



# **MAPLE LEAF FOODS INC.**

Notice of Annual and Special Meeting of Shareholders  
Thursday, May 2, 2019 at 11:00 a.m.  
and Management Proxy Circular



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## INVITATION TO SHAREHOLDERS

March 21, 2019

Dear Fellow Shareholder:

We are pleased to invite you to attend the Annual and Special Meeting of Shareholders of Maple Leaf Foods Inc. (“Maple Leaf Foods” or the “Corporation”) to be held at ThinkFood!, 6897 Financial Drive, Mississauga, Ontario, Canada at 11:00 a.m. Eastern Daylight Time on Thursday, May 2, 2019. The items of business you will be asked to act on are set out in the accompanying Notice of Annual and Special Meeting and Management Proxy Circular.

We also invite you to read the Corporation’s 2018 annual report. It provides a discussion of the Corporation’s financial and operating performance during the past year and the Corporation’s plans for 2019 and beyond. Maple Leaf’s journey to become the most sustainable protein company on earth accelerated through 2018. We internalized our vision across our business platforms, and we are moving forward with conviction. This unwavering commitment to raise the good in food, on every level, provides an exciting and tangible path to financial and social value creation.

We expect to share our view of the Corporation’s future with you at the Annual and Special Meeting.

Ultimately, corporations are governed by their shareholders. We encourage you to ensure that your shares are represented and your views made known, whether or not you are able to attend the meeting of shareholders. If you do not plan to attend in person, please take the time now to sign, date and return the enclosed proxy form in the envelope provided so that your shares are voted at the meeting according to your instructions.

We thank you for your continuing support as a shareholder of Maple Leaf Foods.

Yours very truly,

DAVID L. EMERSON  
Chairman of the Board

MICHAEL H. MCCAIN  
President & Chief Executive Officer



## Maple Leaf Foods Inc. ("Maple Leaf Foods")

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### NOTICE OF 2019 ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

- When** Thursday, May 2, 2019 at 11:00 a.m. (Eastern Daylight Time)
- Where** ThinkFood!, 6897 Financial Drive, Mississauga, Ontario, Canada L5N 0A8
- Who Can Vote** You are eligible to vote if you were a shareholder of record at the close of business on March 28, 2019. Please ensure that your shares are represented at the meeting by promptly voting and submitting your proxy by telephone or the Internet, or by completing, signing, dating and returning your proxy form in the enclosed envelope.
- Business of Meeting** Shareholders will be asked to:
1. receive the consolidated financial statements for the year ended December 31, 2018, together with the auditors' report on the statements;
  2. elect directors;
  3. appoint auditors and authorize the directors to fix their remuneration;
  4. consider and, if thought fit, pass a resolution approving Maple Leaf Foods' approach to executive compensation, on an advisory and non-binding basis;
  5. consider and, if thought fit, pass a resolution approving an increase in the number of shares available for issuance pursuant to options granted under the Maple Leaf Foods' 2016 Share Option Plan and ratifying and approving the granting of 137,468 options to 19 employees on March 1, 2019 which were made subject to approval by shareholders of the increase in the number of shares available for issuance pursuant to options granted under the Maple Leaf Foods' 2016 Share Option Plan; and
  6. transact such other business as may properly come before the meeting or any adjournment thereof.

The accompanying Management Proxy Circular dated March 21, 2019 provides information concerning the matters to be dealt with at the meeting.

Dated at Mississauga this 21<sup>st</sup> day of March, 2019.

