

CORPORATE GOVERNANCE PRACTICES

The Corporation is committed to conducting its business with the highest standards of business ethics and in accordance with applicable laws, rules and regulators. The Corporation has adopted a written Code of Ethics (the “Code”) that applies to all directors, officers and employees of the Corporation and sets out specific policies to guide these individuals in the performance of their duties. In addition to the Code, to further encourage and promote a culture of ethical business conduct, the mandate of the Board requires that the Board be satisfied with the integrity of the CEO and other executive officers and that these officers are creating a culture of integrity throughout the Corporation. In addition, the terms of reference for directors and proposed nominees establish expectations regarding his or her conduct, including a duty of loyalty to the Corporation mandating that the best interests of the Corporation take precedence over any other interests possessed by a director.

National Instrument 58-101 – Disclosure of Corporate Governance Practices, (“**NI 58-101**”) requires the following disclosure:

1. Board of Directors

- (a) Disclose the identity of directors who are independent.

Currently there are eight directors, of which five are independent within the meaning of NI 58-101. They are David Atkins, Robert Brooks, John Crocker, Bruce Day and Veronika Hirsch. If all the proposed nominees are elected, five out of eight directors will be deemed to be independent.

- (b) Disclose the identity of directors who are not independent, and describe the basis for that determination.

Victor Koloshuk, David Mather and John Robertson are deemed to be not independent within the meaning of NI 58-101 as each is a member of the management of the Corporation.

Veronika Hirsch held a management position with BluMont Capital Corporation, a subsidiary of the Corporation until December 3, 2013. Ms. Hirsch was deemed to be not independent because, using a three-year “look-back” review, she was an employee of the Corporation during part of that period and as such was deemed to have had a material relationship with the Corporation. At the time this circular is issued, it will be more than 3 years since Ms. Hirsch has been an employee. The Board of Directors has determined that she is independent.

- (c) Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors does to facilitate its exercise of independent judgment in carrying out its responsibilities.

See above. Currently, five out of eight directors are independent which is a majority of the Board. If all the proposed nominees are elected, five out of eight directors will be deemed to be independent.

The Board recognizes the current trend towards having a majority of directors who qualify as independent but also acknowledges that the Corporation continues to be a largely employee-owned company.

To ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest, the director or officer is required to inform the Board of any actual or potential conflict of interest and to refrain from voting or participating in discussion of the matter. The fact that the director has abstained or has recused from voting is noted in the minutes.



The Code sets out in detail the core values and the principles by which the Corporation is governed and addresses topics such as: honest and ethical conduct; conflicts of interest; compliance with applicable laws, rules and regulations and the Corporation's policies and procedures; confidential information; public disclosures; and protection and proper use of company assets. The management of the Corporation is committed to fostering and maintaining a culture of high ethical standards and compliance, and ensuring a work environment that encourages employees to raise concerns to the attention of management and promptly addressing any employee compliance concerns.

- (d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.

None

- (e) Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.

As a minimum, these directors schedule an in camera meeting at each of the four regular board meetings each year which are held for the approval of the Corporation's financial statements.

These directors have held 4 in camera meetings since October 1, 2016.

Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.

The Chairman of the Board is not independent within the meaning of NI 58-101. There is no lead director.

The Board appoints directors who have demonstrated leadership and integrity throughout their careers and it provides a corporate environment for them to exhibit such leadership and integrity for the benefit of the Corporation.

- (f) Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.

The information below reflects meetings of the Board of Directors and its committees, together with meeting attendance for the year ended September 30, 2017 for each director:



Board and Committees	Board and Committee Meetings Held
Board of Directors	5
Audit Committee	4
Compensation, Nominating and Governance Committee	4

Name	Board Meetings Attended	Committee Meetings Attended
Victor Koloshuk	5	4
David H. Atkins	5	8
Robert L. Brooks	5	4
John A. Crocker	5	6
Bruce D. Day	5	8
Veronika Hirsch	5	4
David G. Mather	5	N/A
John F.K. Robertson	5	N/A

2. Board Mandate of the Board of Directors

Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.

