will be entitled to receive one Subordinated Voting Share for each whole RSU then being settled.

### ***Transferability***

RSUs and other benefits under the RSU Plan are not transferable or assignable other than by will or the laws of descent and distribution.

A Non-Employee Director may designate in writing a person who is their dependent or relation as a beneficiary to receive any benefits that are payable under the RSU Plan upon their death. In the event of a Non-Employee Director's death, any and all RSUs then credited to them shall become payable to their beneficiary.

### ***Capital Changes, Corporate Transactions and Change of Control***

The RSU Plan contains provisions for the equitable adjustment of RSUs in relation to capital changes and with regard to a stock dividend, split, recapitalization, reclassification, amalgamation, arrangement, merger, consolidation, combination or exchange of Subordinated Voting Shares or distribution of rights to holders of Subordinated Voting Shares or any other form of corporate reorganization.

In the event of a Change in Control (for the purposes of this section, as defined in the RSU Plan), all RSUs that have been awarded and not redeemed prior to such Change in Control shall be redeemed immediately prior to the effective time of the Change in Control.

### ***Amendment and Termination of the RSU Plan***

The Board may at any time and for any reason amend, suspend or terminate the RSU Plan, provided that no such amendment, suspension or termination may, without the consent of a holder of RSUs, adversely affect the rights of such holder's outstanding RSUs.

The Board may not, without approval by a majority of the votes cast by Shareholders present in person or represented by proxy and entitled to vote at a meeting:

- (i) increase the maximum percentage of Subordinated Voting Shares issuable by the Company pursuant to the RSU Plan;
- (ii) expand the authority of the Board to permit assignability of the RSUs beyond that currently contemplated in the RSU Plan;
- (iii) increase or delete any limit described above under “– *Additional RSU Plan Limits*”;
- (iv) amend the RSU Plan to provide for other types of compensation through equity issuance;
- (v) provide for the issuance of Multiple Voting Shares under the RSU Plan; and
- (vi) amend the applicable amendment provisions of the RSU Plan, other than as permitted under the TSX Company Manual;

provided however that Shareholder approval will not be required for, among other things, the following amendments:

- (vii) amendments of a “housekeeping” nature;
- (viii) a change to the termination provisions of any RSU; or
- (ix) amendments to the provisions relating to a Change in Control.

### **LTIP**

The LTIP was approved by the Board on August 5, 2020, subject to receipt of final TSX and Shareholder approval. The purpose of the LTIP is to (i) promote further alignment of interests between officers, employees and other eligible service providers of the Company and Shareholders, (ii) to associate a portion of the compensation payable to officers, employees and other eligible service providers of the Company with the returns achieved by Shareholders; and (iii) to attract and retain officers, employees and other eligible service providers with the knowledge, experience and expertise required by the Company.

The following is a summary of the material terms of the LTIP. This summary is qualified in its entirety by reference to the LTIP, which is attached as Schedule “B” hereto. In the event that the LTIP Resolution does not receive the required Shareholder approval at the Meeting, the LTIP and all PSUs previously granted thereunder will terminate and be null and void. See “*Business of Meeting – Approval of the LTIP Resolution*”.

### ***Definitions***

“**Market Price**” means, with respect to any particular date:

- (i) if the Subordinated Voting Shares are listed on only one stock exchange, the volume weighted average trading price per Subordinated Voting Share on such stock exchange during the immediately preceding five trading days;
- (ii) if the Subordinated Voting Shares are listed on more than one stock exchange, the Market Price as determined in accordance with paragraph (i) above for the primary stock exchange on which the greatest volume of trading of the Subordinated Voting Shares occurred during the immediately preceding 20 trading days; and

- (iii) if the Subordinated Voting Shares are not listed for trading on a stock exchange, a price which is determined by the Board in good faith to be the fair market value of the Subordinated Voting Shares.

### ***Eligibility***

Any individual employed by the Company, including a Service Provider (as defined in the LTIP), who, by the nature of his or her position or job is, in the opinion of the Board, in a position to contribute to the success of the Company is eligible to receive grants of options, Restricted Share Units, PSUs, Stock Appreciation Rights and Restricted Stock (for the purposes of this section, “**Grants**”) under the LTIP provided that only officers and employees of the Company shall be eligible to receive options under the LTIP.

### ***Subordinated Voting Shares Subject to the LTIP***

The aggregate number of Subordinated Voting Shares that may be issued pursuant to Grants made under the LTIP together with all other security based compensation arrangements of the Company shall be a number equal to 10% of the aggregate number of issued and outstanding Shares from time to time.

The aggregate number of Subordinated Voting Shares reserved for issuance to any one participant under the LTIP (for the purposes of this section, a “**Participant**”), together with all other security based compensation arrangements of the Company, must not exceed 5% of the aggregate issued and outstanding Shares.

For purposes of computing the total number of Subordinated Voting Shares available for grant under the LTIP or any other security based compensation arrangement of the Company, Subordinated Voting Shares subject to any Grant (or any portion thereof) that is forfeited, surrendered, cancelled or otherwise terminated, including if a number of Subordinated Voting Shares covered by an option have not been issued due to the exercise of a tandem Stock Appreciation Right connected with such option, prior to the issuance of such Subordinated Voting Shares shall again be available for grant under the LTIP.

### ***Additional LTIP Limits***

The maximum number of Subordinated Voting Shares that are (i) issued to Insiders within any one year period, and (b) issuable to Insiders, at any time, under the LTIP, or when combined with all of the Company’s other security based compensation arrangements, will not exceed 10% of the number of the aggregate issued and outstanding Shares.

### ***Grants under the LTIP***

Options issued under the LTIP, unless otherwise designated by the Board, will vest one-third of each grant on the first three anniversaries of the date of the grant based on continued employment, and may be exercised during a period determined by the Board, which may not exceed five years. The exercise price for each Subordinated Voting Share subject to an option will be fixed by the Board but under no circumstances may any exercise price be less than 100% of the Market Price on the date of grant of the option. The exercise of options may be subject to vesting conditions, including specific time schedules for vesting and performance-based conditions. In addition, tandem Stock Appreciation Rights may be granted in connection with a grant of options, which are subject to the same terms and conditions of the grant of options. Tandem Stock Appreciation Rights may be exercised only if and to the extent the related options are vested and exercisable, and on exercise of a tandem Stock Appreciation Right, the related option will be cancelled and the Participant will be entitled to the amount in settlement of the tandem Stock Appreciation Rights. Upon exercise, the tandem Stock Appreciation Right will be settled by a cash amount equal to the amount, if any, by which the Market Price on the date of exercise of the tandem Stock Appreciation Right exceeds the exercise price of the related option at the time of the grant. Such amounts may also be payable by the issuance of Subordinated Voting Shares (at the discretion of the Board).

Under the LTIP, Participants may be granted standalone Stock Appreciation Rights, being a right to receive a cash amount equal to the amount, if any, by which the Market Price on the date of exercise of the Stock Appreciation Right exceeds the Market Price at the time of the grant (the “**Base Price**”). Such amounts may also be payable by the issuance of Subordinated Voting Shares (at the discretion of the Board). The exercise of Stock Appreciation Rights may also be subject to conditions similar to those which may be imposed on the exercise of options.

Under the LTIP, Participants may be allocated share units in the form of Restricted Share Units or PSUs (collectively, “**Share Units**”), which represent the right to receive an equivalent number of Subordinated Voting Shares or the Market Price on the vesting date. The issuance of such Subordinated Voting Shares may be subject to vesting requirements similar to those described above with respect to the exercisability of options and Stock Appreciation Rights, including such time or performance based conditions as may be determined from time to time by the Board in its discretion. The LTIP provides for the express designation of share units as either Restricted Share Units, which have time-based vesting conditions, or PSUs, which have performance-based vesting conditions over a specified period.

Under the LTIP, Participants may be granted Restricted Stock, being Subordinated Voting Shares that are subject to a restriction on the Participant’s free enjoyment of the Subordinated Voting Shares, which restrictions may be based on the passage of time or the satisfaction of performance-based conditions or the occurrence of one or more events or conditions as the Board may determine. Restricted Stock cannot be sold, transferred or assigned while the restrictions remain in effect, although the Participant may vote the Restricted Stock and receive any dividends paid on the Restricted Stock during such period. Restricted Stock is forfeited if the applicable restriction does not lapse prior to the date or the occurrence of the specified event or the satisfaction of the criteria in the Grant agreement.

### *Termination of Grants*

Subject to the terms of the applicable Grant agreement, in the case of a Participant’s termination of employment due to death, or in the case of the Participant’s Disability (as defined in the LTIP) (i) those of the Participant’s outstanding options and Share Units that were granted prior to the year that includes the Participant’s date of death or Disability, as the case may be, that have not become vested prior to such date of death or Disability shall continue to vest and, upon vesting (which in the case of a PSU remains subject to the achievement of the applicable performance conditions and the adjustment of the number of PSUs that vest to reflect the extent to which such performance conditions were achieved), be exercisable (in the case of options) during the 12-month period following such date of death or Disability, as the case may be, as if the Participant had remained employed throughout such period and (ii) those of the Participant’s outstanding options that have become vested prior to the Participant’s date of death or Disability shall continue to be exercisable during the 12-month period following the such date of death or Disability, as the case may be. A pro-rated number of options and Share Units granted to a Participant in the year that includes the Participant’s date of death or Disability shall remain eligible to vest following such date of death or Disability (the “**Special Pro Rated Grants**”). The Special Pro Rated Grants shall continue to vest and, upon vesting (which in the case of a PSU remains subject to the achievement of the applicable performance conditions and the adjustment of the number of PSUs that vest to reflect the extent to which such performance conditions were achieved), be exercisable (in the case of options) during the 12-month period following the Participant’s date of death or Disability, as the case may be, as if the Participant had remained employed throughout such period. The balance of the options and Share Units granted to a Participant in the year that includes the Participant’s date of death or Disability that are not Special Pro Rated Grants shall be forfeited and cancelled as of the Participant’s date of death or Disability, as the case may be.

Subject to the terms of the applicable Grant agreement: (a) in the case of a Participant’s termination without cause, the Participant’s outstanding options that have become vested prior to the Participant’s termination shall continue to be exercisable during the 90-day period following the Participant’s date of termination, while Share Units shall vest on a pro rated basis based on the term of service (having regard, for PSUs, the extent to which the applicable performance conditions were satisfied); and (b) in the case of a Participant’s resignation, the Participant’s outstanding options that have become vested prior to the date on which the Participant provides notice to the Company of his or her resignation shall continue to be exercisable during the 60-day period following the Participant’s date of resignation, but no Share Units that have not vested prior to the date of on which the Participant submits his or her resignation shall vest and all such Share Units shall be forfeited immediately. In the case of a Participant’s termination for cause, any and all then outstanding unvested options and unvested Share Units granted to the Participant shall be immediately forfeited and cancelled, without any consideration therefore, as of the commencement of the day that notice of such termination is given.

In the event that a holder of Restricted Stock is terminated, unless the Grant agreement provides otherwise or as otherwise determined by the Board, all Restricted Stock will be forfeited to the Company.

### ***Transferability***

No Grants and no rights or interests therein may be assigned, transferred, sold, exchanged, encumbered, pledged or otherwise hypothecated or disposed of by a Participant other than by testamentary disposition by the Participant or the laws of intestate succession. A Participant may designate a beneficiary, in writing, to receive any benefits that are provided under the LTIP upon the death of such Participant.

### ***Capital Changes, Corporate Transactions and Change of Control***

The LTIP contains provisions for the equitable treatment of Grants in relation to any capital changes and with regard to a dividend, split, recapitalization, reclassification, amalgamation, arrangement, merger, consolidation, combination or exchange of Subordinated Voting Shares or distribution of rights to holders of Subordinated Voting Shares or any other relevant changes to the authorized or issued capital of the Company.

In the event of a Change in Control (for the purposes of this section, as defined in the LTIP) prior to the vesting of a Grant, and subject to the terms of a Participant's employment agreement and the applicable Grant agreement, the Board shall have full authority to determine in its sole discretion the effect, if any, of a Change in Control on the vesting, exercisability, settlement, payment or lapse of restrictions applicable to a Grant.

### ***Amendment and Termination of the LTIP***

The LTIP and any Grant made pursuant to the LTIP may be amended, modified or terminated by the Board without approval of Shareholders, provided that no amendment may be made without the consent of a Participant if it adversely affects the rights of the Participant in respect of any Grant previously made to such Participant. For greater certainty, the LTIP may not be amended without Shareholder approval to do any of the following:

- (a) increase in the maximum number of Subordinated Voting Shares issuable pursuant to the LTIP;
- (b) provide for the issuance of Multiple Voting Shares under the LTIP;
- (c) reduce the exercise price of an outstanding option or the Base Price of a standalone Stock Appreciation Right;
- (d) extend the maximum term of any Grant made under the Plan;
- (e) amend the assignment provisions described above under “– *Transferability*”;
- (f) permit a non-employee member of the Board to be eligible for Grants under the LTIP;
- (g) increase the number of Subordinated Voting Shares that may be issued or issuable to Insiders above the restriction or deleting the restriction on the number of Subordinated Voting Shares that may be issued or issuable to Insiders;
- (h) include other types of equity compensation involving the issuance of Subordinated Voting Shares under the LTIP; or
- (i) amend the amendment provisions of the LTIP to amend or delete any of (a) through (h) above or grant additional powers to the Board to amend the LTIP or entitlements without Shareholder approval;

provided that, Shareholder approval shall not be required for, among other things, the following amendments:

- (j) amendments of a “housekeeping” nature;
- (k) a change to the vesting provisions of any Grants;
- (l) a change to the termination provisions of any Grant that does not entail an extension beyond the original term of the Grant; or
- (m) amendments to the provisions relating to a Change in Control.

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

No individual who is, or at any time during Fiscal 2020 was, a director or officer of the Company, a Nominee, or any associate of any one of the foregoing persons is, or at any time since the beginning of Fiscal 2020 has been, indebted to the Company or any of its subsidiaries (other than in respect of amounts which constitute routine indebtedness) or was indebted to another entity, where such indebtedness is, or was at any time since the commencement of Fiscal 2020, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries. For the purposes of this paragraph, “support agreement” includes, but is not limited to, an agreement to provide assistance in the maintenance or servicing of any indebtedness and an agreement to provide compensation for the purpose of maintaining or servicing any indebtedness of the borrower.

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

No “informed persons” of the Company (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*), nor any Nominee, nor any person who beneficially owns, directly or indirectly, Shares carrying more than 10% of the voting rights attached to the issued and outstanding Shares, nor any associate or affiliate of the foregoing persons, has had any material interest, direct or indirect, in any transaction since the commencement of Fiscal 2020 or in any proposed transaction which has materially affected the Company or would materially affect the Company, or any of its subsidiaries.

## **MANAGEMENT CONTRACTS**

No management functions of the Company and its subsidiaries are performed to any substantial degree by persons other than the directors and executive officers of the Company or its subsidiaries.

## **STATEMENT OF CORPORATE GOVERNANCE**

The Company and the Board recognize the importance of corporate governance for the effective management of the Company and the protection of its stakeholders, particularly Shareholders. The Company’s approach to issues of corporate governance is designed with a view to ensuring that the business and affairs of the Company are effectively managed so as to enhance Shareholder value. The Board fulfills its mandate directly and through its committees at regularly scheduled meetings or as required. The directors are kept informed regarding the Company’s operations at regular meetings and through reports and discussions with management on matters within their particular areas of expertise. Frequency of meetings may be increased and the nature of the agenda items may be changed depending upon the state of the Company’s affairs and in light of opportunities or risks that the Company faces.

National Policy 58-201 – *Corporate Governance Guidelines* (“**NP 58-201**”) establishes corporate governance guidelines that apply to all public companies. National Instrument 58-101 – *Disclosure of Corporate Governance Practices* mandates disclosure of corporate governance practices, which disclosure is set out below, in accordance with Form 58-101F1 – *Corporate Governance Disclosure*.

The Company believes that its corporate governance practices are in compliance with applicable Canadian guidelines including NP 58-201. The Company has considered the applicable requirements and believes that its approach to corporate governance is appropriate and works effectively for the Company and the Shareholders. The Company continues to monitor developments in Canada with a view to further revising its governance policies and practices, as appropriate.

The following is a description of the Company’s corporate governance practices, which has been approved by the CNG Committee and the Board.

### **Board of Directors**

#### ***Composition of the Board***

Pursuant to NI 52-110, a director is considered to be independent if he or she has no direct or indirect material relationship with the Company that the Board believes could reasonably be perceived to materially interfere with his or her ability to exercise independent judgment. NI 52-110 sets out certain situations where a director is deemed to have a material relationship with the Company.

As of the date this Circular, the Board is composed of six directors, three of whom have been determined to be independent based upon the criteria set forth in NI 52-110. Messrs. Mavrinac and Mimran and Ms. Daniere have been determined to be independent within the meaning of NI 52-110. Mr. Alexandrian is not considered by the Board to be independent within the meaning of NI 52-110 due to his role as President and CEO of the Company. Mr. Bell is not considered by the Board to be independent within the meaning of NI 52-110 due to his former role as Chair of the board of directors of CGC and the fact that, as of the date of this Circular, he is the Board nominee of CGC, the controlling shareholder of the Company. Mr. Lee is not considered by the Board to be independent within the meaning of NI 52-110 due to his role as CFO of CGC and the fact that, as of the date of this Circular, he is the Board nominee of CGC.