By Order of the Board

R. Cappuccitti  
Senior Vice-President and Corporate Secretary

*You are eligible to vote if you were a shareholder of record at the close of business on March 28, 2019.*

*Please ensure that your shares are represented at the meeting by promptly voting and submitting your proxy by telephone or the Internet, or by completing, signing, dating and returning your proxy form in the enclosed envelope.*

## TABLE OF CONTENTS

	<b>Page</b>
Voting Information	1
Business of the Meeting	3
Special Business of the Meeting	10
Report on Corporate Governance	14
Directors' Compensation	28
Letter to Shareholders from Chair, HRCC	32
Compensation Governance	33
Compensation Discussion and Analysis	35
Summary Compensation Table	46
Description of Share Option and Share Incentive Plans and Securities Authorized for Issuance Under Equity Compensation Plans	55
Other Matters	65
Appendix A – Meeting Frequency and Attendance	66
Appendix B – Commonly Used Definitions and Acronyms	67
Appendix C – 2016 Stock Option Plan as amended to February 27, 2019	68

# Maple Leaf Foods Inc.

## MANAGEMENT PROXY CIRCULAR

### VOTING INFORMATION

#### SOLICITATION OF PROXIES

This Management Proxy Circular (the “Circular”) accompanies the Notice of the Annual and Special Meeting of Shareholders (“Notice of Meeting”) of Maple Leaf Foods Inc. (“Maple Leaf Foods”, “MLF” or the “Corporation”) to be held on May 2, 2019. It is provided in connection with the solicitation of proxies by the Corporation’s management for use at the meeting. It is planned that the solicitation will be primarily by mail, but proxies may also be solicited by telephone, in writing, by email, by fax, by other electronic means or in person by employees of the Corporation or by agents of the Corporation at a nominal and customary cost. The costs of these solicitations will be borne by the Corporation.

#### VOTING OF PROXIES – REGISTERED SHAREHOLDERS

A proxy in the form enclosed with the Notice of Meeting confers discretionary authority on the management nominees named therein with respect to amendments or variations to the matters identified in the Notice of Meeting or other matters that may properly come before the meeting. Management of the Corporation is not aware of any amendments or variations of the matters set out herein or other matters that may be properly presented for action at the meeting, but the proxy enclosed with the Notice of Meeting confers the authority on such management nominees to act on amendments or variations to the matters identified in the Notice of Meeting or other matters that may properly come before the meeting.

Proxies must be received by 5:00 p.m. Eastern time on April 30, 2019. If you are a registered shareholder and wish to vote at the meeting, you do not need to complete or return your form of proxy. Simply attend the meeting and present yourself to a representative of the Corporation at the registration table.

**Every shareholder has the right to appoint some other person or company of their choice, who need not be a shareholder, to attend and act on their behalf at the meeting. If you wish to appoint a person or company other than the persons whose names are printed on the form of proxy, please insert the name of your chosen proxyholder in the space provided on the form of proxy.** That individual or company can vote for or against or withhold your vote as you’ve specified on the proxy form or as the proxy holder chooses if you have not specified voting instructions. Common shares represented by proxies executed in favour of the management nominees named in the proxy enclosed with the Notice of Meeting will be voted for or against or withheld from voting in accordance with the choices specified in the executed proxy or any ballot that may be called for, but if no choice is specified such shares will be voted:

- (i) FOR the election of the persons listed as nominees under the heading “Election of Directors” as directors of the Corporation;
- (ii) FOR the appointment of KPMG LLP, Chartered Accountants, as auditors of the Corporation and authorizing the directors to fix their remuneration;
- (iii) FOR the resolution approving Maple Leaf Foods’ approach to executive compensation on an advisory and non-binding basis;
- (iv) FOR the resolution approving an increase in the number of shares available for issuance pursuant to options granted under the Maple Leaf Foods’ 2016 Share Option Plan and ratifying and approving the granting of 137,468 options to 19 employees on March 1, 2019 which were made subject to approval by shareholders of the increase in the number of shares available for issuance pursuant to options granted under the Maple Leaf Foods’ 2016 Share Option Plan; and,
- (v) FOR or AGAINST such actions as the management nominee thinks fit with respect to any other matter that may properly come before the meeting, including any amendments or variations in the matters identified in the Notice of Meeting.

## **REVOCATION**

A proxy in the form enclosed with the Notice of Meeting may be revoked by an instrument in writing, including another proxy, duly executed by or on behalf of the shareholder and deposited at the registered office of the Corporation at 6985 Financial Drive, Mississauga, Ontario, Canada L5N 0A1 at any time up to and including the second-last business day preceding the day of the meeting, or any adjournment or postponement thereof, or with the Chairman of the meeting on the day of the meeting or any adjournment or postponement thereof.