The mandate of the Board of Directors is enclosed as Schedule "B".

3. Position Descriptions

- (a) Disclose whether or not the board has developed written position descriptions for the chair of the board and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.

The Corporation has developed a written position description for the Chair. The Corporation has not developed specific written position descriptions for the Chair of each

committee. Each of the two committees of the Corporation has a charter outlining its authority and the role and responsibilities of its members, including its chairman.

- (b) Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.

The Corporation has developed a written position description for the CEO.

4. Orientation and Continuing Education

- (a) Briefly describe what measures the board takes to orient new directors regarding
 - (i) the role of the board, its committees and its directors, and
 - (ii) the nature and operation of the issuer's business.

New directors are provided with information on the Corporation and its management and are fully briefed by senior management on the corporate organization and key current issues. New directors are made aware that they are expected to familiarize themselves with the business and operations of the Corporation. Management and existing Board members contribute to the orientation of new directors as to the business of the Corporation and the operating subsidiaries, as appropriate. Visits to key operations are also arranged for new directors.

- (b) Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skills and knowledge necessary to meet their obligations as directors.

Ongoing training and development of directors consists of similar components as in 4(a) above, i.e., updated corporate information and visits. The Board does not provide a pre-set program of continuing education for its directors. Directors maintain the skill and knowledge necessary to meet their obligations as directors by learning from one another and from a variety of outside advisors as new issues or opportunities arise. Individual directors may engage outside advisors with the authorization of the Board.

5. Ethical Business Conduct

- (a) Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:
 - (i) disclose how a person or company may obtain a copy of the code;
 - (ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and
 - (iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.

A copy of the Code is available on SEDAR at www.sedar.com or by contacting the Corporation's Corporate Secretary. To confirm his or her awareness and comprehension of the

Code, each employee, officer and director of the Corporation is asked to sign a copy of the Code both upon commencing employment and on an annual basis.

No material change report has been required to be filed during the fiscal year ended September 30, 2017 with respect to any conduct constituting a departure from the Code.

- (b) Describe any steps the board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.

See 1(c).

- (c) Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.

The Corporation considers and takes the appointment of directors very seriously and recognizes that a diversity of opinions among board members is an important factor in ensuring the Board performs well.

6. Nomination of Directors

- (a) Describe the process by which the board identifies new candidates for board nomination.

The Board works as a team to identify qualified individuals. The Compensation, Nominating and Governance Committee is responsible for proposing new candidates for Board nomination. The Compensation, Nominating and Governance Committee selects individuals with the desired background and qualifications, taking into account the needs of the Board at the time.

- (b) Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.

The Compensation, Nominating and Governance Committee is not composed entirely of independent directors within the meaning of N1 58-101 but has a majority of such directors. Those directors encourage an objective nominating process.

- (c) If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.

Under the Compensation, Nominating and Governance Committee Charter, the committee is responsible for developing and recommending criteria for selecting new Board members and identifying and considering candidates.

7. Compensation

- (a) Describe the process by which the board determines the compensation for the issuer's directors and officers.

The Compensation, Nominating and Governance Committee reviews the amount and the form of compensation of the Corporation's directors and officers. Please see "Statement of Executive Compensation" in this Management Information Circular.



- (b) Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.

The Board has appointed a Compensation, Nominating and Governance Committee which is composed of a majority, but not entirely, of directors who qualify as independent. The other director on the committee is Victor Koloshuk, Executive Chairman. All decisions relating to the CEO and the Executive Chairman are voted on by the Compensation, Nominating and Governance Committee to ensure the committee follows an objective process for determining compensation. Decisions involving senior executive appointments, remuneration reviews and bonus allocation are recommended by the CEO, but must be approved by the Compensation, Nominating and Governance Committee members.