There are six Nominees standing for election as directors at the Meeting, three of whom have been determined to be independent based upon the criteria set forth in NI 52-110. Messrs. Mavrinac and Mimran and Ms. Daniere have been determined to be independent within the meaning of NI 52-110. Mr. Alexandrian is not considered by the Board to be independent within the meaning of NI 52-110 due to his role as President and CEO of the Company. Mr. Lee is not considered by the Board to be independent within the meaning of NI 52-110 due to his role as CFO of CGC and the fact that he is standing for election at the Meeting as the Board nominee of CGC. Mr. Hankinson is not considered by the Board to be independent within the meaning of NI 52-110 due to his role as a CFO of Constellation Brands, a significant shareholder of CGC, and the fact that he is standing for election at the Meeting as the Board nominee of CGC.

The independent directors did not hold any regularly scheduled meetings during Fiscal 2020 at which non-independent directors and members of management were not in attendance. During Fiscal 2020, the independent directors held one scheduled meeting at which non-independent directors were not in attendance. It is anticipated that independent directors' meetings will be held as deemed appropriate during Fiscal 2021.

While the majority of the Nominees are not considered to be independent within the meaning of NI 52-110, the majority of the Nominees are independent of management. In addition, the majority of the Nominees are also independent of CGC. During Fiscal 2020, the Board formed the Conflicts Review Committee, which is comprised of only independent directors. The Conflicts Review Committee reviews and provides a recommendation or approval, as applicable, to the Board for any material transaction or agreement proposed to be entered into by the Company with a Related Party (as defined herein) or that otherwise involves a conflict and meetings of the Conflicts Review Committee will be held as deemed appropriate during Fiscal 2021. In addition, the Board may form special committees, from time to time, comprised of only independent directors to address specific issues that arise. The Board has also implemented processes to facilitate the exercise of independent judgement in carrying out its responsibilities. Non-independent directors are asked to leave Board meetings when necessary to facilitate open and candid discussion among the independent directors and *in-camera* sessions of the independent directors may be held at the end of Board meetings. In addition, any item which could involve a potential conflict of interest among one or more directors is voted on by those directors that are not related to the conflict in question.

### ***Chair of the Board and Lead Director***

Until his resignation on July 2, 2020, Mr. Linton was a director and Chair of the Board. During such period, the Board determined that he was not an independent director within the meaning of NI 52-110 due to his role as CEO and Chair of the Board of CGC. Mr. Bell was appointed as the Chair of the Board as of July 2, 2020. The Board has determined that Mr. Bell is not independent director within the meaning of NI 52-110 due to his former role as Chair of the Board of CGC and the fact that, as of the date of this Circular, he is the Board nominee of CGC. Mr. Mavrinac is the Lead Director of the Board and the Board determined that he is independent within the meaning of NI 52-110. See "*Position Descriptions – Chair*" and "*Position Descriptions – Lead Director*" for a description of the roles of the Chair and the Lead Director.

### **Meetings of the Board**

The Board held six meetings during Fiscal 2020. The members of the Board and their meeting attendance during Fiscal 2020 are set forth below:

| Board of Directors          |             |                                   |
|-----------------------------|-------------|-----------------------------------|
| Name of Director            | Independent | Meeting Attendance <sup>(1)</sup> |
| Narbe Alexandrian           | No          | 6 of 6                            |
| Bruce Linton <sup>(2)</sup> | No          | 1 of 6                            |
| John K. Bell                | No          | 6 of 6                            |
| Asha Daniere                | Yes         | 6 of 6                            |
| Richard Mavrinac            | Yes         | 6 of 6                            |
| Joseph Mimran               | Yes         | 6 of 6                            |

**Notes:**

- (1) In addition to official Board meetings, the Board has met frequently on an informal basis to discuss ongoing matters.  
(2) Mr. Linton resigned as a director and Chair of the Board on July 2, 2019.

**Other Directorships**

The following table summarizes current directorships of other reporting issuers for the current directors of the Company:

| Director          | Name of Reporting Issuer and Exchange                        |
|-------------------|--|
| Narbe Alexandrian | N/A  |
| John K. Bell      | CURE Pharmaceutical Holding Corp. (OTC: CURR)                |
| Asha Daniere      | MDC Partners Inc. (NASDAQ: MDCA)                             |
| Mike Lee          | N/A  |
| Richard Mavrinac  | Roots Corporation (TSX: ROOT)<br>TerrAscend Corp. (CSE: TER) |
| Joseph Mimran     | LXRandCo, Inc. (TSX: LXR)                                    |

**Board Mandate**

The Board has adopted a written “Board Mandate” pursuant to which the Board assumes responsibility for the stewardship of the Company. The Board mandate is attached hereto as Schedule “C”. The Board’s primary responsibility is to develop and adopt the strategic direction of the Company and to review and approve the strategic plans developed and proposed by management, which takes into account the business opportunities and risks of the Company. The Board is responsible for reviewing and approving the Company’s financial objectives, plans and actions, including significant capital allocations and expenditures. The Board is also responsible for, among other things: (i) monitoring corporate performance against the strategic and business plans; (ii) identifying principal business risks and implementing appropriate systems to manage such risks; (iii) monitoring and ensuring internal controls and procedures; (iv) ensuring appropriate standards of corporate conduct; (v) reviewing and approving Company’s financial statements and MD&As; (vi) approving director and Senior Executive compensation based on the recommendation of the CNG Committee; (vii) reviewing and approving material transactions; (viii) developing the Company’s approach to corporate governance; and (ix) assessing its own effectiveness in fulfilling its mandate.

**Position Descriptions**

The Board has developed written position descriptions for the Chair of the Board, the Lead Director, the Chair of the Audit Committee, the Chair of the CNG Committee and the Chair of the Conflicts Review Committee. In addition, the Audit Committee, the CNG Committee and the Conflicts Review Committee each have a written charter.



### *Chair*

Mr. Bell is currently the Chair of the Board. Mr. Bell presides over all meetings of the directors and Shareholders of the Company. The primary responsibility of the Chair is to oversee the operations of the Board and to provide leadership to the Board while enhancing its overall effectiveness. Mr. Bell is not standing for re-election at the Meeting. As a result, it is expected that the Board will appoint a new Chair at the first Board meeting following the Meeting.

### *Lead Director*

Mr. Mavrinac is the Lead Director of the Board. Mr. Mavrinac provides independent leadership to the Board and facilitates the functioning of the Board independently of the Company's management. The primary responsibility of the Lead Director is to, together with the Chair of the CNG Committee, oversee the corporate governance practices of the Company and to ensure Board independence.

### *CEO*

Mr. Alexandrian is the President and CEO of the Company. While the Company does not have a written CEO position description, Mr. Alexandrian leads the management of the Company's business and affairs and the implementation of the resolutions and policies of the Board. The key responsibilities of the CEO include: duties relating to the Company's values, strategy, governance, risk management, risk appetite, financial information, human resources management, operational direction, Board interaction, talent management, succession planning and effective communication with Shareholders, clients, employees, regulators and other stakeholders.

### *Committee Chairs*

The primary responsibility of the Chair of each committee of the Board is to provide oversight and leadership to the applicable committee with a view to enhancing the overall efficacy of the committee. Each committee Chair plays an integral role in the fulfillment of the committee's duties as set out in the charter of the committee and the management of the committee process.

### **Board Orientation and Continuing Education**

The CNG Committee is responsible for ensuring that new directors are provided with an orientation and education program, which includes written information about the role of the Board and its committees, the nature and operation of the business of the Company and the contribution that individual directors are expected to make to the Board in terms of both time and resource commitments, as well as access to recent, publicly-filed documents of the Company and the Company's internal financial information. Directors are expected to attend all meetings of the Board and are also expected to prepare thoroughly in advance of each meeting in order to actively participate in the deliberations and decisions.

The Board recognizes the importance of ongoing director education and the need for each director to take personal responsibility for this process. Through discussions and meetings with other directors, officers and employees, new directors will be provided with a thorough description of the Company's business, policies, properties, assets, operations and strategic plans and objectives. Orientation activities will be tailored to the particular needs and experience of each director and the overall needs of the Board.

While the Board does not have a formal orientation and training program for directors, the CNG Committee provides continuing education for directors on an ad hoc basis in respect of issues that are necessary for them to understand to meet their obligations as directors. Board members are also encouraged to communicate with management, auditors, and consultants to keep themselves current with industry trends and developments and changes in legislation and to attend related industry seminars to ensure that each member of the Board maintains the skills and knowledge necessary to meet their obligations as directors. The Company and the CNG Committee also encourage directors and the Senior Executives to participate in professional development programs and courses and supports management's commitment to training and developing employees.

## **Board, Committee and Director Assessments**

The CNG Committee is responsible for implementing an annual process for assessing the overall effectiveness of the Board as a whole, the committees of the Board and the contributions of individual directors. Directors are required to complete self-evaluations, peer evaluations and to consider, among other things, the overall functioning and performance of the Board, the Board's standing committees and oversight thereof, the operational oversight of the Board, management structure and succession issues, the effectiveness of the Company's internal controls and financial reporting, ethics and compliance matters and accountability. The Chair of the CNG Committee encourages discussion amongst the Board to evaluate the effectiveness of the Board as a whole, its committees and its individual directors. All directors are also encouraged to make suggestions for improvement of the practices of the Board at any time.

## **Ethical Business Conduct**

As part of its responsibility for the stewardship of the Company, the Board seeks to foster a culture of ethical conduct by requiring the Company to carry out its business in line with high business and moral standards and applicable legal and financial requirements.

In exercising its powers and discharging its duties, the Board is required to act honestly and in good faith with a view to the best interests of the Company, and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Board encourages and promotes an overall culture of ethical business conduct by promoting compliance with applicable laws, rules and regulations; providing guidance to officers, directors, employees and consultants, to help them recognize and deal with ethical issues; promoting a culture of honesty, integrity and accountability; and ensuring awareness of disciplinary action for violations of ethical business conduct.

The Board takes steps to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or an employee or consultant of the Company has a material interest, which includes ensuring that such individuals are familiar with rules concerning reporting conflicts of interest and obtaining direction from the Board or a Senior Executive of the Company regarding any potential conflicts of interest.

The Board has adopted a written code of business conduct and ethics (the "**Code**"), which applies to all employees, contractors, consultants, officers and directors of the Company. The purpose of the Code is to, among other things, promote honest and ethical conduct, promote the avoidance of conflicts of interest, promote full, fair, accurate, timely and understandable disclosure in filings and public communications, promote compliance with applicable laws, rules and regulations, promote internal reporting of Code violations; provide guidance to employees, contractors, consultants, officers and directors of the Company to help them recognize and deal with ethical issues and help foster a culture of honesty, respect, positivity and accountability for the Company. A copy of the Code has been filed with the regulators, in accordance with applicable legislation, and is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.canopyrivers.com/investors](http://www.canopyrivers.com/investors).

The Board has also adopted a written "Whistleblower Policy" which establishes procedures for: (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, auditing matters or violations of the Code; and (ii) the submission by employees, contractors, consultants, directors or officers of the Company, on a confidential and anonymous basis, of concerns regarding questionable accounting, auditing matters or violations of the Code, any other policy, charter or mandate of the Company, or applicable laws, rules and regulations.

The Board has also adopted a "Corporate Disclosure and Insider Trading Policy" to ensure, among other things: (i) that the Company complies with timely disclosure obligations under securities laws and the regulations of the stock exchanges on which the Company's securities are listed; (ii) that the Company prevents the selective disclosure of "material information" (as defined in the policy); (iii) that all communications to the public are informative, timely, factual, balanced, accurate and broadly disseminated; (iv) that persons to whom the policy applies understand their obligations to preserve the confidentiality of "undisclosed material information"; (v) strict compliance by all Insiders with all requirements relating to the reporting of insider trading and with respect to trading when in possession of "undisclosed material information" (as defined in the policy); and (vi) that individuals subject to scheduled and unscheduled blackout periods adhere to the restrictions on trading as set out in the policy.

In addition, the Board has adopted an “Anti-Bribery and Anti-Corruption Policy” to ensure that all interactions with government officials, business partners, third parties and community stakeholders are undertaken with integrity and in compliance with applicable anti-bribery and anti-corruption laws.

### **Nomination of Directors**

The CNG Committee is also responsible for reviewing candidates for election as directors and recommending director nominees for approval by the Board and election by Shareholders. The CNG Committee is responsible for assessing the skills and other attributes of existing Board members and, in light thereof, identifying individuals believed to be qualified to be Board members and recommending candidates to the Board for appointment or election to fill new or vacant positions.

In collaboration with the CNG Committee, the full Board has the responsibility for identifying potential Board candidates. The Board monitors and assesses the mix of skills and competencies required in order for the Board to fulfill its role effectively. In addition, the Board discusses with each director his or her intention to continue to serve as a Board member in order to plan and prepare for succession at the Board level in a seamless manner.

The Board will consider its size each year when it determines the number of directors to be nominated for election. In recommending and considering Board candidates, the CNG Committee and Board will identify and recommend new director nominees based upon the following considerations:

- (a) the competencies and skills necessary for the Board as a whole to possess;
- (b) the competencies and skills necessary for each individual director to possess;
- (c) the competencies and skills which each new nominee of the Board is expected to bring; and
- (d) whether the proposed nominees to the Board will be able to devote sufficient time and resources to the Company.

The Board may retain external consultants or advisors to conduct searches for appropriate potential director candidates if necessary.

Pursuant to the Investor Rights Agreement, among other things, CGC is entitled to nominate two members of the Board for so long as the percentage of voting rights (on a non-diluted basis) beneficially owned directly or indirectly by CGC is more than 50% of the voting rights of the Company or any successor entity thereto. As of the date of this Circular, Mr. Bell and Mr. Lee are the CGC nominees to the Board. CGC has nominated Mr. Hankinson and Mr. Lee as the CGC nominees to the Board for election at the Meeting. Mr. Bell is not standing for re-election at the Meeting.

### **Compensation of Directors and Senior Executives**

The Board has also established the CNG Committee to assist in determining compensation matters for the Company’s directors and Senior Executives. The CNG Committee is set up to ensure that compensation is competitive compared to the Company’s peers and aligns the interests of such individuals with those of the Company.

See “*Executive Compensation – Compensation Discussion and Analysis*” for additional details with respect to the CNG Committee and the compensation provided to directors and NEOs of the Company.

### **Board Committees**

The Board currently has three standing committees: (i) the Audit Committee; (ii) the CNG Committee and (iii) the Conflicts Review Committee. In addition, the Board may establish other committees, including special committees, from time to time to assist the Board in connection with specific matters. The Board oversees the operations of the committees, the appointment of their respective members, their compensation and their conduct. The Board has no intention at this time to establish other standing committees.

### **Director Term Limits and Other Mechanisms of Board Renewal**

The Company has not adopted a formal policy with respect to director term limits or other mechanisms to force Board renewal. The Company believes that in taking into account the nature and size of the Board and the Company, it is

more important to have relevant experience than to impose set time limits on a director's tenure, which may create vacancies at a time when a suitable candidate cannot be identified and as such would not be in the best interests of the Company. In lieu of imposing term limits, the Company will periodically monitor director performance through formal and informal annual assessments, analyze the skills and experience necessary for the Board and evaluate the need for director changes to ensure that the Company has highly knowledgeable and motivated Board members, while ensuring that new perspectives are available to the Board.

Directors who have served on the Board for an extended period of time are in a unique position to provide valuable insight into the operations and future of the Company based on their experience and perspective on the Company's history, performance and objectives. The Board believes it is important to have a balance between directors who have a long history and organizational understanding of the Company's business with directors who bring new perspectives and ideas to the Board.

### **Diversity on the Board and in Senior Management**

The Board believes that diversity is important to ensure that Board members provide the necessary range of perspectives, experience and expertise required to achieve the Company's objectives and to deliver value for Shareholders. As a result, the Board has adopted a written "Board Diversity Policy" which seeks to increase diversity at the Board level. The Board Diversity Policy requires the Board and the CNG Committee to consider the benefits of diversity and the diversity of the Board members in reviewing Board composition and assessing Board effectiveness. It also provides for an annual review and discussion on the level of representation of women on the Board as well as a review of any diversity initiatives established by the Board and progress in achieving them.

At least annually, the CNG Committee reviews the composition of the Board and, when applicable, considers qualified candidates who are best able to meet the skills required by the Board. In doing so, the CNG Committee takes into consideration the overall knowledge, experience, skills, expertise and diversity of the Board as a whole.

The Company currently has six directors, one of whom is a woman, representing 17% of the Board members. The Board has nominated six Nominees, one of whom is a woman, representing 17% of the Nominees. Currently the senior management team of the Company is comprised of five individuals, one of whom, the Senior Director, Venture Capital and Portfolio Operations, is a woman, representing 20% of the senior management team.

At this time, the Company has not adopted specific targets in relation to women on the Company's Board or in executive officer positions as the Board does not believe that targets necessarily result in the identification or selection of the best candidates. Rather, selection for Board members and executive officers is made based on merit, skills, qualifications, experience, background, needs of the Company at the time, etc. However, the Board has historically and continues to recognize the benefits of, and need for, extending opportunities to all internal personnel and outside candidates, without distinction as to gender, race, colour, religion, sexual orientation, family or marital status, political belief, age, national or ethnic origin, citizenship, disability, or any other basis. The Company's focus has always been, and will continue to be, working to attract the highest quality executive officers and Board candidates with special focus on the skills, experience, character and behavioural qualities of each candidate.

The Company believes that equality and a commitment to diversity and inclusion should extend beyond the boardroom. With respect to its workforce, the Company considers itself to be an equal opportunity employer and applies equal opportunity principles in compliance with applicable national and local requirements governing recruitment, employment and equal opportunities. The Company ensures that all job specifications, advertisements, application forms and contracts are gender neutral and non-discriminatory. Further, the Company applies its equal opportunity principles when recruiting and selecting staff; establishing employment terms and conditions; providing employee training; upholding the right of all employees to work in a supportive environment and providing opportunities to gain skills and develop competencies that enable them to pursue a fulfilling career; ensuring discriminatory practices or harassment are not tolerated and that any reported instances are formally investigated with appropriate disciplinary action taken; and expecting all employees, as a condition of employment, to contribute to a discrimination and harassment-free work environment.