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

There were 124,371,726 common shares outstanding as of March 21, 2019. The Corporation has been informed that MCI exercises control or direction over 48,340,254 common shares (38.9%) of the outstanding common shares of the Corporation. The Corporation has also been informed that Mr. Michael H. McCain is the controlling shareholder of MCI.

Each common share entitles the holder to one vote at the meeting. Persons who are shareholders of record at the close of business on March 28, 2019 will be entitled to vote at the meeting.

## **NON-REGISTERED SHAREHOLDERS/BENEFICIAL OWNERS**

Most shareholders are “beneficial owners”, meaning they are non-registered shareholders. The common shares held by non-registered shareholders are registered in the name of an intermediary such as a securities broker, financial institution, trustee, custodian or other nominee who holds the shares on their behalf, or in the name of a clearing agency in which the intermediary is a participant (such as CDS Clearing and Depository Services Inc.). Intermediaries are obliged to forward meeting materials to the non-registered holders unless otherwise instructed by the holder (and as required by regulation in some cases, despite such instructions).

Non-registered shareholders should follow the directions of their intermediaries on the procedures to be followed for voting. Generally, intermediaries will provide non-registered shareholders with either (a) a voting instruction form for completion and execution by the non-registered shareholder, or enable voting by alternate means such as telephone or Internet, or, (b) a proxy form, executed by the intermediary and restricted to the number of shares owned by the non-registered shareholder, but otherwise uncompleted. These procedures are designed to permit the non-registered shareholders to direct the voting of the common shares of the Corporation that they beneficially own.

These security holder materials are being sent to both registered and non-registered shareholders of the Corporation. If you are a non-registered shareholder and these materials were sent directly to you by Maple Leaf Foods or its agent, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding shares on your behalf.

By choosing to send these materials to you directly, Maple Leaf Foods has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the instructions from your intermediary.

## **VOTING AT THE MEETING BY BENEFICIAL (NON-REGISTERED) OWNERS**

Only registered shareholders or their duly appointed proxyholders are permitted to vote in person at the meeting. If a non-registered shareholder wishes to attend and vote in person at the meeting, they must insert their own name in the space provided for the appointment of a proxyholder on the voting instruction form or proxy form provided by the intermediary, and must not complete the voting instructions. When the non-registered shareholder arrives at the meeting, they must present themselves to a representative of the Corporation at the registration table.

# BUSINESS OF THE MEETING

## ELECTION OF DIRECTORS

The charts below identify the persons nominated for election as directors of the Corporation, to serve until the next annual meeting of shareholders of the Corporation or until their successors are duly elected or appointed. If any of these individuals is not available to act as a director, a substitute may be nominated.

For each nominee for election as director, the chart provides the nominee's:

- name;
- place of residence;
- age;
- present principal occupation and principal occupations held in the last five years, if different;
- other principal directorships and committee memberships, positions and other relevant information;
- date of first becoming a director of the Corporation;
- number of common shares beneficially owned or controlled<sup>(1)</sup>, DSUs held<sup>(2)</sup> and the market value of the shares and/or DSUs as of a specified date<sup>(5)</sup>;
- current membership on committees of the Board and whether he or she is the Chair of a committee of the Board;
- attendance statistics for Board and committee meetings;
- other public board memberships in the past five years; and,
- independence status within the meaning of applicable securities legislation.

Information on each incumbent nominee's attendance at meetings of the Board and its committees in 2018 is also set out in Appendix A. For information on director assessment, selection, orientation and education, and other corporate governance topics, please see the discussion under the heading "Report on Corporate Governance" starting on page 14 of this Circular.