- (c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.

The Charter of the Compensation, Nominating and Governance Committee provides that the committee is to assist the Board in (a) evaluation of the performance of the CEO (b) oversight and evaluation of compensation of the executives of the Corporation (c) succession planning with respect to the executives of the Corporation (d) developing and recommending criteria for selecting new Board members (e) recommending the applicable Board nominees for each annual meeting of shareholders (f) developing appropriate corporate governance guidelines for the Corporation and (g) the review of the Board's performance.

8. Other Board Committees

If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

None.

9. Assessments

Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.

The Board assesses its members and its committees with respect to effectiveness and contribution on an ongoing basis. This ongoing assessment process is informal. If an individual Board member is found or finds that he or she is unable to contribute due to ability, lack of time or commitment, the individual would be expected to either resign or request not to be nominated for re-election.

In addition, the Board, through the Compensation, Nominating and Governance Committee, conducts a review and evaluation of its directors, at a minimum, every three years.

10. Director Term Limits and Other Mechanisms of Board Renewal

Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other

mechanisms of board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so.

The Corporation has not adopted director term limits or other mechanisms of board renewal. The Corporation prefers to change the composition of the Board as circumstances arise. The Corporation benefits from new directors who bring new perspectives to the Corporation and from continuity on the Board provided by long-standing directors of the Corporation who have deep understandings of the Corporation's business.

11. Policies Regarding the Representation of Women on the Board

- (a) Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so.

The Corporation has a written policy and procedures relating to the nomination of directors. The Corporation seeks the best candidates for nomination and therefore it does not specifically reference the identification and nomination of women directors. These policies and procedures are reviewed periodically.

- (b) If an issuer has adopted a policy referred to in (a), disclose the following in respect of the policy:
- (i) a short summary of its objectives and key provisions,
 - (ii) the measures taken to ensure that the policy has been effectively implemented,
 - (iii) annual and cumulative progress by the issuer in achieving the objectives of the policy, and
 - (iv) whether and, if so, how the board or its nominating committee measures the effectiveness of the policy.

Not applicable

12. Consideration of the Representation of Women in the Director Identification and Selection Process

Disclose whether and, if so, how the board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board. If the issuer does not consider the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board, disclose the issuer's reasons for not doing so.

The Board and the Compensation, Nominating and Governance Committee consider many attributes of the candidates considered for nomination to the Board including gender and they also consider the potential impact of such nomination on the composition and effectiveness of the Board including the level of representation of women.

13. Consideration Given to the Representation of Women in Executive Officer Appointments

Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.

Please see answer in 12 above.



14. Issuer's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions

- (a) For purposes of this Item, a "target" means a number or percentage, or a range of numbers or percentages, adopted by the issuer of women on the issuer's board or in executive officer positions of the issuer by a specific date.
- (b) Disclose whether the issuer has adopted a target regarding women on the issuer's board. If the issuer has not adopted a target, disclose why it has not done so.

The Corporation has not adopted a target regarding women on the Board. The Corporation seeks the best candidates for nomination and therefore sets no targets.

- (c) Disclose whether the issuer has adopted a target regarding women in executive officer positions of the issuer. If the issuer has not adopted a target, disclose why it has not done so.

The Corporation has not adopted a target regarding women in executive officer positions. The Corporation seeks the best candidates for nomination and therefore sets no targets.

- (d) If the issuer has adopted a target referred to in either (b) or (c), disclose:
 - (i) the target, and
 - (ii) the annual and cumulative progress of the issuer in achieving the target.

Not applicable

15. Number of Women on the Board and in Executive Officer Positions

- (a) Disclose the number and proportion (in percentage terms) of directors on the issuer's board who are women.

Currently, one out of eight board directors (12.5%).

- (b) Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.

Currently, there are six Executive Officers (as defined), none of whom is a woman (0%).

January, 2018