### **The Audit Committee**

The Audit Committee is currently comprised of: Mr. Mavrinac (Chair), Ms. Daniere and Mr. Mimran. The Board has determined that each member of the Audit Committee is currently independent within the meaning of NI 52-110.

For a general description of the Audit Committee members' relevant education and experience, see "*Business of Meeting – Election of Directors – Director Biographies*".

The Audit Committee is responsible for, among other things, monitoring the Company's systems and procedures for financial accounting, reporting and internal controls, reviewing certain public disclosure documents and monitoring the performance and independence of the Company's external auditors. The Audit Committee is also responsible for reviewing the Company's annual audited consolidated financial statements, annual MD&A, unaudited interim consolidated financial statements, interim MD&As and related operations prior to their approval by the Board.

Further information regarding the Audit Committee is contained in the AIF, under the heading "Audit Committee". A copy of the Audit Committee charter is attached to the AIF as Schedule "A". The AIF is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.canopyrivers.com/investors](http://www.canopyrivers.com/investors).

The Audit Committee held four meetings during Fiscal 2020. The members of the Audit Committee and their meeting attendance during Fiscal 2020 are set forth below:

| Audit Committee             |             |                    |
|-----------------------------|-------------|--------------------|
| Name of Director            | Independent | Meeting Attendance |
| Richard Mavrinac            | Yes         | 4 of 4             |
| John K. Bell <sup>(1)</sup> | No          | 2 of 4             |
| Asha Daniere <sup>(2)</sup> | Yes         | 2 of 4             |
| Joseph Mimran               | Yes         | 4 of 4             |

**Notes:**

- (1) Mr. Bell served on the Audit Committee until August 26, 2019, at which point the Audit Committee was reconstituted prior to the Company's graduation to the TSX.
- (2) Ms. Daniere was appointed to the Audit Committee on August 26, 2019.

**The Compensation, Nominating and Governance Committee**

The CNG Committee is currently comprised of: Ms. Daniere (Chair), Mr. Mavrinac and Mr. Bell. The Board has determined that each of the members of the CNG Committee is currently independent within the meaning of NI 52-110, other than Mr. Bell.

For a general description of the CNG Committee members' relevant education and experience, see "*Business of the Meeting – Election of Directors – Director Biographies*".

The CNG Committee is responsible for, among other things:

- (a) implementing a process for assessing the effectiveness of the Board as a whole, the committees of the directors and the individual directors;
- (b) annually reviewing, approving and recommending to the Board for approval the remuneration of the Senior Executives of the Company;
- (c) reviewing and recommending to the Board for its approval the remuneration of directors;
- (d) developing and submitting to the Board recommendations with regard to bonus entitlements, other employee benefits and bonus plans;
- (e) reviewing on an annual basis the remuneration policies of the Company, including the total remuneration (including benefits) and the main components thereof for the directors and Senior Executives of the Company, and comparing such remuneration policies with the remuneration practices of peers in similar industries;
- (f) reviewing periodically bonus plans and any share-based compensation plans and considering these in light of new trends and practices of peers in similar industries;

- (g) identifying, evaluating and recommending Board candidates;
- (h) evaluating Board structure and organization; and
- (i) monitoring the effectiveness of and compliance with corporate governance policies and procedures.

The CNG Committee held four meetings during Fiscal 2020. The members of the CNG Committee and their meeting attendance during Fiscal 2020 are set forth below:

| Compensation, Nominating and Governance Committee |             |                    |
|---|-------------|--------------------|
| Name of Director                                  | Independent | Meeting Attendance |
| Asha Daniere                                      | Yes         | 4 of 4             |
| Richard Mavrinac                                  | Yes         | 4 of 4             |
| John K. Bell                                      | No          | 4 of 4             |

### **The Conflicts Review Committee**

The Conflicts Review Committee is currently comprised of: Ms. Daniere (Chair), Mr. Mavrinac and Mr. Mimran. The Board has determined that each of the members of the CNG Committee is currently independent within the meaning of NI 52-110.

The Conflicts Review Committee is responsible for, among other things:

- (a) recommending for approval by the Board procedures for the identification, consideration and approval of material transactions or agreements (each, a “**Subject Transaction**”) between the Company and (i) any “related parties”, as defined in Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”), or (ii) any person in which a Related Party is a director or an officer of, or has a material interest in (the persons in clauses (i) and (ii) are herein referred to as “**Related Parties**”);
- (b) reviewing the proposed terms and conditions of any Subject Transaction and, as appropriate, approving such Subject Transaction;
- (c) taking measures to confirm that any Subject Transactions that are “related party transactions” for the purposes of MI 61-101 are in compliance with MI 61-101 and applicable securities laws; and
- (d) considering risks related to any proposed Subject Transaction.

The Conflicts Review Committee was formed on March 19, 2020. As a result, no meetings of the Conflicts Review Committee were held during Fiscal 2020.

### **ADDITIONAL INFORMATION**

Additional information relating to the Company is available under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company’s website at [www.canopyrivers.com](http://www.canopyrivers.com).

Financial information concerning the Company’s most recently completed financial year is provided in the Annual Financial Statements and the Annual MD&A. Inquiries including requests for paper copies of the Annual Financial Statements and the Annual MD&A may be directed to TSX Trust by calling toll-free at 1-866-600-5869 or by emailing [TMXEInvestorServices@tmx.com](mailto:TMXEInvestorServices@tmx.com).

## **APPROVAL**

The contents of this Circular and the sending thereof to the Shareholders, directors and the auditors of the Company, have been approved by the Board.

### **ON BEHALF OF THE BOARD OF DIRECTORS**

*(signed) John K. Bell*

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John K. Bell  
Chair of the Board

## **SCHEDULE "A"**

Please see attached.



**CANOPY RIVERS INC.**  
**SHARE UNIT PLAN FOR NON-EMPLOYEE DIRECTORS**

Effective as of March 18, 2020

## **Section 1        Interpretation**

### **1.1                Purpose**

The purposes of the Plan are:

- (a) to promote a greater alignment of long-term interests between Non-Employee Directors and Shareholders; and
- (b) to provide a compensation system for Non-Employee Directors that, together with the other Director compensation mechanisms of the Corporation, is reflective of the responsibility, commitment and risk accompanying membership on the Board and the performance of the duties required of the various committees of the Board.

### **1.2                Definitions**

As used in the Plan, the following terms have the following meanings:

- (a) “**Account**” means the account maintained by the Corporation in its books for each Participant to record the Share Units credited to such Participant under the Plan;
- (b) “**Annual Period**” means a fiscal year of the Corporation, which, until changed by the Corporation, shall be the 12-month period ending March 31, and “**Annually**” means each such fiscal year;
- (c) “**Annual Remuneration**” means all amounts ordinarily payable in cash to a Non-Employee Director by the Corporation in respect of the services provided by the Non-Employee Director to the Corporation in connection with such Non-Employee Director’s service on the Board in an Annual Period, including as applicable and without limitation (i) the Annual Retainer; (ii) the fee for serving as a member of a Board committee; and (iii) the fee for chairing a Board committee. For greater certainty, “**Annual Remuneration**” shall exclude any meeting fees payable in respect of attendance at individual meetings and amounts received by a Non-Employee Director as a reimbursement for expenses incurred in attending meetings;
- (d) “**Annual Retainer**” means the annual base retainer fee payable to a Non-Employee Director by the Corporation for serving as a Director;
- (e) “**Applicable Law**” means any applicable provision of law, domestic or foreign, including, without limitation, applicable securities legislation, together with all regulations, rules, policy statements, rulings, notices, orders or other instruments promulgated thereunder and Stock Exchange Rules;
- (f) “**Award Agreement**” means a written agreement setting out the terms of any Share Unit award under Section 2.3(b) in the form of Schedule B hereto, or such other form as may be prescribed by the Board from time to time;
- (g) “**Beneficiary**” means an individual who, on the date of a Participant’s death, is the person who has been designated in accordance with Section 5.7 and the laws applying to the Plan, or where no such individual has been validly designated by the Participant, or where the individual does not survive the Participant, the Participant’s legal representative;
- (h) “**Board**” means the Board of Directors of the Corporation;
- (i) “**Change in Control**” means:
  - (i) the acquisition by any “offeror” (as defined in the *Securities Act (Ontario)*), other than Canopy Growth Corporation, of beneficial ownership of more than 50% of

- the outstanding voting securities of the Corporation, by means of a take-over bid or otherwise;
- (ii) the acquisition by Canopy Growth Corporation, directly or indirectly, of beneficial ownership of more than 90% of the outstanding voting securities of the Corporation, by means of a take-over bid or otherwise;
  - (iii) any consolidation, reorganization, merger, amalgamation or statutory amalgamation or arrangement of the Corporation with or into another corporation, a separation of the business of the Corporation into two or more entities, or pursuant to which Shares would be converted into cash, securities or other property, other than a merger of the Corporation in which Shareholders immediately prior to the merger have the same proportionate ownership of stock of the surviving corporation immediately after the merger;
  - (iv) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Corporation;
  - (v) the approval by the Shareholders of any plan of liquidation or dissolution of the Corporation; or
  - (vi) the replacement by way of election or appointment at any time of one-half or more of the total number of the then incumbent members of the Board, unless such election or appointment is approved by 50% or more of the Board in office immediately preceding such election or appointment in circumstances where such election or appointment is to be made other than as a result of a dissident public proxy solicitation, whether actual or threatened;
- (j) “**Conversion Date**” means the date used to determine the Fair Market Value of a Share Unit for purposes of determining the number of Share Units to be credited to a Participant under Section 2.3;
- (k) “**Corporation**” means Canopy Rivers Inc., and any successor corporation whether by amalgamation, arrangement, merger, transfer of all or substantially all corporate assets or otherwise;
- (l) “**Director**” means a member of the Board;
- (m) “**Election Notice**” means the written election under Section 2.2 to receive Share Units, in the form of Schedule A hereto, or such other form as may be prescribed by the Board from time to time;
- (n) “**Fair Market Value**” means, with respect to any particular date:
- (i) if the Subordinated Voting Shares are listed on only one Stock Exchange, the volume weighted average trading price per Subordinated Voting Share on such Stock Exchange during the immediately preceding five (5) Trading Days;
  - (ii) if the Subordinated Voting Shares are listed on more than one Stock Exchange, the Fair Market Value as determined in accordance with paragraph (i) above for the Stock Exchange on which the greatest volume of trading of the Subordinated Voting Shares occurred during the immediately preceding twenty (20) Trading Days; and
  - (iii) if the Subordinated Voting Shares are not listed for trading on a Stock Exchange, a price which is determined by the Board in good faith to be the fair market value of the Subordinated Voting Shares;

- (o) **"Insider"** has the meaning ascribed thereto in the Toronto Stock Exchange Company Manual with respect to Security Based Compensation Arrangements, provided that if the Subordinated Voting Shares are not listed on the Toronto Stock Exchange, **"Insider"** shall have the meaning ascribed to "reporting insiders" in National Instrument 55-104 – *Insider Reporting Requirements and Exemptions*;
- (p) **"Multiple Voting Share"** means a multiple voting share of the Corporation or, in the event of an adjustment contemplated by Section 2.6 hereof, such other security as may be substituted for a multiple voting share as a result of such adjustment;
- (q) **"Non-Employee Director"** means a Director who is not an officer or employee of the Corporation or any subsidiary thereof, and includes any non-executive Chair of the Board;
- (r) **"Participant"** means a Non-Employee Director to whom Share Units have been credited under the Plan;
- (s) **"Plan"** means this Canopy Rivers Inc. Share Unit Plan for Non-Employee Directors, as amended from time to time;
- (t) **"Security Based Compensation Arrangements"** has the meaning ascribed thereto in the Toronto Stock Exchange Company Manual provided that if the Subordinated Voting Shares are not listed on the Toronto Stock Exchange, **"Security Based Compensation Arrangement"** shall mean a stock option, stock appreciation right, stock option plan, employee stock purchase plan, share unit plan, deferred share unit plan or any other compensation or incentive mechanism, in each case, involving the issuance or potential issuance of Shares as compensation including a Share purchase from treasury which is financially assisted by the Corporation by way of a loan, guaranty or otherwise.
- (u) **"Share Unit"** means a unit credited by the Corporation to a Participant by way of a bookkeeping entry in the books of the Corporation, as determined by the Board, pursuant to the Plan, the value of which at any particular date shall be the Fair Market Value at that date;
- (v) **"Shareholder"** means a holder of a Share;
- (w) **"Shares"** means the Subordinated Voting Shares and/or Multiple Voting Shares and **"Share"** means any one of them;
- (x) **"Stock Exchange"** means the Toronto Stock Exchange and such other stock exchange on which the Subordinated Voting Shares are listed, or if the Subordinated Voting Shares are not listed on any stock exchange, then on the over-the-counter market;
- (y) **"Stock Exchange Rules"** means the applicable rules of any Stock Exchange upon which any Shares are listed;
- (z) **"Subordinated Voting Share"** means a subordinated voting share of the Corporation or, in the event of an adjustment contemplated by Section 2.6 hereof, such other security as may be substituted for a subordinated voting share as a result of such adjustment;
- (aa) **"Trading Day"** means any date on which the Stock Exchange is open for the trading of Subordinated Voting Shares and on which Subordinated Voting Shares are actually traded;

### 1.3 Effective Date

The Plan shall be effective as of March 18, 2020.

## **1.4 Eligibility**

Each Non-Employee Director shall be eligible to receive Share Units under the Plan. If a Participant becomes an officer (other than non-executive Chair of the Board) or employee of the Corporation while remaining as a Director, such individual's eligibility to receive Share Units pursuant to an election in accordance with Section 2.2 shall be suspended effective as of the date of the commencement of such individual's employment and shall resume upon termination of such employment provided such individual continues as a Director. During the period of such ineligibility, such individual shall be entitled to continue to be credited with Share Units allocated as dividend equivalents under Section 2.4 for Share Units received under the Plan prior to such period of ineligibility.

## **1.5 Construction**

In this Plan, references to the singular shall include the plural and vice versa, as the context shall require. If any provision of the Plan or part hereof is determined to be void or unenforceable in whole or in part, such determination shall not affect the validity or enforcement of any other provision or part thereof. Headings wherever used herein are for reference purposes only and do not limit or extend the meaning of the provisions contained herein. References to a Section or Sections mean a section or sections contained in the Plan unless expressly stated otherwise. All amounts referred to in this Plan are stated in Canadian dollars unless otherwise indicated.

## **1.6 Administration**

The Board shall, in its sole and absolute discretion: (a) interpret and administer the Plan; (b) establish, amend and rescind any rules and regulations relating to the Plan; (c) have the power to delegate, on such terms as the Board deems appropriate, any or all of its powers hereunder to any committee of the Board or officer of the Corporation; (d) amend the Plan or vary the terms of any outstanding Share Units or Award Agreement, subject to Section 5.3; (e) make any other determinations that the Board deems necessary or desirable for the administration of the Plan. Any decision of the Board with respect to the administration and interpretation of the Plan shall be conclusive and binding on all Non-Employee Directors and any other person claiming an entitlement or benefit through a Non-Employee Director. All expenses of administration of the Plan shall be borne by the Corporation as determined by the Board. Where the Board has delegated any of its powers with respect to any matter hereunder to any committee of the Board or officer of the Corporation any reference in the Plan to a determination, decision or other action by the Board with respect to such matter shall be construed as a reference to such committee or officer.

## **1.7 Governing Law**

The Plan shall be governed by and interpreted in accordance with the laws of the Province of Ontario and any actions, proceedings or claims in any way pertaining to the Plan shall be commenced in the courts of the Province of Ontario.

## **Section 2 Election Under the Plan and Share Unit Awards**

### **2.1 Payment of Director's Annual Remuneration**

Subject to Section 2.2 and such rules, regulations, policies, approvals and conditions as the Board may impose, a Non-Employee Director may elect to receive Annual Remuneration, or such component(s) of the Non-Employee Director's Annual Remuneration (as described in clauses (i), (ii) and (iii) of the definition of Annual Remuneration) as may be specified in the rules, regulations and policies established by the Board in respect of the Plan, in the form of Share Units, which shall be credited to the Non-Employee Director's Account Annually.

### **2.2 Non-Employee Director Election Process**

- (a) Subject to Section 2.2(d) and Section 5.4, a person who is a Non-Employee Director on the effective date of the Plan may elect to receive an amount or percentage (as specified in the Election Notice) of the Annual Remuneration, or a specified component of that Annual Remuneration, as contemplated in Section 2.1, that may be earned by such Non-Employee Director after such effective date of the Plan in Share Units by completing and delivering to the Secretary of the Corporation an initial Election Notice by no later than thirty (30) days after the effective date of the Plan, which

shall apply to the Non-Employee Director's Annual Remuneration earned in Annual Periods that commence after the date the election is made.