The Corporation has adopted a policy for individual director voting that is described in the Report on Corporate Governance on page 20 of this Circular. Under the policy, if a director is not elected by at least a majority (50% + 1 vote) of the votes cast with respect to his or her election at a meeting of shareholders (other than at a contested shareholder meeting), the director shall tender his or her resignation to the Board immediately following the meeting. The Board shall determine whether or not to accept the resignation within 90 days of the relevant shareholders' meeting. The Board shall accept the resignation absent exceptional circumstances. The resignation will be effective when accepted by the Board. The director who tenders his or her resignation will not participate in any meeting of the Board at which the resignation is considered. For purposes of the policy, the Corporation intends to use proxies validly deposited in advance of the particular meeting in order to determine whether the particular approval threshold has been met unless a ballot on the election of directors is taken at the particular meeting. A press release disclosing the Board's determination (and the reasons for rejecting the resignation, if applicable) shall be promptly issued following their determination.

**Name****WILLIAM E. AZIZ, CPA, CA**

Age: 62

Residence: Oakville,  
Ontario, Canada

Director Since: May 1, 2014

Independent<sup>(7)</sup>**EXPERTISE:**

International business, government relations, CEO/COO, financial literacy, legal experience in the enterprises, corporate governance, human resources, investments, corporate finance and restructuring, information technology.

**Principal Occupation and Biography**

**OCCUPATION:** President and Chief Executive Officer, BlueTree Advisors Inc. (*private management advisory firm*)

**BIOGRAPHY:** Through BlueTree Advisors, Mr. Aziz is currently providing his services as Chief Restructuring Officer to New Walter Energy Canada Holdings, Inc. during its restructuring. He is a member of the Leadership Council at the Ihnatowycz Institute for Leadership at the Ivey Business School at Western University, from which he is a graduate in Honors Business Administration. Mr. Aziz is Chair of the Investment Committee and a member of the Human Resources Committee of the \$105 billion Ontario Municipal Employees' Retirement System ("OMERS"). Mr. Aziz is also a member of the Advisory Board for Fergate Real Assets. Mr. Aziz is a Chartered Professional Accountant. He has also completed the Institute of Corporate Directors Governance College at the Rotman School of Business, University of Toronto and is a member of the Insolvency Institute of Canada. Mr. Aziz is a nominee of MCI pursuant to the terms of the Amended Governance Agreement which is described on pages 16 and 17.

**CURRENT PUBLIC COMPANY DIRECTORSHIPS AND COMMITTEES:**  
Ontario Municipal Employees Retirement System (OMERS)

*No interlocking outside public company directorships<sup>(3)</sup>*

**DIRECTORSHIPS WITHIN THE PAST 5 YEARS:**

Canada Bread Company, Limited (To May 23, 2014)

**BOARD AND COMMITTEE MEMBERSHIPS AND 2018 MEETING ATTENDANCE**

*All regularly scheduled board and committee meetings*

Board	12/12 – 100%
AC (Chair)	5/5 – 100%
HRCC	4/5 – 80%

**SECURITIES HELD:**

Date	Common Shares	DSUs	Total Common Shares and DSUs	Market Value <sup>(5)</sup>	In Compliance with Ownership Policy
March 15, 2019 <sup>(1)(2)</sup>	18,555	28,256	46,811	\$1,268,583	Yes
March 15, 2018	16,325	21,547	37,872	\$1,204,317	
Change	2,230	6,709	8,939	\$64,261	

**Name****W. GEOFFREY BEATTIE**

Age: 59

Residence: Toronto,  
Ontario, Canada

Director Since: December 17, 2008

Independent<sup>(7)</sup>**EXPERTISE:**

International business, finance, law, board and corporate governance, mergers and acquisitions.

**Principal Occupation and Biography**

**OCCUPATION:** Chief Executive Officer, Generation Capital (*investment management firm*)

**BIOGRAPHY:** Mr. Beattie is Chief Executive Officer of Generation Capital and Chair of Relay Ventures. Mr. Beattie is a director of the General Electric Company, Baker Hughes, a GE Company and Fiera Capital Corporation, and was previously a director of Royal Bank of Canada and Acasta Enterprises Inc. Mr. Beattie is the Chair of the Audit Committee of General Electric Company, Member of the HR Committee of Fiera Capital Corporation and the Lead Director, Chair of the Governance and Nominating Committee and Member of the Audit Committee of Baker Hughes, a GE Company. Mr. Beattie served as Chief Executive Officer of The Woodbridge Company Limited from 1998 through 2012. Prior to that, Mr. Beattie was a partner in the Toronto office of the law firm Torys LLP and was a vice president at Wood Gundy from 1987 to 1990. The Woodbridge Company Limited is a privately held investment holding company for the Thomson family of Canada and the majority shareholder of Thomson Reuters (formerly Thomson Corporation), where Mr. Beattie served as Deputy Chair. Mr. Beattie received a law degree from the University of Western Ontario in 1984.

**CURRENT PUBLIC COMPANY DIRECTORSHIPS AND COMMITTEES:**

General Electric Company – Chair, Audit Committee

Fiera Capital Corporation – Member, HR Committee

Baker Hughes, a GE Company – Lead Director, Chair, Governance and Nominating Committee and Member, Audit Committee

*No interlocking outside public company directorships<sup>(3)</sup>*

**DIRECTORSHIPS WITHIN THE PAST 5 YEARS:**

Royal Bank of Canada – Member, Audit Committee and Human Resources Committee

Acasta Enterprises Inc. – Chair, Audit Committee

**BOARD AND COMMITTEE MEMBERSHIPS AND 2018 MEETING ATTENDANCE**

*All regularly scheduled board and committee meetings*

Board	11/12 – 92%
CGC (Chair)	6/6 – 100%
SSC	1/1 – 100%

**SECURITIES HELD:**

Date	Common Shares	DSUs	Total Common Shares and DSUs	Market Value <sup>(5)</sup>	In Compliance with Ownership Policy
March 15, 2019 <sup>(1)(2)</sup>	22,680	93,218	115,898	\$3,140,833	Yes
March 15, 2018	21,088	85,661	106,749	\$3,394,614	
Change	1,592	7,557	9,149	(\$253,781)	

**Name****RONALD G. CLOSE**

Age: 60  
 Residence: Toronto,  
 Ontario, Canada  
 Director Since: April 30, 2015  
 Independent<sup>(7)</sup>

**EXPERTISE:**

International business development, human resources and leadership, government relations, CEO/COO, education and academia, financial literacy, corporate governance mergers and acquisitions. Information technology, project management and innovation.

**Principal Occupation and Biography**

OCCUPATION: President, RGC & Associates Inc. (*consulting company*)

BIOGRAPHY: Since 2017, Mr. Close is the President of RGC & Associates Inc., a privately-held consulting company. He was recently the CEO of Pelmorex Media (The Weather Network) and was Executive Entrepreneur-in-Residence at The Ivey School of Business, and at MaRS Discovery District. He has been a director on several boards including Pelmorex, The Globe and Mail, Canada Media Fund, CTVglobemedia, and MaRS Innovation. Mr. Close has had a distinguished career as a senior executive at several companies, from smaller start-ups (co-founder/CEO of Netcom Canada) to large corporations (at BCE he was President, Bell New Ventures, also overseeing Sympatico-MSN). Mr. Close holds an HBA degree from the Ivey School of Business (1981). He is past-Chairman of the Ivey Entrepreneurship Council and past-Chairman of Ability Online, a charitable organization for children with disabilities. Mr. Close is a director of MaRS Discovery District and the Thomson Reuters Founders Share Company. He is also Managing Director of Portag3 Ventures and works with several start-ups in Fintech. He is past-Chairman of the Toronto Chapter of Young Presidents Organization and is a current member of World Presidents Organization. Mr. Close is a nominee of MCI pursuant to the terms of the Amended Governance Agreement which is described on pages 16 and 17.