- (b) Subject to Section 2.2(d) and Section 5.4, an individual who becomes a Non-Employee Director during a year may elect to receive an amount or percentage (as specified in the Election Notice) of the Annual Remuneration, or a specified component of that Annual Remuneration, as contemplated in Section 2.1, that may be earned by such Non-Employee Director after the date the election is made in Share Units by completing and delivering to the Secretary of the Corporation an Election Notice within thirty (30) days after the individual becomes a Non-Employee Director.
- (c) Subject to Section 2.2(d) and Section 5.4, a Non-Employee Director who has previously made an election under this Section 2.2, or who has never made any election under the Plan but who was previously eligible to do so, may elect to change the amount or percentage or to commence receiving an amount or percentage (each as specified in the Election Notice), as applicable, of Annual Remuneration, or a specified component of that Annual Remuneration, as contemplated in Section 2.1, for subsequent Annual Periods in Share Units by completing and delivering to the Secretary of the Corporation an Election Notice on or before the last day of the Annual Period immediately preceding the Annual Period to which such Election Notice is to apply.
- (d) Notwithstanding any of the foregoing provisions of Section 2, the Corporation shall not effect any election under this Section 2.2 (and shall notify any applicable Non-Employee Director of such determination) where the Board does not believe such action is appropriate having regard for any material information to which the Board may be privy that has not been publicly disclosed.
- (e) The Board may prescribe election forms for use by Non-Employee Directors who are residents of a jurisdiction other than Canada that differ from the election forms it prescribes for use by Canadian resident Non-Eligible Directors where the Board determines it is necessary or desirable to do so to obtain comparable treatment for the Plan, the Non-Employee Directors or the Corporation under the laws or regulatory policies of such other jurisdiction as is provided under the laws and regulatory policies of Canada and its Provinces, provided that no election form prescribed for use by a non-resident of Canada shall contain terms that would cause the Plan to cease to meet the requirements of Section 7 of the *Income Tax Act* (Canada) and any successor to such provisions.
- (f) For greater certainty, if the Corporation establishes a policy for members of the Board with respect to the acquisition and/or holding of Subordinated Voting Shares and / or Share Units, each Non-Employee Director shall ensure that any election made by such Non-Employee Director under this Section 2.2 complies with such policy.

### **2.3 Share Unit Awards**

- (a) Share Units elected by a Non-Employee Director pursuant to Section 2.2 that relate to the Non-Employee Director's services as a member of the Board in an Annual Period shall be credited to the Non-Employee Director's Account as of the applicable Conversion Date, which, unless otherwise determined by the Board (and announced by way of press release), shall be the last day of such Annual Period. The number of Share Units (including fractional Share Units) to be credited to a Non-Employee Director's Account as of a particular Conversion Date pursuant to this Section 2.3(a) shall be determined by dividing the portion of that Non-Employee Director's Annual Remuneration for the applicable period to be satisfied by Share Units by the Fair Market Value on the particular Conversion Date.
- (b) The Board may award such number of Share Units to a Non-Employee Director as the Board deems advisable to provide the Non-Employee Director with appropriate equity-based compensation for the services such Non-Employee Director renders to the Corporation as a Director in addition to any Share Units granted pursuant to Section 2.3(a). The Board shall determine the date on which such Share Units may be granted and the Conversion Date as of which such Share Units shall be credited to the Non-Employee Director's Share Unit Account, together with any terms or conditions

with respect to the vesting of such Share Units. The Corporation and a Non-Employee Director who receives an award of Share Units pursuant to this Section 2.3(b) shall enter into an Award Agreement to evidence the award and the terms applicable thereto.

- (c) Share Units credited to a Participant's Account under Section 2.3(a), together with any additional Share Units granted in respect thereof under Section 2.4, will be fully vested upon being credited to the Participant's Account and the Participant's entitlement to payment of such Share Units as of the payment date provided for in Section 3.1 shall not thereafter be subject to satisfaction of any requirements as to any minimum period of membership on the Board.
- (d) Share Units credited to a Participant's Account under Section 2.3(b), together with any additional Share Units granted in respect thereof under Section 2.4, will vest in accordance with such terms and conditions as may be determined by the Board and set out in the Award Agreement.

## **2.4 Dividends**

On any payment date for dividends paid on Subordinated Voting Shares, a Participant shall be credited with dividend equivalents in respect of Share Units credited to the Participant's Account as of the record date for payment of such dividends. Such dividend equivalents shall be converted into additional Share Units (including fractional Share Units) based on the Fair Market Value as of the date on which the dividends on the Subordinated Voting Shares are paid.

## **2.5 Participant's Account**

A Participant's Account shall record at all times the number of Share Units standing to the credit of the Participant. Upon payment in satisfaction of Share Units credited to a Participant in the manner described herein, such Share Units shall be cancelled. A written confirmation of the balance in each Participant's Account shall be provided by the Corporation to the Participant at least Annually.

## **2.6 Adjustments and Reorganizations**

Notwithstanding any other provision of the Plan, in the event of any change in the Subordinated Voting Shares by reason of any stock dividend, split, recapitalization, reclassification, amalgamation, arrangement, merger, consolidation, combination or exchange of Subordinated Voting Shares or distribution of rights to holders of Subordinated Voting Shares or any other form of corporate reorganization whatsoever, an equitable adjustment permitted under Applicable Law shall be made to any Share Units then outstanding and any references to specific quantities (including, but not limited to, percentage limits) of Subordinated Voting Shares or Share Units under the Plan. Such adjustment shall be made by the Board, subject to Applicable Law, shall be conclusive and binding for all purposes of the Plan.

## **Section 3 Redemptions**

### **3.1 Redemption of Share Units**

- (a) Subject to Section 3.1(c) and unless otherwise determined by the Board, each grant of Share Units credited to a Participant's Account pursuant to an election under Section 2.2 shall be redeemed, together with any dividend equivalent Share Units attributable thereto, in three equal instalments on each of the first three anniversaries of the Conversion Date applicable to such Share Unit grant for the purposes of Section 2.3(a).
- (b) Subject to Section 3.1(c) and unless otherwise determined by the Board, Share Units credited to a Participant's Account pursuant to an award under Section 2.3(b) that have vested shall be redeemed, together with any vested dividend equivalent Share Units attributable thereto, in accordance with the Award Agreement governing such Share Units.

- (c) In the event of a Change in Control, all Share Units that have been credited to a Participant under the Plan and not redeemed prior to such Change in Control shall be redeemed immediately prior to the effective time of the Change in Control.

### **3.2 Settlement of Share Units**

A Participant, or the Beneficiary of a Participant, as the case may be, whose Share Units are redeemed pursuant to Section 3.1 shall be entitled to receive one Subordinated Voting Share from the Corporation for each whole Share Unit then being settled, subject to Section 5.12.

### **3.3 Fractional Subordinated Voting Shares**

No fractional Subordinated Voting Shares shall be issued upon the surrender of any Share Unit and, if as a result of any adjustment, a Participant would become entitled to a fractional Subordinated Voting Share, such Participant shall have the right to receive only the next lowest whole number of Subordinated Voting Shares and no payment or other adjustment will be made for the fractional interest.

## **Section 4 Subordinated Voting Shares Subject to the Plan**

### **4.1 Total Number of Subordinated Voting Shares**

Subject to adjustment as provided for in Section 2.6, the maximum number of Subordinated Voting Shares that may be issued or issuable under the Plan shall be a number equal to 1.0% of the number of issued and outstanding Shares on a non-diluted basis from time to time.

### **4.2 Additional Limits.**

Notwithstanding any other provision of this Plan or any agreement relating to Share Units, no Share Units shall be granted under this Plan if:

- (a) together with any other Security Based Compensation Arrangements established or maintained by the Corporation, such grant of Share Units could result, at any time, in the aggregate number of Subordinated Voting Shares (i) issued to Insiders, within any one-year period or (ii) issuable to Insiders, at any time, exceeding 10% of the issued and outstanding Subordinated Voting Shares on a non-diluted basis;
- (b) such grant of Share Units to a Non-Employee Director is pursuant to Section 2.3(b) (or in respect thereof under Section 2.4) and will result in: (i) the aggregate number of Subordinated Voting Shares reserved for issuance to all Non-Employee Directors pursuant to outstanding Share Units granted under the Plan pursuant to Section 2.3(b) (or in respect thereof under Section 2.4) and all other Security Based Compensation Arrangements providing for the equity awards other than in lieu of cash fees exceeding 1.0% of the total number of Shares then-issued and outstanding; or (ii) the Fair Market Value of Share Units on their date of granting to any Non-Employee Director under the Plan pursuant to Section 2.3(b) (or in respect thereof under Section 2.4) and all other Security Based Compensation Arrangements providing for the equity awards other than in lieu of cash fees exceeding \$150,000 per year.

## **Section 5 General**

### **5.1 Rights as an Unsecured Creditor**

To the extent any individual holds any rights by virtue of an election under the Plan, such rights (unless otherwise determined by the Board) shall be no greater than the rights of an unsecured general creditor of the Corporation.



## 5.2 Successors and Assigns

The Plan shall be binding on all successors and permitted assigns of the Corporation and a Participant, including without limitation, the estate of such Participant and the legal representative of such estate, or any receiver or trustee in bankruptcy or representative of the Corporation's or the Participant's creditors. Rights of Participants respecting Share Units and other benefits under the Plan shall not be transferable or assignable other than by will or the laws of descent and distribution.

## 5.3 Plan Amendments and Approvals

- (a) This Plan is subject to the approval of a majority of the votes cast at the next succeeding meeting of the Shareholders and the final approval of the Stock Exchange. Any Share Units granted under this Plan prior to such time shall not be settled or binding on the Corporation unless and until such Shareholder approval and Stock Exchange approval is obtained. If this Plan is not approved by the majority of the votes cast at a meeting of the Shareholders and the Stock Exchange, it and all Share Units granted thereunder shall terminate and be null and void.
- (b) Subject to Section 5.3(c), the Board may at any time and for any reason amend, suspend or terminate this Plan, in whole or in part, and this Plan shall govern the rights and obligations of the Corporation and the Participants, as applicable, with respect to all then outstanding Share Units, provided that no such amendment, suspension or termination of this Plan may, without the consent of a Participant to whom Share Units shall theretofore have been granted, adversely affect the rights of such Participant's outstanding Share Units, as determined by the Board acting in good faith.
- (c) Notwithstanding Section 5.3(b), except as set forth in Section 2.6 or Section 5.7, the Board may not, without approval by a majority of the votes cast by the holders of Shares present and voting in person or by proxy at a meeting of Shareholders:
  - (i) increase the maximum percentage of Subordinated Voting Shares issuable by the Corporation pursuant to the Plan in Section 4.1;
  - (ii) expand the authority of the Board to permit assignability of the Share Units beyond that contemplated by Section 5.2;
  - (iii) increase or delete the percentage limit relating to Subordinated Voting Shares issuable or issued to Insiders in Section 4.2(a);
  - (iv) increase or delete any limit in Section 4.2(b);
  - (v) amend the Plan to provide for other types of compensation through equity issuance;
  - (vi) provide for the issuance of Multiple Voting Shares under the Plan; and
  - (vii) amend this Section 5.3(c) or Section 5.3(b), other than as permitted under Stock Exchange Rules; and

for greater certainty and without limiting the foregoing, Shareholder approval shall not be required for the following amendments and the Board may make the following changes without Shareholder approval, subject to any applicable regulatory approvals including, where required, the approval of any Stock Exchange:

- (viii) amendments of a "housekeeping" nature;
- (ix) a change to the termination provisions of any Share Unit; or
- (x) amendments to the provisions relating to a Change in Control.

#### **5.4 Applicable Trading Policies and Reporting Requirements**

The Board and each Participant will ensure that all actions taken and decisions made by the Board or a Participant, as the case may be, pursuant to the Plan, comply with applicable securities regulations and policies of the Corporation relating to insider trading and "black out" periods.

#### **5.5 Currency**

Except as otherwise determined by the Board, payments and benefits under the Plan shall be determined and paid in the lawful currency of Canada.

#### **5.6 Designation of Beneficiary**

Subject to the requirements of Applicable Law, a Participant may designate in writing a person who is a dependent or relation of the Participant as a beneficiary to receive any benefits that are payable under the Plan upon the death of such Participant. The Participant may, subject to Applicable Law, change such designation from time to time. Such designation or change shall be in the form of Schedule C. Changes to such designation may be filed from time to time thereafter.

#### **5.7 Death of Participant**

In the event of a Participant's death, any and all Share Units then credited to the Participant's Account shall become payable to the Participant's Beneficiary in accordance with Section 3.2 as soon as reasonably practicable after the Participant's date of death.

#### **5.8 Rights of Participants**

- (a) Except as specifically set out in the Plan, no Participant, or any other person shall have any claim or right to any benefit in respect of Share Units granted or amounts payable pursuant to the Plan.
- (b) The Plan shall not be construed as granting a Participant a right to be retained as a member of the Board or a claim or right to any future grants of Share Units, future amounts payable or other benefits under the Plan.
- (c) Under no circumstances shall Share Units be considered Shares nor shall they entitle any Participant or other person to exercise voting rights or any other rights attaching to the ownership of Shares.

#### **5.9 Compliance with Law**

Any obligation of the Corporation pursuant to the terms of the Plan is subject to compliance with Applicable Law. The Participants shall comply with Applicable Law and furnish the Corporation with any and all information and undertakings as may be required to ensure compliance therewith.

#### **5.10 Administration Costs**

The Corporation will be responsible for all costs relating to the administration of the Plan.

#### **5.11 Limited Liability**

No member of the Board or any officer or employee of the Corporation or any subsidiary, partnership, trust of the Corporation or other controlled entity of the Corporation shall be liable for any action or determination made in good faith pursuant to the Plan, any Election Notice or Award Agreement under the Plan. To the fullest extent permitted by law, the Corporation shall indemnify and save harmless each person made, or threatened to be made, a party to any action or proceeding in respect of the Plan by reason of the fact that such person is or was a member of the Board or is or was an officer or employee of the Corporation or any subsidiary, partnership, trust of the Corporation or other controlled entity of the Corporation.

## **5.12 Withholding**

So as to ensure that the Corporation will be able to comply with the applicable provisions of any Applicable Law relating to the withholding of tax or other required deductions, the Corporation shall withhold or cause to be withheld from any amount payable to a Participant, either under this Plan, or otherwise, such amount as may be necessary to permit the Corporation, as applicable, to so comply. The Corporation may also satisfy any liability for any such withholding obligations, on such terms and conditions as the Corporation may determine in its sole discretion, by (a) selling on such Participant's behalf, or requiring such Participant to sell, any Subordinated Voting Shares, and retaining any amount payable which would otherwise be provided or paid to such Participant in connection with any such sale, or (b) requiring, as a condition to the delivery of Subordinated Voting Shares in settlement of any Participant's Share Units, that such Participant make such arrangements as the Corporation may require so that the Corporation can satisfy such withholding obligations, including requiring such Participant to remit an amount to the Corporation in advance, or reimburse the Corporation for, any such withholding obligations.

**SCHEDULE A**

**Canopy Rivers Inc. Share Unit Plan for Non-Employee Directors (the "Plan")**

**ELECTION NOTICE**

**I. Election:**

Subject to Part II of this Notice, I hereby elect to receive the following amount or percentage of my Annual Remuneration, or a specified component of that Annual Remuneration, earned in Annual Periods commencing after \_\_\_\_\_ by way of share units ("**Share Units**")\*:

| Type of Compensation | Amount | Percentage in Share Units |
|----------------------|--------|---------------------------|
|                      | \$     | %                         |

\*The balance, if any, will be payable in cash each fiscal quarter within the Annual Period, in arrears

Upon redemption of the Share Units, Subordinated Voting Shares should be issued, registered and delivered in accordance with the following instructions, which I may change from time to time upon written notice to the Corporation:

| Registration Instructions | Registration Address | Delivery Address |
|---------------------------|----------------------|------------------|
|                           |                      |                  |

**II. Acknowledgement**

I confirm and acknowledge that:

1. I have received and reviewed a copy of the terms of the Plan and agree to be bound by them.
2. I do not possess any material non-public information about the Corporation that has not been publicly disclosed.
3. Share Units granted pursuant to this election will be credited to me on or about the last day of each Annual Period following the effective date of this election.
4. I will not be able to cause the Corporation to redeem Share Units granted under the Plan until the date specified in the Plan.
5. When Share Units credited to my Account pursuant to this election are redeemed in accordance with the terms of the Plan, income tax and other withholdings as required will arise at that time. Upon redemption of the Share Units, the Corporation will make all appropriate withholdings as required by law at that time.
6. The value of the Share Units is based on the value of the Subordinated Voting Shares and therefore is not guaranteed.
7. This election is irrevocable until changed with respect to future Annual Remuneration in accordance with Section 2.2(c) of the Plan.
8. The foregoing is only a brief outline of certain key provisions of the Plan. In the event of any discrepancy between the terms of the Plan and the terms of this Election Notice, the terms of the Plan shall prevail. All capitalized expressions used herein shall have the same meaning as in the Plan unless otherwise defined above.

\_\_\_\_\_  
Date

\_\_\_\_\_  
(Name of Participant)

\_\_\_\_\_  
(Signature of Participant)

**Schedule B**

**Canopy Rivers Inc. Share Unit Plan for Non-Employee Directors (the "Plan")**

**AWARD AGREEMENT**

**I. Agreement and Grant**

This Agreement is entered into between Canopy Rivers Inc. (the "**Corporation**") and the individual named below (the "**Participant**") pursuant to Section 2.3(b) of the Plan and confirms that effective , 20 (the "**Conversion Date**") share units ("**Share Units**") have been granted by the Corporation to the Participant on the terms set out in this Agreement and the Plan.

**II. Vesting/Redemption**

All Share Units referred to in Part I above, together with any additional Share Units credited to the Participant's Account pursuant to Section 2.4 of the Plan in respect of such Share Units shall at all times following their grant be fully vested in the Participant, and shall not be subject to forfeiture. Such Share Units shall be redeemed in three equal instalments on each of the first three anniversaries of the Conversion Date.

**III. Acknowledgement**

The Participant confirms and acknowledges that:

1. He/she has received and reviewed a copy of the terms of the Plan and this Agreement and agrees to be bound by them.
2. Only Share Units that vest in accordance with Part II above may be redeemed by the Participant or the Participant's Beneficiary.
3. He/she will not be able to cause the Corporation to redeem Share Units referred to in Part I above or any additional Share Units credited to the Participant's Account pursuant to Section 2.4 of the Plan in respect of such Share Units until the date specified herein.
4. When Share Units referred to in Part I above and additional Share Units credited to the Participant's Account pursuant to this election are redeemed in accordance with the terms of the Plan after he/she is no longer either a director of the Corporation, income tax and other withholdings as required will arise at that time. Upon redemption of the Share Units, the Corporation will make all appropriate withholdings as required by law at that time.
5. The value of the Share Units is based on the value of the Subordinated Voting Shares and therefore is not guaranteed.
6. In the event of any discrepancy between the terms of the Plan and the terms of this Agreement, the terms of the Plan shall prevail. All capitalized expressions used herein shall have the same meaning as in the Plan unless otherwise specified herein.

**IN WITNESS WHEREOF** the Corporation and Participant have executed this Agreement as of the Conversion Date.

By: \_\_\_\_\_  
(Signature of Participant)

\_\_\_\_\_  
(Name of Participant)

**CANOPY RIVERS INC.**

By: \_\_\_\_\_  
(Signature)

**SCHEDULE C**  
**BENEFICIARY DESIGNATION**

To: Secretary – Canopy Rivers Inc.

I, \_\_\_\_\_, being a Participant in the Canopy Rivers Inc. Share Unit Plan for Non-Employee Directors (the “**Plan**”) hereby designate the following person as my Beneficiary for purposes of the Plan:

Name of Beneficiary: \_\_\_\_\_

Address of Beneficiary: \_\_\_\_\_

\_\_\_\_\_

This designation revokes any previous beneficiary designation made by me under the Plan. Under the terms of the Plan, I reserve the right to revoke this designation and to designate another person as my Beneficiary.

Date: \_\_\_\_\_

Name: \_\_\_\_\_(please print)

Signature: \_\_\_\_\_

**SCHEDULE "B"**

Please see attached.

**CANOPY RIVERS INC.**  
**LONG TERM INCENTIVE PLAN**

August 5, 2020



## PART I – GENERAL PROVISIONS

### 1. PREAMBLE AND DEFINITIONS

#### 1.1 Title.

The Plan described in this document shall be called the “Canopy Rivers Inc. Long Term Incentive Plan”.

#### 1.2 Purpose of the Plan.

The purposes of the Plan are:

- (a) to promote a further alignment of interests between officers, employees and other eligible service providers and the shareholders of the Corporation;
- (b) to associate a portion of the compensation payable to officers, employees and other eligible service providers with the returns achieved by shareholders of the Corporation; and
- (c) to attract and retain officers, employees and other eligible service providers with the knowledge, experience and expertise required by the Corporation.

#### 1.3 Definitions.

1.3.1 “**Affiliate**” means a related entity of the Corporation within the meaning of National Instrument 45-106 – *Prospectus Exemptions*, as such instrument may be amended, supplemented or replaced from time to time.

1.3.2 “**Applicable Law**” means any applicable provision of law, domestic or foreign, including, without limitation, applicable securities legislation, together with all regulations, rules, policy statements, rulings, notices, orders or other instruments promulgated thereunder, and Stock Exchange Rules.

1.3.3 “**Base Price**” means the base dollar amount used to calculate the amount, if any, payable to a Participant with respect to a Share subject to a Stand-Alone SAR upon settlement thereof, which base dollar amount shall be determined in accordance with Section 10.6.

1.3.4 “**Beneficiary**” means, subject to Applicable Law, an individual who has been designated by a Participant, in such form and manner as the Board may determine, to receive benefits payable under the Plan upon the death of the Participant, or, where no such designation is validly in effect at the time of death, the Participant’s legal representative.

1.3.5 “**Blackout Period**” means a period of time when, pursuant to any policies of the Corporation, any securities of the Corporation may not be traded by certain persons as designated by the Corporation, including any holder of a Grant.

1.3.6 “**Board**” means the Board of Directors of the Corporation.

1.3.7 “**Cause**” means:

- (a) subject to (b) below, “just cause” or “cause” for Termination by the Corporation or an Affiliate as determined under Applicable Law;
- (b) where a Participant has a written employment agreement with the Corporation or an Affiliate, “**Cause**” as defined in such employment agreement, if applicable; or
- (c) where a Participant provides services as an independent contractor pursuant to a contract for services with the Corporation or an Affiliate, any material breach of such contract.

1.3.8 “**Change in Control**” means:

- (a) the acquisition by any “offeror” (as defined in the *Securities Act* (Ontario)), other than Canopy Growth Corporation, of beneficial ownership of more than 50% of the outstanding voting securities of the Corporation, by means of a take-over bid or otherwise;
- (b) the acquisition by Canopy Growth Corporation, directly or indirectly, of beneficial ownership of more than 90% of the outstanding voting securities of the Corporation, by means of a take-over bid or otherwise;
- (c) any consolidation, reorganization, merger, amalgamation or statutory amalgamation or arrangement of the Corporation with or into another corporation, a separation of the business of the Corporation into two or more entities, or pursuant to which Shares would be converted into cash, securities or other property, other than a merger of the Corporation in which Shareholders immediately prior to the merger have the same proportionate ownership of stock of the surviving corporation immediately after the merger;
- (d) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Corporation;
- (e) the approval by the Shareholders of any plan of liquidation or dissolution of the Corporation; or
- (f) the replacement by way of election or appointment at any time of one-half or more of the total number of the then incumbent members of the Board, unless such election or appointment is approved by 50% or more of the Board in office immediately preceding such election or appointment in circumstances where such election or appointment is to be made other than as a result of a dissident public proxy solicitation, whether actual or threatened.

1.3.9 “**Corporation**” means Canopy Rivers Inc., and includes any successor corporation thereof.

1.3.10 “**Director**” means a director of the Corporation from time to time.

1.3.11 “**Disability**” means:

- (a) subject to (b) below, a Participant’s physical or mental incapacity that prevents him/her from substantially fulfilling his or her duties and responsibilities on behalf of the Corporation or, if applicable, an Affiliate, as determined by the Board and, in the case of a Participant who is an employee of the Corporation or an Affiliate, in respect of which the Participant commences receiving, or is eligible to receive, disability benefits under the Corporation’s or Affiliate’s long-term disability plan; or
- (b) where a Participant has a written employment agreement with the Corporation or an Affiliate, “**Disability**” as defined in such employment agreement, if applicable.

1.3.12 “**Disability Date**” means, in relation to a Participant, that date determined by the Board to be the date on which the Participant experienced a Disability.

1.3.13 “**Eligible Person**” means an individual Employed by the Corporation or any Affiliate, including a Service Provider, who, by the nature of his or her position or job is, in the opinion of the Board, in a position to contribute to the success of the Corporation.

1.3.14 “**Employed**” means, with respect to a Participant, that:

- (a) the Participant is rendering services to the Corporation or an Affiliate (excluding services as a Director) including as a Service Provider (referred to in Section 1.3.43 as “active Employment”); or

- (b) the Participant is not actively rendering services to the Corporation or an Affiliate due to an approved leave of absence, maternity or parental leave or leave on account of Disability.

For greater certainty, a Participant shall not be considered to be Employed on a Vesting Date if, prior to such Vesting Date, such Participant received a payment in lieu of notice of termination of employment, whether under a contract of employment, as damages or otherwise.

and “**Employment**” has the corresponding meaning.

- 1.3.15 “**Exercise Price**” means, (i) with respect to an Option, the price payable by a Participant to purchase one Share on exercise of such Option, which shall not be less than one hundred percent (100%) of the Market Price on the Grant Date of the Option covering such Share, and (ii) with respect to a Tandem SAR, the Exercise Price (as defined in paragraph (i) above) applicable to the Option to which the Tandem SAR relates, in each case subject to adjustment pursuant to Section 5.
- 1.3.16 “**Grant**” means a grant or right granted under the Plan consisting of one or more Options, Stock Appreciation Rights, RSUs or PSUs, shares of Restricted Stock or such other award as may be permitted hereunder.
- 1.3.17 “**Grant Agreement**” means an agreement between the Corporation and a Participant evidencing a Grant and setting out the terms under which such Grant is made, together with such schedules, amendments, deletions or changes thereto as are permitted under the Plan.
- 1.3.18 “**Grant Date**” means the effective date of a Grant.
- 1.3.19 “**Insider**” means an insider of the Corporation as defined in the rules of the Toronto Stock Exchange Company Manual for the purpose of security based compensation arrangements.
- 1.3.20 “**Market Price**” means, with respect to any particular date:
  - (a) if the Shares are listed on only one Stock Exchange, the volume weighted average trading price per Share on such Stock Exchange during the immediately preceding five (5) Trading Days;
  - (b) if the Shares are listed on more than one Stock Exchange, the Market Price as determined in accordance with paragraph (a) above for the primary Stock Exchange on which the greatest volume of trading of the Shares occurred during the immediately preceding twenty (20) Trading Days; and
  - (c) if the Shares are not listed for trading on a Stock Exchange, a price which is determined by the Board in good faith to be the fair market value of the Shares.
- 1.3.21 “**Multiple Voting Shares**” means the multiple voting shares in the capital of the Corporation.
- 1.3.22 “**Option**” means an option to purchase a Share granted by the Board to an Eligible Person in accordance with Section 3 and Section 9.1.
- 1.3.23 “**Participant**” means an Eligible Person to whom a Grant is made and which Grant or a portion thereof remains outstanding.
- 1.3.24 “**Performance Conditions**” means such financial, personal, operational or transaction-based performance criteria as may be determined by the Board in respect of a Grant to any Participant or Participants and set out in a Grant Agreement. Performance Conditions may apply to the Corporation, an Affiliate, the Corporation and its Affiliates as a whole, a business unit of the Corporation or group comprised of the Corporation and some Affiliates or a group of Affiliates, either individually, alternatively or in any combination, and measured either in total, incrementally or cumulatively over a specified performance period, on an absolute basis or relative to a pre-established target or milestone, to previous years’ results or to a designated comparator group, or otherwise, and may incorporate multipliers or adjustments based on the achievement of any such

performance criteria.

- 1.3.25 “**Performance Period**” means, with respect to PSUs, a period specified by the Board for achievement of any applicable Performance Conditions as a condition to Vesting.
- 1.3.26 “**Performance Share Unit**” or “**PSU**” means a right granted to an Eligible Person in accordance with Section 3.1(c) and (d) and Section 13.1 to receive a Share or the Market Price, as determined by the Board, that generally becomes Vested, if at all, subject to the attainment of certain Performance Conditions and satisfaction of such other conditions to Vesting, if any, as may be determined by the Board.
- 1.3.27 “**Plan**” means this Canopy Rivers Inc. Long Term Incentive Plan, including any schedules or appendices hereto, as may be amended from time to time.
- 1.3.28 “**Restricted Share Unit**” or “**RSU**” means a right granted to an Eligible Person in accordance with Section 3.1(c) and (d) and Section 13.1 to receive a Share or the Market Price, as determined by the Board, that generally becomes Vested, if at all, following a period of continuous Employment of the Participant.
- 1.3.29 “**Restricted Stock**” means Shares granted to a Participant that are subject to a Restriction (as defined in Section 17).
- 1.3.30 “**Restrictive Covenant**” means any obligation of a Participant to the Corporation or an Affiliate to (A) maintain the confidentiality of information relating to the Corporation or the Affiliate and/or its business, (B) not engage in employment or business activities that compete with the business of the Corporation or the Affiliate, (C) not solicit employees or other service providers, customers and/or suppliers of the Corporation or the Affiliate, whether during or after employment with the Corporation or Affiliate, and whether such obligation is set out in a Grant Agreement issued under the Plan or other agreement between the Participant and the Corporation or Affiliate, including, without limitation, an employment agreement, or otherwise.
- 1.3.31 “**Service Provider**” means a person or company, other than an employee, officer or director of the Corporation or an Affiliate, that:
- (a) is engaged to provide, on a *bona fide* basis, for an initial, renewable or extended period of twelve (12) months or more, services to the Corporation or an Affiliate, other than services provided in relation to a distribution of securities;
  - (b) provides the services under a written contract between the Corporation or an Affiliate and the person or company;
  - (c) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or an Affiliate;

and includes

- (a) for an individual Service Provider, a corporation of which the individual Service Provider is an employee or shareholder, and a partnership of which the individual Service Provider is an employee or partner; and
  - (b) for a Service Provider that is not an individual, an employee, executive officer, or director of the Service Provider, provided that the individual employee, executive officer, or director spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or an Affiliate.
- 1.3.32 “**Share**” means a Subordinated Voting Share of the Corporation or, in the event of an adjustment contemplated by Section 5.1, such other security to which a Participant may be entitled upon the exercise or settlement of a Grant as a result of such adjustment.

- 1.3.33 **“Share Unit”** means either an RSU or a PSU, as the context requires.
- 1.3.34 **“Stand-Alone SAR”** means a Stock Appreciation right that is granted without reference to any related Option.
- 1.3.35 **“Stock Appreciation Right”** or **“SAR”** means a right, granted to an Eligible Person, representing the right to receive payment, in cash, Shares or any combination thereof, as determined by the Board, equal to the excess of the Market Price over the Base Price or Exercise Price, whichever is applicable, on the terms and conditions and calculated in accordance with the provisions of Section 10.
- 1.3.36 **“Stock Exchange”** means the Toronto Stock Exchange and such other stock exchange on which the Shares are listed, or if the Shares are not listed on any stock exchange, then on the over-the-counter market.
- 1.3.37 **“Stock Exchange Rules”** means the applicable rules of any Stock Exchange upon which Shares of the Corporation are listed.
- 1.3.38 **“Tandem SAR”** means a Stock Appreciation Right attached to an Option, giving the holder, upon Vesting of the Option and Tandem SAR, the right to choose to exercise the Stock Appreciation Right or to exercise the Option.
- 1.3.39 **“Termination”** means (i) the termination of a Participant’s Employment with the Corporation or an Affiliate (other than in connection with the Participant’s transfer to Employment with the Corporation or another Affiliate), which shall occur on the earlier of the date on which the Participant ceases to render services to the Corporation or Affiliate, as applicable, and the date on which the Corporation or an Affiliate, as applicable, delivers notice of the termination of the Participant’s employment or contract for services, whether such termination is lawful or otherwise, without giving effect to any period of notice or compensation in lieu of notice (except as expressly required by applicable employment standards legislation), but, for greater certainty, a Participant’s absence from active work during a period of vacation, temporary illness, authorized leave of absence, maternity or parental leave or leave on account of Disability shall not be considered to be a “Termination”, and (ii) in the case of a Participant who does not return to active Employment with the Corporation or an Affiliate immediately following a period of absence due to vacation, temporary illness, authorized leave of absence, maternity or parental leave or leave on account of Disability, such cessation shall be deemed to occur on the last day of such period of absence, and **“Terminated”** and **“Terminates”** shall be construed accordingly.
- 1.3.40 **“Time Vesting”** means any conditions relating to the passage of time or continued service with the Corporation or an Affiliate for a period of time in respect of a Grant, as may be determined by the Board.
- 1.3.41 **“Trading Day”** means a day on which the Stock Exchange is open for trading and on which the Shares actually traded.
- 1.3.42 **“Vested”** means, with respect to any Option, SAR, Share Unit, share of Restricted Stock or other award included in a Grant, that the applicable conditions with respect to Time Vesting, achievement of Performance Conditions and/or any other conditions established by the Board have been satisfied or, to the extent permitted under the Plan, waived, whether or not the Participant’s rights with respect to such Grant may be conditioned upon prior or subsequent compliance with any Restrictive Covenants (and any applicable derivative term shall be construed accordingly).
- 1.3.43 **“Vesting Date”** means the date on which the applicable Time Vesting, Performance Conditions and/or any other conditions for an Option, SAR, Share Unit, share of Restricted Stock or other award included in a Grant becoming Vested are met, deemed to have been met or waived as contemplated in Section 1.3.47.

## **2. CONSTRUCTION AND INTERPRETATION**

### **2.1 Gender, Singular, Plural.**

In the Plan, references to the masculine include the feminine; and references to the singular shall include the plural and vice versa, as the context shall require.

### **2.2 Severability.**

If any provision or part of the Plan is determined to be void or unenforceable in whole or in part, such determination shall not affect the validity or enforcement of any other provision or part thereof.

### **2.3 Headings, Sections and Parts.**

Headings wherever used herein are for reference purposes only and do not limit or extend the meaning of the provisions herein contained. A reference to a section or schedule shall, except where expressly stated otherwise, mean a section or schedule of the Plan, as applicable. The Plan is divided into four Parts. Part I contains provisions of general application to all Grants; Part II applies specifically to Options and SARs; Part III applies specifically to Share Units; and Part IV applies specifically to Restricted Stock and other Share-based awards.

## **3. ADMINISTRATION**

### **3.1 Administration by the Board.**

The Plan shall be administered by the Board in accordance with its terms and subject to Applicable Law. Subject to and consistent with the terms of the Plan, in addition to any authority of the Board specified under any other terms of the Plan, the Board shall have full and complete discretionary authority to:

- (a) interpret the Plan and Grant Agreements;
- (b) prescribe, amend and rescind such rules and regulations and make all determinations necessary or desirable for the administration and interpretation of the Plan and instruments of grant evidencing Grants;
- (c) determine those Eligible Persons who may receive Grants as Participants, grant one or more Grants to such Participants and approve or authorize the applicable form and terms of the related Grant Agreement;
- (d) determine the terms and conditions of Grants granted to any Participant, including, without limitation, as applicable (i) Grant Value and the number of Shares subject to a Grant, (ii) the Exercise Price or Base Price for Shares subject to a Grant, (iii) the conditions to the Vesting of a Grant or any portion thereof, including, as applicable, the period for achievement of any applicable Performance Conditions as a condition to Vesting, and conditions pertaining to compliance with Restrictive Covenants, and the conditions, if any, upon which Vesting of any Grant or any portion thereof will be waived or accelerated without any further action by the Board, (iv) the circumstances upon which a Grant or any portion thereof shall be forfeited, cancelled or expire, including in connection with the breach by a Participant of any Restrictive Covenant, (v) the consequences of a Termination with respect to a Grant, (vi) the manner of exercise or settlement of the Vested portion of a Grant, (vii) whether, and the terms upon which, a Grant may be settled in cash, newly issued Shares or a combination thereof, and (viii) whether, and the terms upon which, any Shares delivered upon exercise or settlement of a Grant must be held by a Participant for any specified period of time;
- (e) determine whether, and the extent to which, any Performance Conditions or other conditions applicable to the Vesting of a Grant have been satisfied or shall be waived or modified;

- (f) make such rules, regulations and determinations as it deems appropriate under the Plan in respect of any leave of absence or disability of any Participant. Without limiting the generality of the foregoing, the Board shall be entitled to determine:
    - (i) whether or not any such leave of absence shall constitute a Termination within the meaning of the Plan;
    - (ii) the impact, if any, of any such leave of absence on Grants issued under the Plan made to any Participant who takes such leave of absence (including, without limitation, whether or not such leave of absence shall cause any Grants to expire and the impact upon the time or times such Grants shall be exercisable);
  - (g) amend the terms of any Grant Agreement or other documents evidencing Grants; and
  - (h) determine whether, and the extent to which, adjustments shall be made pursuant to Section 5 and the terms of such adjustments.
- 3.2 All determinations, interpretations, rules, regulations, or other acts of the Board respecting the Plan or any Grant shall be made in its sole discretion and shall be conclusively binding upon all persons.
- 3.3 The Board may prescribe terms for Grant Agreements in respect of Eligible Persons who are subject to the laws of a jurisdiction other than Canada in connection with their participation in the Plan that are different than the terms of the Grant Agreements for Eligible Persons who are subject to the laws of Canada in connection with their participation in the Plan, and/or deviate from the terms of the Plan set out herein, for purposes of compliance with Applicable Law in such other jurisdiction or where, in the Board's opinion, such terms or deviations are necessary or desirable to obtain more advantageous treatment for the Corporation, an Affiliate or the Eligible Person in respect of the Plan under the Applicable Law of the other jurisdiction.
- Notwithstanding the foregoing, the terms of any Grant Agreement authorized pursuant to this Section 3.3 shall be consistent with the Plan to the extent practicable having regard to the Applicable Law of the jurisdiction in which such Grant Agreement is applicable and in no event shall contravene the Applicable Law of Canada.
- 3.4 The Board may, in its discretion, subject to Applicable Law, delegate its powers, rights and duties under the Plan, in whole or in part, to a committee of the Board, a person or persons, as it may determine, from time to time, on terms and conditions as it may determine, except that the Board shall not, and shall not be permitted to delegate any such powers, rights or duties (i) with respect to the grant, amendment, administration or settlement of any Grant to the extent delegation is not consistent with Applicable Law and any such purported delegation or action shall not be given effect, and (ii) provided that the composition of the committee of the Board, person or persons, as the case may be, shall comply with Applicable Law. In addition, provided it complies with the foregoing, the Board may appoint or engage a trustee, custodian or administrator to administer or implement the Plan or any aspect of it.
- 3.5 Non-employee Directors are not eligible for Grants under this Plan. For greater certainty, any Grants granted pursuant to the Plan prior to the Participant becoming a non-employee Director shall be unaffected by this Section 3.5.
- 4. SHARE RESERVE**
- 4.1 Subject to Section 4.4 and any adjustment pursuant to Section 5.1, the aggregate number of Shares that may be issued pursuant to Grants made under the Plan together with all other security based compensation

arrangements of the Corporation shall be a number equal to 10.0% of the aggregate number of issued and outstanding Multiple Voting Shares and Shares from time to time.

4.2 The aggregate number of Shares reserved for issuance to any one Participant under the Plan, together with all other security based compensation arrangements of the Corporation, must not exceed five percent (5%) of the aggregate issued and outstanding Multiple Voting Shares and Shares (on a non-diluted basis).

4.3 The maximum number of Shares of the Corporation

(a) issued to Insiders within any one year period, and

(b) issuable to Insiders, at any time,

under the Plan, or when combined with all of the Corporation's other security based compensation arrangements, shall not exceed ten percent (10%) of the number of the aggregate issued and outstanding Multiple Voting Shares and Shares.

4.4 For purposes of computing the total number of Shares available for grant under the Plan or any other security based compensation arrangement of the Corporation, Shares subject to any Grant (or any portion thereof) that is forfeited, surrendered, cancelled or otherwise terminated, including if a number of Shares covered by an Option have not been issued due to the exercise of a Tandem SAR connected with such Option, prior to the issuance of such Shares shall again be available for grant under the Plan.

## **5. ALTERATION OF CAPITAL AND CHANGE IN CONTROL**

5.1 Notwithstanding any other provision of the Plan, and subject to Applicable Law, in the event of any change in the Shares by reason of any dividend (other than dividends in the ordinary course), split, recapitalization, reclassification, amalgamation, arrangement, merger, consolidation, combination or exchange of Shares or distribution of rights to holders of Shares or any other relevant changes to the authorized or issued capital of the Corporation, if the Board shall determine that an equitable adjustment should be made, such adjustment shall, subject to Applicable Law, be made by the Board to (i) the number of Shares subject to the Plan; (ii) the securities into which the Shares are changed or are convertible or exchangeable; (iii) any Options and/or Stock Appreciation Rights then outstanding; (iv) the Exercise Price and/or Base Price, as appropriate in respect of such Options and/or Stock Appreciation Rights; and/or (v) with respect to the number of Share Units outstanding under the Plan, and any such adjustment shall be conclusive and binding for all purposes of the Plan.

5.2 No adjustment provided for pursuant to Section 5.1 shall require the Corporation to issue fractional Shares in satisfaction of its obligations under the Plan. Any fractional interest in a Share that would, except for the provisions of this Section 5.2, be deliverable upon the exercise of any Grant shall be cancelled and not deliverable by the Corporation.

5.3 In the event of a Change in Control prior to the Vesting of a Grant, and subject to the terms of a Participant's written employment agreement or contract for services with the Corporation or an Affiliate and the applicable Grant Agreement, the Board shall have full authority to determine in its sole discretion the effect, if any, of a Change in Control on the Vesting, exercisability, settlement, payment or lapse of restrictions applicable to a Grant, which effect may be specified in the applicable Grant Agreement or determined at a subsequent time. Subject to Applicable Law, rules and regulations, the Board shall, at any time prior to, coincident with or after the effective time of a Change in Control, take such actions as it may consider appropriate, including, without limitation: (i) provide for the acceleration of any Vesting or exercisability of a Grant; (ii) provide for the deemed attainment of Performance Conditions relating to a Grant; (iii) provide for the lapse of restrictions relating to a Grant; (iv) provide for the assumption, substitution, replacement or continuation of any Grant by a successor or surviving corporation (or a parent or subsidiary thereof) with cash, securities, rights or other property to be paid or issued, as the case may be, by the successor or surviving corporation (or a parent or subsidiary thereof); (v) provide that that a Grant shall terminate or expire unless



exercised or settled in full on or before a date fixed by the Board; or (vi) terminate or cancel any outstanding Grant in exchange for a cash payment (provided that, if as of the date of the Change in Control, the Board determines that no amount would have been realized upon the exercise or settlement of the Grant, then the Grant may be cancelled by the Corporation without payment of consideration).

## 6. CLAWBACK

### 6.1 Clawback.

It is a condition of each Grant that if the Corporation's financial statements (the "**Original Statements**") are required to be restated (other than solely as a result of a change in accounting policy by the Corporation or under International Financial Reporting Standards applicable to the Corporation) and such restated financial statements (the "**Restated Statements**") disclose, in the opinion of the Board acting reasonably, materially worse financial results than those contained in the Original Statements, then the Board may, in its sole discretion, to the full extent permitted by governing law and to the extent it determines that such action is in the best interest of the Corporation, and in addition to any other rights that the Corporation or an Affiliate may have at law or under any agreement, take any or all of the following actions, as applicable:

- (a) require the Participant to reimburse the Corporation for any amount paid to the Participant in respect of a Grant in cash in excess of the amount that should otherwise have been paid in respect of such Grant had the determination of such compensation been based upon the Restated Statements, less the amount of tax withheld pursuant to the Income Tax Act (Canada) or other relevant taxing authority in respect of the amount paid in cash in the year of payment;
- (b) reduce the number or value of, or cancel and terminate, any one or more unvested Grants of Options, Share Units or SARs on or prior to the applicable maturity or Vesting Dates, or cancel or terminate any outstanding Grants which have Vested in the twelve (12) months prior to the date on which the Board determines that the Corporation's Original Statements are required to be restated, such date being a "**Relevant Equity Recoupment Date**"; and/or
- (c) require payment to the Corporation of the value of any Shares of the Corporation acquired by the Participant pursuant to a Grant in the twelve (12) months prior to a Relevant Equity Recoupment Date (less any amount paid by the Participant to acquire such Shares and less the amount of tax withheld pursuant to the Income Tax Act (Canada) or other relevant taxing authority in respect of such Shares).

## 7. MISCELLANEOUS

### 7.1 Compliance with Laws and Policies.

The Corporation's obligation to make any payments or deliver (or cause to be delivered) any Shares hereunder is subject to compliance with Applicable Law. Each Participant shall acknowledge and agree (and shall be conclusively deemed to have so acknowledged and agreed by participating in the Plan) that the Participant will, at all times, act in strict compliance with Applicable Law and all other laws and any policies of the Corporation applicable to the Participant in connection with the Plan including, without limitation, furnishing to the Corporation all information and undertakings as may be required to permit compliance with Applicable Law.

### 7.2 Withholdings.

So as to ensure that the Corporation or an Affiliate, as applicable, will be able to comply with the applicable obligations under any federal, provincial, state or local law relating to the withholding of tax or other required deductions, the Corporation or the Affiliate shall withhold or cause to be withheld from any amount payable to a Participant, either under this Plan, or otherwise, such amount as may be necessary to permit the Corporation or the Affiliate, as applicable, to so comply. The Corporation and any Affiliate may also satisfy any liability for any such withholding obligations, on such terms and conditions as the Corporation may

determine in its sole discretion, by (a) selling on such Participant's behalf, or requiring such Participant to sell, any Shares, and retaining any amount payable which would otherwise be provided or paid to such Participant in connection with any such sale, or (b) requiring, as a condition to the delivery of Shares hereunder, that such Participant make such arrangements as the Corporation may require so that the Corporation and its Affiliates can satisfy such withholding obligations, including requiring such Participant to remit an amount to the Corporation or an Affiliate in advance, or reimburse the Corporation or any Affiliate for, any such withholding obligations.

7.3 **No Right to Continued Employment.**

Nothing in the Plan or in any Grant Agreement entered into pursuant hereto shall confer upon any Participant the right to continue in the employ or service of the Corporation or any Affiliate, to be entitled to any remuneration or benefits not set forth in the Plan or a Grant Agreement or to interfere with or limit in any way the right of the Corporation or any Affiliate to terminate Participant's employment or service arrangement with the Corporation or any Affiliate.

7.4 **No Additional Rights.**

Neither the designation of an individual as a Participant nor the Grant of any Options, SARs, Share Units, Restricted Stock or other award to any Participant entitles any person to the Grant, or any additional Grant, as the case may be, of any Options, SARs, Share Units, Restricted Stock or other award under the Plan. For greater certainty, the Board's decision to approve a Grant in any period shall not require the Board to approve a Grant to any Participant in any other period; nor shall the Board's decision with respect to the size or terms and conditions of a Grant in any period require it to approve a Grant of the same or similar size or with the same or similar terms and conditions to any Participant in any other period. The Board shall not be precluded from approving a Grant to any Participant solely because such Participant may have previously received a Grant under this Plan or any other similar compensation arrangement of the Corporation or an Affiliate. No Eligible Person has any claim or right to receive a Grant except as may be provided in a written employment or services agreement between an Eligible Person and the Corporation or an Affiliate.

7.5 **Amendment, Termination.**

The Plan is subject to the approval of a majority of the votes cast at the next succeeding meeting of the shareholders of the Corporation and the final approval of the Stock Exchange. Any Grants under the Plan prior to such time shall not be settled or binding on the Corporation unless and until such shareholder approval and Stock Exchange approval is obtained. If the Plan is not approved by the majority of the votes cast at a meeting of the shareholders and the Stock Exchange, the Plan and all outstanding Grants shall terminate and be null and void.

The Plan and any Grant made pursuant to the Plan may be amended, modified or terminated by the Board without approval of shareholders, provided that no amendment to the Plan or Grants made pursuant to the Plan may be made without the consent of a Participant if it adversely alters or impairs the rights of the Participant in respect of any Grant previously granted to such Participant under the Plan, except that Participant consent shall not be required where the amendment is required for purposes of compliance with Applicable Law. For greater certainty, the Plan may not be amended without shareholder approval in accordance with the requirements of the Stock Exchange to do any of the following:

- (a) increase in the maximum number of Shares issuable pursuant to the Plan and as set out in Section 4.1;
- (b) provide for the issuance of Multiple Voting Shares under the Plan;
- (c) reduce the Exercise Price of an outstanding Option or the Base Price of a Stand-Alone SAR;
- (d) extend the maximum term of any Grant made under the Plan;

- (e) amend the assignment provisions contained in Section 7.11;
- (f) permit a non-employee Director to be eligible for Grants under the Plan;
- (g) increase the number of Shares that may be issued or issuable to Insiders above the restriction or deleting the restriction on the number of Shares that may be issued or issuable to Insiders contained in Section 4.3;
- (h) include other types of equity compensation involving the issuance of Shares under the Plan; or
- (i) amend this Section 7.5 to amend or delete any of (a) through (h) above or grant additional powers to the Board to amend the Plan or entitlements without shareholder approval.

For greater certainty and without limiting the foregoing, shareholder approval shall not be required for the following amendments and the Board may make the following changes without shareholder approval, subject to any regulatory approvals including, where required, the approval of any Stock Exchange:

- (j) amendments of a “housekeeping” nature;
- (k) a change to the Vesting provisions of any Grants;
- (l) a change to the termination provisions of any Grant that does not entail an extension beyond the original term of the Grant; or
- (m) amendments to the provisions relating to a Change in Control.

7.6 **Currency.** Except where the context otherwise requires, all references in the Plan to currency refer to lawful Canadian currency. Any amounts required to be determined under this Plan that are denominated in a currency other than Canadian dollars shall be converted to Canadian dollars at the applicable Bank of Canada noon rate of exchange on the date as of which the amount is required to be determined.

7.7 **Administration Costs.**

The Corporation will be responsible for all costs relating to the administration of the Plan.

7.8 **Designation of Beneficiary.**

Subject to the requirements of Applicable Law, a Participant may designate a Beneficiary, in writing, to receive any benefits that are provided under the Plan upon the death of such Participant. The Participant may, subject to Applicable Law, change such designation from time to time. Such designation or change shall be in such form as may be prescribed by the Board from time to time. A Beneficiary designation under this Section 7.8 and any subsequent changes thereto shall be filed with the General Counsel of the Corporation.

7.9 **Governing Law.**

The Plan and any Grants pursuant to the Plan shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Board may provide that any dispute to any Grant shall be presented and determined in such forum as the Board may specify, including through binding arbitration. Any reference in the Plan, in any Grant Agreement issued pursuant to the Plan or in any other agreement or document relating to the Plan to a provision of law or rule or regulation shall be deemed to include any successor law, rule or regulation of similar effect or applicability.

7.10 **Assignment.**

The Plan shall inure to the benefit of and be binding upon the Corporation, its successors and assigns.

7.11 **Transferability.**

Unless otherwise provided in the Plan or in the applicable Grant Agreement, no Grant, and no rights or interests therein, shall or may be assigned, transferred, sold, exchanged, encumbered, pledged or otherwise hypothecated or disposed of by a Participant other than by testamentary disposition by the Participant or the laws of intestate succession. No such interest shall be subject to execution, attachment or similar legal process including without limitation seizure for the payment of the Participant's debts, judgments, alimony or separate maintenance.

**8. EFFECTIVE DATE**

8.1 The Plan is established effective August 5, 2020.

## **PART II – OPTIONS AND SARS**

### **9. OPTIONS**

- 9.1 The Corporation may, from time to time, make one or more Grants of Options to Eligible Persons on such terms and conditions, consistent with the Plan, as the Board shall determine. In granting such Options, subject to the provisions of the Plan, the Corporation shall specify,
- (a) the maximum number of Shares which the Participant may purchase under the Options;
  - (b) the Exercise Price at which the Participant may purchase his or her Shares under the Options;
  - (c) the term of the Options, to a maximum of ten (10) years from the Grant Date of the Options, the Vesting period or periods within this period during which the Options or a portion thereof may be exercised by a Participant and any other Vesting conditions (including Performance Conditions); and
  - (d) any Tandem SARs that are granted with respect to such Options.
- 9.2 The Exercise Price for each Share subject to an Option shall be fixed by the Board but under no circumstances shall any Exercise Price be less than one hundred percent (100%) of the Market Price on the Grant Date of such Option.
- 9.3 Unless otherwise designated by the Board in the applicable Grant Agreement, one third of the Options included in a Grant shall Vest on each of the first three anniversaries of the Grant Date and, subject to Section 9.5, any such Options shall expire on the fifth anniversary of the Grant Date (unless exercised or terminated earlier in accordance with the terms of the Plan or the Grant Agreement).
- 9.4 Subject to the provisions of the Plan and the terms governing the granting of the Option, and subject to payment or other satisfaction of all related withholding obligations in accordance with Section 7.2, Vested Options or a portion thereof may be exercised from time to time by delivery to the Corporation at its registered office of a notice in writing signed by the Participant or the Participant's legal personal representative, as the case may be, and addressed to the Corporation. This notice shall state the intention of the Participant or the Participant's legal personal representative to exercise the said Options and the number of Shares in respect of which the Options are then being exercised and must be accompanied by payment in full of the Exercise Price under the Options which are the subject of the exercise. On the exercise of an Option, any related Tandem SAR shall be cancelled.
- 9.5 If the normal expiry date of any Option falls within any Blackout Period or within ten (10) business days (being a day other than a Saturday, Sunday or other than a day when banks in Toronto, Ontario are not generally open for business) following the end of any Blackout Period, then the expiry date of such Option shall, without any further action, be extended to the date that is ten (10) business days following the end of such Blackout Period. The foregoing extension applies to all Options whatever the Grant Date and shall not be considered an extension of the term of the Options as referred to in Section 7.5.

### **10. STOCK APPRECIATION RIGHTS**

- 10.1 The Board may from time to time make one or more Grants of Stock Appreciation Rights to Eligible Persons on such terms and conditions, consistent with the Plan, as the Board shall determine.
- 10.2 Tandem SARs may be granted at or after the Grant Date of the related Options, and each Tandem SAR shall be subject to the same terms and conditions and denominated in the same currency as the Option to which it relates and the additional terms and conditions set forth in this Section 10.
- 10.3 On exercise of a Tandem SAR, the related Option shall be cancelled and the Participant shall be entitled to an amount in settlement of such Tandem SAR calculated and in such form as provided in Section 10.8 below.

- 10.4 Tandem SARs may be exercised only if and to the extent the Options related thereto are then Vested and exercisable and shall be exercised in accordance with such procedures as may be established by the Board. For greater certainty, upon the expiry or forfeiture of the Option to which a Tandem SAR is attached, including in connection with a Participant's Termination, as provided in Section 11, such Tandem SAR shall also expire or be forfeited, as the case may be.
- 10.5 Stand-Alone SARs granted under the Plan shall become Vested at such times, in such installments and subject to the terms and conditions of this Plan (including satisfaction of Performance Conditions and/or continued employment) as may be determined by the Board and set forth in the applicable Grant Agreement. For greater certainty, except as set out in a Grant Agreement in respect of the Stand-Along SAR, or as otherwise approved by the Board, no Stand-Alone SAR granted to a Participant shall Vest after the Participant's Termination and any Stand-Alone SARs that are outstanding on the Participant's date of Termination shall be forfeited and cancelled as of such date.
- 10.6 The Base Price for each Stand-Alone SAR shall not be less than one hundred percent of the Market Price on the Grant Date of such Stand-Alone SAR.
- 10.7 Unless the Board determines otherwise, Stand-Alone SARs covered by a Grant shall, when and to the extent Vested, be settled by payment in cash of the amount determined in accordance with Section 10.8.
- 10.8 Upon exercise thereof, or the settlement thereof in accordance with Section 10.7, and subject to payment or other satisfaction of all related withholding obligations in accordance with Section 7.2, Stock Appreciation Rights (and, in the case of Tandem SARs, the related Options) shall be settled by payment in cash, of an amount, or the delivery of Shares or a combination of cash and Shares, as determined by the Board with an aggregate value equal to the product of:
- (A) the excess of the Market Price on the date of exercise over the Exercise Price or Base Price under the applicable Stock Appreciation Right,  
  
multiplied by
  - (B) the number of Stock Appreciation Rights exercised or settled.
- 10.9 Any cash payment in settlement of a Stand-Alone SAR shall be payable in Canadian dollars. Any cash payment in settlement of a Tandem SAR shall be payable in the currency as the option to which it relates. Any portion of a Stock Appreciation Right that is to be settled in Shares shall be settled by delivery of the number of Shares having a Market Price on the date of exercise equal to the portion of the amount determined in accordance with Section 10.8 being settled, rounded down to the nearest whole Share.
- 10.10 If the normal expiry date of any Stock Appreciation Right falls within any Blackout Period or within ten (10) business days (being a day other than a Saturday, Sunday or other than a day when banks in Toronto, Ontario are not generally open for business) following the end of any Blackout Period, then the expiry date of such Stock Appreciation Right shall, without any further action, be extended to the date that is ten (10) business days following the end such Blackout Period. The foregoing extension applies to all SARs whatever and shall not be considered an extension of the term of the SARs as referred to in Section 7.5.

## **11. TERMINATION OF EMPLOYMENT AND DEATH OF A PARTICIPANT – OPTIONS AND TANDEM SARs**

- 11.1 Outstanding Options held by a Participant as of the Participant's date of Termination shall be subject to the provisions of this Section 11, as applicable; except that, in all events, the period for exercise of Options shall end no later than the last day of the maximum term thereof established under Section 9.1(c), 9.5, or 11.5, as the case may be.

11.2 Subject to the applicable Grant Agreement, Section 11.1 and Section 11.6, in the case of a Participant's Termination due to death, or in the case of the Participant's Disability (i) those of the Participant's outstanding Options that were granted prior to the year that includes the Participant's date of death or Disability Date, as the case may be, that have not become Vested prior to such date of death or Disability Date shall continue to Vest and, upon Vesting, be exercisable during the twelve (12) month period following such date of death or Disability Date, as the case may be, as if the Participant had remained Employed throughout such period and (ii) those of the Participant's outstanding Options that have become Vested prior to the Participant's date of death or Disability Date shall continue to be exercisable during the twelve (12) month period following the such date of death or Disability Date, as the case may be.

The number of Options granted to a Participant in the year that includes the Participant's date of death or Disability Date that remain eligible to Vest following such date of death or Disability Date (the "**Special Pro Rated Options**") shall be determined by the formula  $A \times B/C$  where:

- A equals the total number of Options included in the Grant that have not previously Vested,
- B equals the total number of days between January 1 of the year that includes the Grant Date of such Grant and the Participant's date of death or Disability Date, and
- C 365.

The Special Pro Rated Options shall continue to Vest and, upon Vesting, be exercisable during the twelve (12) month period following the Participant's date of death or Disability Date, as the case may be as if the Participant had remained Employed throughout such period. The balance of the Options granted to a Participant in the year that includes the Participant's date of death or Disability Date that are not Special Pro Rated Options shall be forfeited and cancelled as of the Participant's date of death or Disability Date, as the case may be.

11.3 Subject to the applicable Grant Agreement, Section 11.1 and Section 11.6, in the case of a Participant's Termination due to the termination of the Participant's employment or termination of the Participant's contract for services by the Corporation or an Affiliate without Cause, the Participant's outstanding Options that have become Vested prior to the Participant's Termination shall continue to be exercisable during the ninety (90) day period following the Participant's Date of Termination.

11.4 Subject to the applicable Grant Agreement and Section 11.6, in the case of a Participant's Termination due to the Participant's resignation (including the voluntary withdrawal of services by a Participant who is not an employee under Applicable Law), the Participant's outstanding Options that have become Vested prior to the date on which the Participant provides notice to the Corporation of his or her resignation shall continue to be exercisable during the sixty (60) day period following the Participant's date of Termination.

11.5 In addition to the Board's rights under Section 3.1, the Board may, at the time of a Participant's Termination or Disability Date, extend the period for exercise of some or all of the Participant's Options, but not beyond the original expiry date, and/or allow for the continued Vesting of some or all of the Participant's Options during the period for exercise or a portion of it. Options that are not exercised prior to the expiration of the exercise period, including any extended exercise period authorized pursuant to this Section 11.6, following a Participant's date of Termination or Disability Date, as the case may be, shall automatically expire on the last day of such period.

11.6 Notwithstanding any other provision hereof or in any Grant Agreement, in the case of a Participant's termination of employment or termination of the Participant's contract for services for Cause, any and all then outstanding unvested Options granted to the Participant shall be immediately forfeited and cancelled, without any consideration therefore, as of the commencement of the day that notice of such termination is given.

- 11.7 For greater certainty, a Participant shall have no right to receive Shares or a cash payment, as compensation, damages or otherwise, with respect to any Options that do not become Vested or that are not exercised before the date on which the Options expire.



## PART III – SHARE UNITS

### 12. DEFINITIONS

- 12.1 “**Grant Value**” means the dollar amount allocated to an Eligible Person in respect of a Grant of Share Units as contemplated by Section 3.
- 12.2 “**Share Unit Account**” has the meaning set out in Section 14.1.
- 12.3 “**Valuation Date**” means the date as of which the Market Price is determined for purposes of calculating the number of Share Units included in a Grant, which unless otherwise determined by the Board shall be the Grant Date.
- 12.4 “**Vesting Period**” means, with respect to a Grant of Share Units, the period specified by the Board, commencing on the Grant Date and ending on the last Vesting Date for such Share Units.

### 13. ELIGIBILITY AND GRANT DETERMINATION.

- 13.1 The Board may from time to time make one or more Grants of Share Units to Eligible Persons on such terms and conditions, consistent with the Plan, as the Board shall determine, provided that, in determining the Eligible Persons to whom Grants are to be made and the Grant Value for each Grant, the Board shall take into account the terms of any written employment agreement or contract for services between an Eligible Person and the Corporation or any Affiliate and may take into account such other factors as it shall determine in its sole and absolute discretion.
- 13.2 The Board shall determine the Grant Value and the Valuation Date (if not the Grant Date) for each Grant under this Part III. The number of Share Units to be covered by each such Grant shall be determined by dividing the Grant Value for such Grant by the Market Price of a Share as at the Valuation Date for such Grant, rounded up to the next whole number.
- 13.3 Each Grant Agreement issued in respect of Share Units shall set forth, at a minimum, the type of Share Units and Grant Date of the Grant evidenced thereby, the number of RSUs or PSUs subject to such Grant, the applicable Vesting conditions, the applicable Vesting Period(s) and the treatment of the Grant upon Termination and may specify such other terms and conditions consistent with the terms of the Plan as the Board shall determine or as shall be required under any other provision of the Plan. The Board may include in a Grant Agreement under this Part III terms or conditions pertaining to confidentiality of information relating to the Corporation’s operations or businesses which must be complied with by a Participant including as a condition of the grant or Vesting of Share Units.

### 14. ACCOUNTS AND DIVIDEND EQUIVALENTS

#### 14.1 Share Unit Account.

An account, called a “**Share Unit Account**”, shall be maintained by the Corporation, or an Affiliate, as specified by the Board, for each Participant who has received a Grant of Share Units and will be credited with such Grants of Share Units as are received by a Participant from time to time pursuant to Section 13 and any dividend equivalent Share Units pursuant to Section 14.2. Share Units that fail to Vest to a Participant and are forfeited pursuant to Section 15, or that are paid out to the Participant or his or her Beneficiary, shall be cancelled and shall cease to be recorded in the Participant’s Share Unit Account as of the date on which such Share Units are forfeited or cancelled under the Plan or are paid out, as the case may be. For greater certainty, where a Participant is granted both RSUs and PSUs, such RSUs and PSUs shall be recorded separately in the Participant’s Share Unit Account.

14.2 **Dividend Equivalent Share Units.**

Except as otherwise provided in the Grant Agreement relating to a Grant of RSUs or PSUs, if and when cash dividends (other than extraordinary or special dividends) are paid with respect to Shares to shareholders of record as of a record date occurring during the period from the Grant Date under the Grant Agreement to the date of settlement of the RSUs or PSUs granted thereunder, a number of dividend equivalent RSUs or PSUs, as the case may be, shall be credited to the Share Unit of Account of the Participant who is a party to such Grant Agreement. The number of such additional RSUs or PSUs will be calculated by dividing the aggregate dividends or distributions that would have been paid to such Participant if the RSUs or PSUs in the Participant's Share Unit Account had been Shares by the Market Price on the date on which the dividends or distributions were paid on the Shares. The additional RSUs or PSUs granted to a Participant will be subject to the same terms and conditions, including Vesting and settlement terms, as the corresponding RSUs or PSUs, as the case may be.

15. **VESTING AND SETTLEMENT OF SHARE UNITS**

15.1 **Continued Employment.**

Subject to this Section 15 and the applicable Grant Agreement, Share Units subject to a Grant and dividend equivalent Share Units credited to the Participant's Share Unit Account in respect of such Share Units shall Vest in such proportion(s) and on such Vesting Date(s) as may be specified in the Grant Agreement governing such Grant provided that the Participant is Employed on the relevant Vesting Date.

15.2 **Settlement.**

A Participant's RSUs and PSUs, adjusted in accordance with the applicable multiplier, if any, as set out in the Grant Agreement, and rounded down to the nearest whole number of RSUs or PSUs, as the case may be, shall be settled, by a distribution as provided below to the Participant or his or her Beneficiary following the Vesting thereof in accordance with Section 15.1 or 16.6, as the case may be, subject to the terms of the applicable Grant Agreement. In all events, unless the Grant Agreement specifies that RSUs and PSUs must be settled through the issuance of Shares, settlement will occur upon or as soon as reasonably practicable following Vesting and, in any event, on or before December 31 of the third year following the year in which the Participant performed the services to which the Grant of RSUs or PSUs relates. Settlement shall be made by the issuance of one Share for each RSU or PSU then being settled, a cash payment equal to the Market Price on the Vesting Date of the RSUs or PSUs being settled in cash (subject to Section 15.3), or a combination of Shares and cash, all as determined by the Board in its discretion, or as specified in the applicable Grant Agreement, and subject to payment or other satisfaction of all related withholding obligations in accordance with Section 7.2.

15.3 **Postponed Settlement.**

If a Participant's Share Units would, in the absence of this Section 15.3 be settled within a Blackout Period applicable to such Participant, such settlement shall be postponed until the earlier of the Trading Day following the date on which such Blackout Period ends (or as soon as practicable thereafter) and the otherwise applicable date for settlement of the Participant's Share Units as determined in accordance with Section 15.2, and the Market Price of any RSUs or PSUs being settled in cash will be determined as of the earlier of the Trading Day on which the Blackout Period ends and the day prior to the settlement date.

15.4 **Failure to Vest.**

For greater certainty, a Participant shall have no right to receive Shares or a cash payment, as compensation, damages or otherwise, with respect to any RSUs or PSUs that do not become Vested.

15.5 **Resignation.**

Subject to the applicable Grant Agreement and Section 15.8, in the event a Participant's employment is Terminated as a result of the Participant's resignation, no Share Units that have not Vested prior to the date

of on which the Participant submits his or her resignation, including dividend equivalent Share Units in respect of such Share Units, shall Vest and all such Share Units shall be forfeited immediately.

15.6 **Death or Disability.**

Subject to the applicable Grant Agreement, in the case of a Participant's Termination due to death, or in the case of the Participant's Disability, all Share Units granted to the Participant that were granted prior to the year that includes the Participant's date of death or Disability Date, as the case may be, that have not Vested prior to the Participant's date of death or Disability Date, as the case may be, and related dividend equivalent Share Units, shall Vest at the end of the Vesting Period relating to such Grant(s) of such Share Units and in the case of a Grant of PSUs, subject to the achievement of the applicable Performance Conditions and the adjustment of the number of PSUs that Vest to reflect the extent to which such Performance Conditions were achieved, as if the Participant had remained Employed by the Corporation or an Affiliate until the end of the Vesting Period applicable to such Share Units.

The number of Share Units granted to a Participant in the year that includes the Participant's date of death or Disability Date that remain eligible to Vest following such date of death or Disability Date (the "**Special Pro Rated Share Units**") shall be determined by the formula  $A \times B/C$  where:

- A equals the total number of Share Units relating to such Grant that have not previously Vested,
- B equals the total number of days between January 1 of the year that includes the Grant Date of such Grant and the Participant's date of death or Disability Date, and
- C 365.

The Special Pro Rated Share Units, together with any dividend equivalent Share Units attributable thereto, shall Vest at the end of the Vesting Period relating to such Grant(s) of such Share Units and in the case of a Grant of PSUs that are subject to Performance Conditions, subject to the achievement of the applicable Performance Conditions and the adjustment of the number of Special Pro Rated PSUs and related dividend equivalent PSUs that Vest to reflect the extent to which such Performance Conditions were achieved, as if the Participant had remained Employed by the Corporation or an Affiliate until the end of the Vesting Period applicable to such Share Units. The balance of the Share Units included in a Grant made in the year that includes the Participant's date of death or Disability Date that are not Special Pro Rated Share Units shall be forfeited and cancelled as of the Participant's date of death or Disability Date, as the case may be.

15.7 **Termination of Employment without Cause.**

Subject to the applicable Grant Agreement and Section 15.8, in the event of a Participant's Termination due to the termination of the Participant's employment or termination of the Participant's contract for services by the Corporation or an Affiliate without Cause prior to the end of a Vesting Period relating to a Grant:

- (a) the number of RSUs determined by the formula  $A \times B/C$ , where
  - A equals the total number of RSUs relating to such Grant that have not previously Vested and dividend equivalent RSUs in respect of such RSUs,
  - B equals the total number of days between the first day of the Vesting Period relating to such Grant and the Participant's date of Termination, and
  - C equals total number of days in the Vesting Period relating to such Grant,shall become Vested RSUs at the end of the Vesting Period relating to such Grant; and
- (b) the number of PSUs (if any) determined by the formula  $A \times B/C$ , where
  - A equals the total number of PSUs relating to such Grant that have not previously Vested and dividend equivalent PSUs in respect of such PSUs that would have Vested had the Participant

remained Employed until the end of the applicable Vesting Period having regard to the extent to which the applicable Performance Conditions were satisfied,

B equals the total number of days between the first day of the Performance Period relating to such Grant and the Participant's date of Termination, and

C equals total number of days in the Performance Period relating to such Grant,

shall become Vested PSUs at the end of Vesting Period relating to such Grant.

**15.8 Extension of Vesting.**

The Board may, at the time of Termination or a Disability Date, extend the period for Vesting of Share Units, but not beyond the original end of the applicable Vesting Period.

**15.9 Termination of Employment for Cause.**

In the event a Participant's employment is Terminated for Cause by the Corporation, no Share Units, that have not Vested prior to the date of the Participant's Termination for Cause including dividend equivalent Share Units in respect of such Share Units, shall Vest and all such Share Units shall be forfeited immediately.

**16. SHAREHOLDER RIGHTS**

**16.1 No Rights to Shares.**

Share Units are not Shares and a Grant of Share Units will not entitle a Participant to any shareholder rights, including, without limitation, voting rights, dividend entitlement or rights on liquidation.

## PART IV – RESTRICTED STOCK

### 17. DEFINITIONS

- 17.1 “**Restriction**” means any restriction on a Participant’s free enjoyment of the Shares granted as Restricted Stock. Restrictions may be based on the passage of time or the satisfaction of Performance Conditions or the occurrence of one or more events or conditions, and shall lapse separately or in combination upon satisfaction of such conditions and at such time or times, in instalments or otherwise, as the Board shall specify.

### 18. RESTRICTED STOCK

#### 18.1 **Dividends; Voting.**

While any Restriction applies to any Participant’s Restricted Stock, (i) unless the Board provides otherwise, the Participant shall receive the dividends paid on the Restricted Stock and shall not be required to return those dividends to the Corporation in the event of the forfeiture of the Restricted Stock, (ii) the Participant shall receive the proceeds of the Restricted Stock in the event of any change in the Shares in respect of which the Board has determined that an equitable adjustment should be made pursuant to Section 5.1, which proceeds shall automatically and without need for any other action become Restricted Stock and be subject to all Restrictions then existing as to the Participant’s Restricted Stock, and (iii) the Participant shall be entitled to vote the Restricted Stock during the Restriction period.

#### 18.2 **Transfer Restrictions.**

The Participant shall not have the right to sell, transfer, assign, convey, pledge, hypothecate, grant any security interest in or mortgage on, or otherwise dispose of or encumber any shares of Restricted Stock or any interest therein while the Restrictions remain in effect. The Board may require, as a condition of a Grant of Restricted Stock, that the Participant deposit the shares of Restricted Stock into an escrow account.

#### 18.3 **Forfeiture.**

Grants of Restricted Stock shall be forfeited if the applicable Restriction does not lapse prior to such date or the occurrence of such event or the satisfaction of such other criteria as is specified in the Grant Agreement. Further, unless expressly provided for in the Grant Agreement, or as otherwise determined by the Board, any Restricted Stock held by the Participant at the time of the Participant’s Termination shall be forfeited by the Participant to the Corporation.

#### 18.4 **Evidence of Share Ownership.**

Restricted Stock will be book-entry Shares only unless the Board decides to issue certificates to evidence shares of the Restricted Stock.

## SCHEDULE "C"

### CANOPY RIVERS INC.

#### MANDATE OF THE BOARD OF DIRECTORS

##### 1. PURPOSE

The Board of Directors (the "**Board**") of Canopy Rivers Inc. (the "**Corporation**") assumes responsibility for the stewardship of the Corporation.

##### 2. RESPONSIBILITIES

As an integral part of that stewardship responsibility, the Board has responsibility for the following matters (either itself, or through duly appointed and constituted committees of the Board in accordance with applicable laws):

- (a) The Board has primary responsibility for the development and adoption of the strategic direction of the Corporation. The Board reviews with management from time to time the financing environment (including, without limitation, the relative demand for the Corporation's shares, and the Corporation's needs for and opportunities to raise capital), the emergence of new opportunities, trends and risks and the implications of these developments for the strategic direction of the Corporation. The Board reviews and approves the Corporation's financial objectives, plans and actions, including equity and debt raises, significant capital allocations, and expenditures.
- (b) The Board monitors, at the least, quarterly corporate performance, including assessing operating results to evaluate whether the business is being properly managed.
- (c) The Board identifies and documents the principal business risks of the Corporation and ensures in cooperation with company's management that there are appropriate systems put in place to manage these risks.
- (d) The Board monitors and ensures the integrity of the internal controls and procedures (including adequate management information systems) at least annually within the Corporation, as well as the financial reporting procedures of the Corporation.
- (e) The Board is responsible for ensuring appropriate standards of corporate conduct, including adopting a code of business conduct and ethics for all employees, contractors, consultants, officers and directors, and monitoring compliance with such code, if appropriate.
- (f) The Board is responsible for the review and approval of quarterly and annual financial statements, management's discussion and analysis related to such financial statements, and forecasts.
- (g) The Board is responsible for, when it determines applicable, establishing and reviewing from time to time a dividend policy for the Corporation.
- (h) The Board is responsible for reviewing the compensation of members of the Board to ensure that the compensation realistically reflects the responsibilities and risks involved in being an effective director and for reviewing the compensation of members of the senior management team to ensure that they are competitive within the industry and that the form of compensation aligns the interests of each such individual with those of the Corporation. If the Board determines it necessary, the Board is responsible for engaging a consultant to review stock options granted to employees and Board compensation.
- (i) The Board reviews and approves material transactions in advance not in the ordinary course of business that are brought to its attention by the company's management.
- (j) The Board reviews and approves the budget on an annual basis, including the spending limits and authorizations, as recommended by the Audit Committee.

- (k) The Board ensures that there is in place appropriate succession planning, including the appointment, training and monitoring of senior management and members of the Board.
- (l) The Board is responsible for assessing its own effectiveness in fulfilling its mandate and evaluating the relevant disclosed relationships of each independent director. An effectiveness evaluation of the board has to be prepared at least annually (see s. s) (vi)).
- (m) The Board approves a disclosure policy that includes a framework for investor relations and public disclosure.
- (n) The Board shall periodically (at least annually) review and make recommendations regarding the Anti-Bribery and Anti-Corruption Policy adopted by the Board;
- (o) The Board is responsible for satisfying itself as to the integrity of the Chief Executive Officer (the "CEO") and other senior officers of the Corporation and that the CEO and other senior officers create a culture of integrity throughout the organization. The Board is responsible for developing and approving goals and objectives which the CEO is responsible for achieving.
- (p) The Board is responsible for developing the Corporation's approach to corporate governance principles and guidelines that are specifically applicable to the Corporation.
- (q) The Board is responsible for ensuring that the business of the Corporation is conducted in accordance with recognized industry standards and with a view to meeting or exceeding all applicable environmental and occupational health and safety laws and regulations.
- (r) The Board is responsible for performing such other functions as prescribed by law or assigned to the Board in the Corporation's governing documents.
- (s) Set forth below are procedures relating to the Board's operations:
- (i) Size of Board and selection process.
- (1) The directors of the Corporation are elected each year by the shareholders at the annual meeting of shareholders. The Board will determine the nominees to be put forward to the shareholders for election based upon the following considerations and such other factors the Board considers relevant:
- the competencies and skills which the Board as a whole should possess;
  - the competencies and skills which each existing director possesses; and
  - the appropriate size of the Board to facilitate effective decision-making.
- (2) The Board also recommends the number of directors on the Board to shareholders for approval, subject to compliance with the requirements of the OBCA and the Corporation's by-laws.
- (3) Between annual meetings, the Board may appoint directors to serve until the next annual meeting, subject to compliance with the requirements of the OBCA.
- (4) Individual Board members are responsible for assisting the Board in identifying and recommending new nominees for election to the Board, as needed or appropriate.
- (ii) Independence – At least a majority of the members of the Board shall be “independent” (as defined under National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators).
- (iii) Director orientation and continuing education – The Board, together with the Compensation, Nominating and Governance Committee, is responsible for providing an

orientation and education program for new directors which deals with the following matters and such other matters the Board considers relevant:

- (1) the role of the Board and its committees;
- (2) the nature and operation of the business of the Corporation; and
- (3) the contribution which individual directors are expected to make to the Board in terms of both time and resource commitments.

In addition, the Board, together with the Compensation, Nominating and Governance Committee is also responsible for providing continuing education opportunities to existing directors so that individual directors can maintain and enhance their abilities and ensure that their knowledge of the business of the Corporation remains current.

- (iv) Meetings – The Board shall endeavor to have at least four scheduled meetings a year. The Board is responsible for its agenda. Prior to each Board meeting, the Chair of the Board shall circulate an agenda to the Board. The Chair of the Board shall discuss the agenda items for the meeting with the CEO and, if a lead director has been appointed, the lead director. Materials for each meeting will be distributed to directors in advance of the meetings. Directors are expected to attend at least 75% of all meetings of the Board held in a given year, and are expected to adequately review meeting materials in advance of all such meetings.

The independent directors or non-management directors may meet at the end of each Board meeting without management and non-independent directors present. The Chair of the Board shall chair these meetings, unless the Chair of the Board is not an independent director, in which case the lead director shall chair these meetings. If a lead director has not been appointed, the independent directors shall appoint a chairman to chair these meetings. The independent directors shall appoint a person to maintain minutes of the meeting or, if no person is so appointed, the chair of the meeting shall maintain minutes of the meeting.

- (v) Committees – The Board has established the following standing committees to assist the Board in discharging its responsibilities: the Audit Committee and the Compensation, Nominating and Governance Committee. Special committees are established from time to time to assist the Board in connection with specific matters. The Board will appoint the members of each committee and may appoint the chair of each committee annually following the Corporation’s annual meeting of shareholders. The chair of each committee reports to the Board following meetings of the relevant committee. The terms of reference of each standing committee are reviewed annually by the Board.
- (vi) Evaluation – The Compensation, Nominating and Governance Committee shall perform an annual evaluation of the effectiveness of the Board as a whole, the committees of the Board, and the contributions of individual directors.
- (vii) Compensation – The Compensation, Nominating and Governance Committee shall recommend to the Board the compensation and benefits for non-management directors. The Compensation, Nominating and Governance Committee shall seek to ensure that such compensation and benefits reflect the responsibilities and risks involved in being a director of the Corporation and align the interests of the directors with the best interests of the Corporation. The Compensation, Nominating and Governance Committee shall review all stock option grants and submit recommendations to the Board for approval.
- (viii) Nomination – Together with the Compensation, Nominating and Governance Committee, the Board and the individual directors from time to time, will identify and recommend new nominees as directors of the Corporation, based upon the following considerations:



- (1) the competencies and skills necessary for the Board as a whole to possess;
  - (2) the competencies and skills necessary for each individual director to possess;
  - (3) the competencies and skills which each new nominee to the Board is expected to bring; and
  - (4) whether the proposed nominees to the Board will be able to devote sufficient time and resources to the Corporation.
- (ix) Access to independent advisors – The Board may at any time retain outside financial, legal or other advisors at the expense of the Corporation. Any director may, subject to the approval of the Compensation, Nominating and Governance Committee, retain an outside advisor at the expense of the Corporation.

### **3. LEAD DIRECTOR**

- (a) The Board will appoint a Lead Director in circumstances in which the Chair of the Board is not considered independent under applicable securities laws, in order to provide independent leadership to the Board and for the other purposes set forth below.
- (b) In circumstances where the Chair of the Board is not considered independent under applicable securities laws, the Compensation, Nominating and Governance Committee will recommend a candidate for the position of Lead Director from among the independent members of the Board. The Board will be responsible for approving and appointing the Lead Director.
- (c) When appointed, the Lead Director will hold office at the pleasure of the Board, until a successor has been duly elected or appointed or until the Lead Director resigns or is otherwise removed from office by the Board.
- (d) When appointed, the Lead Director will provide independent leadership to the Board and will facilitate the functioning of the Board independently of the Corporation's management. Together with the Chair of the Compensation, Nominating and Governance Committee, the Lead Director will be responsible for overseeing the corporate governance practices of the Corporation.
- (e) When appointed, the Lead Director will:
  - (i) in conjunction with the Chair of the Compensation, Nominating and Governance Committee, provide leadership to ensure that the Board functions independently of management of the Corporation;
  - (ii) chair meetings of independent directors or non-management directors held following Board meetings;
  - (iii) in the absence of the Chair of the Board, act as chair of meetings of the Board;
  - (iv) recommend, where necessary, the holding of special meetings of the Board;
  - (v) review with the Chair of the Board and the CEO items of importance for consideration by the Board;
  - (vi) consult and meet with any or all of the Corporation's independent directors, at the discretion of either party and with or without the attendance of the Chair of the Board, and represent such directors in discussions with management of the Corporation concerning corporate governance issues and other matters;
  - (vii) together with the Chair of the Board, ensure that all business required to come before the Board is brought before the Board, such that the Board is able to carry out all of its duties to supervise the management of the business and affairs of the Corporation, and together with the Chair of the Board and the CEO, formulate an agenda for each Board meeting;

- (viii) together with the Chair of the Board and the Chair of the Compensation, Nominating and Governance Committee, ensure that the Board, committees of the Board, individual directors and senior management of the Corporation understand and discharge their duties and obligations under the approach to corporate governance adopted by the Board from time to time;
- (ix) mentor and counsel new members of the Board to assist them in becoming active and effective directors;
- (x) facilitate the process of conducting director evaluations;
- (xi) promote best practices and high standards of corporate governance; and
- (xii) perform such other duties and responsibilities as may be delegated to the Lead Director by the Board from time to time.

#### **4. APPROVAL**

Approved by the Board of Directors on September 17, 2018.

## **SCHEDULE “A”**

### **CANOPY RIVERS INC.**

#### **POSITION DESCRIPTION FOR THE CHAIR OF THE BOARD OF DIRECTORS**

##### **1. PURPOSE**

The Chair of the Board shall be a director who is designated by the full Board to act as the leader of the Board.

##### **2. WHO MAY BE CHAIR**

The Chair of the Board will be selected amongst the directors of the Corporation who have a sufficient level of experience with corporate governance issues to ensure the leadership and effectiveness of the Board.

The Chair of the Board will be selected annually at the first meeting of the Board following the annual meeting of shareholders.

##### **3. RESPONSIBILITIES**

The following are the responsibilities of the Chair of the Board. The Chair of the Board may, where appropriate, delegate to or share with the Compensation, Nominating and Governance Committee and/or any other independent committee of the Board, certain of these responsibilities:

- (a) Chair all meetings of the Board in a manner that promotes meaningful discussion;
- (b) Provide leadership to the Board to enhance the Board's effectiveness, including:
  - (i) ensure that the responsibilities of the Board are well understood by both management and the Board;
  - (ii) ensure that the Board works as a cohesive team with open communication;
  - (iii) ensure that the resources available to the Board (in particular timely and relevant information) are adequate to support its work;
  - (iv) together with the Compensation, Nominating and Governance Committee, ensure that a process is in place by which the effectiveness of the Board and its committees (including size and composition) is assessed at least annually; and
  - (v) together with the Compensation, Nominating and Governance Committee, ensure that a process is in place by which the contribution of individual directors to the effectiveness of the Board is assessed at least annually;
- (c) Manage the Board, including:
  - (i) prepare the agenda of the Board meetings and ensuring pre-meeting material is distributed in a timely manner and is appropriate in terms of relevance, efficient format and detail;
  - (ii) adopt procedures to ensure that the Board can conduct its work effectively and efficiently, including committee structure and composition, scheduling, and management of meetings;
  - (iii) ensure meetings are appropriate in terms of frequency, length and content;
  - (iv) ensure that, where functions are delegated to appropriate committees, the functions are carried out and results are reported to the Board;
  - (v) ensure that a succession planning process is in place to appoint senior members of management and directors when necessary;

- (vi) ensure procedures are established to identify, assess and recommend new nominees for appointment to the Board and its committees; and
  - (vii) together with any special committee appointed for such purpose, approach potential candidates once potential candidates are identified, to explore their interest in joining the Board and proposing new nominees for appointment to the Board and its committees;
- (d) If the Chair of the Board is an independent director, the Chair will:
- (i) in conjunction with the Chair of the Compensation, Nominating and Governance Committee, provide leadership to ensure that the Board functions independently of management of the Corporation;
  - (ii) chair meetings of independent directors or non-management directors held following Board meetings;
  - (iii) recommend, where necessary, the holding of special meetings of the Board;
  - (iv) review with the CEO items of importance for consideration by Board;
  - (v) consult and meet with any or all of the Corporation's independent directors, at the discretion of either party and represent such directors in discussions with management of the Corporation concerning corporate governance issues and other matters;
  - (vi) ensure that all business required to come before the Board is brought before the Board, such that the Board is able to carry out all of its duties to supervise the management of the business and affairs of the Corporation, and together with the CEO, formulate an agenda for each Board meeting;
  - (vii) together with the Chair of the Compensation, Nominating and Governance Committee, ensure that the Board, committees of the Board, individual directors and senior management of the Corporation understand and discharge their duties and obligations under the approach to corporate governance adopted by the Board from time to time;
  - (viii) mentor and counsel new members of the Board to assist them in becoming active and effective directors;
  - (ix) facilitate the process of conducting director evaluations; and
  - (x) promote best practices and high standards of corporate governance;
- (e) Act as liaison between the Board and management to ensure that relationships between the Board and management are conducted in a professional and constructive manner. This involves working with the Compensation, Nominating and Governance Committee to ensure that the Corporation is building a healthy governance culture; and
- (f) At the request of the Board, represent the Corporation to external groups such as shareholders and other stakeholders, including community groups and governments.