CURRENT PUBLIC COMPANY DIRECTORSHIPS AND COMMITTEES:  
 None

*No interlocking outside public company directorships<sup>(3)</sup>*

DIRECTORSHIPS WITHIN THE PAST 5 YEARS:  
 None

BOARD AND COMMITTEE MEMBERSHIPS AND 2018 MEETING ATTENDANCE

*All regularly scheduled board and committee meetings*

Board	12/12 – 100%
AC	5/5 – 100%
CGC	6/6 – 100%

SECURITIES HELD:

Date	Common Shares	DSUs	Total Common Shares and DSUs	Market Value <sup>(5)</sup>	In Compliance with Ownership Policy
March 15, 2019 <sup>(1)(2)</sup>	8,400	19,842	28,242	\$765,352	Yes
March 15, 2018	8,400	13,879	22,279	\$708,484	
Change	—	5,963	5,962	\$56,868	

**Name****JEAN M. FRASER**

Age: 71  
 Residence: Toronto,  
 Ontario, Canada  
 Director Since: October 30, 2014  
 Independent<sup>(7)</sup>

**EXPERTISE:**

Mergers and acquisitions, financing and corporate governance, securities and corporate law matters.

**Principal Occupation and Biography**

OCCUPATION: Retired Partner, Osler, Hoskin & Harcourt LLP

BIOGRAPHY: Ms. Fraser is a retired partner of one of Canada's leading law firms who has advised public and private companies on corporate/governance matters, mergers and acquisitions ("M&A") and debt and equity financings. She has provided governance advice to boards of directors and board committees of numerous public companies regarding strategic and sensitive matters. Her M&A experience includes public take-over bids, asset acquisitions and divestures, privatizations and corporate restructurings.

Ms. Fraser's financing experience includes domestic and cross-border public and private offerings of debt and equity, initial public offerings and infrastructure financings.

Ms. Fraser is a director of Aviva Canada Inc. where she chairs the Risk Committee and is a member of the Audit and Conduct Review Committee. She is also a director of Lithium Americas Corp. where she serves on the Nominating and Governance Committee, the Compensation and Benefits Committee and the Audit Committee. Ms. Fraser is also a former managing partner and executive committee member of her law firm.

CURRENT PUBLIC COMPANY DIRECTORSHIPS AND COMMITTEES:

Lithium Americas Corp. – Member, Nominating and Governance Committee; Member, Compensation and Benefits Committee; Member, Audit Committee

*No interlocking outside public company directorships<sup>(3)</sup>*

DIRECTORSHIPS WITHIN THE PAST 5 YEARS:  
 None

BOARD AND COMMITTEE MEMBERSHIPS AND 2018 MEETING ATTENDANCE

*All regularly scheduled board and committee meetings*

Board	11/12 – 92%
HRCC (Chair)	5/5 – 100%
CGC	6/6 – 100%

SECURITIES HELD:

Date	Common Shares	DSUs	Total Common Shares and DSUs	Market Value <sup>(5)</sup>	In Compliance with Ownership Policy
March 15, 2019 <sup>(1)(2)</sup>	—	23,992	23,992	\$650,195	Yes
March 15, 2018	—	17,553	17,553	\$558,194	
Change	—	6,439	6,439	\$92,001	

**Name****JOHN A. LEDERER**

Age: 63  
 Residence: Toronto,  
 Ontario, Canada  
 Director Since: May 4, 2016  
 Independent<sup>(7)</sup>

**EXPERTISE:**

Consumer packaged goods, international, CEO/COO, financial literacy, board and corporate governance, food and agricultural industries, human resources, mergers and acquisitions, engineering and project management.

**Principal Occupation and Biography**

OCCUPATION: Executive Chairman, Staples North American companies

BIOGRAPHY: Mr. Lederer is currently a Senior Advisor with Sycamore Partners. In this capacity, he serves as the Executive Chairman of the Board of Directors of Staples, Inc. and its newly formed and independent United States and Canadian businesses.

Mr. Lederer is currently a director of US Foods, Inc., a leading U.S. food distributor, and was its President and CEO from 2010 to 2015. He has been a director of US Foods since 2010. From 2008 to 2010, he served as Chairman and CEO of Duane Reade, a privately held chain of retail pharmacies located primarily in the New York City area. Prior to Duane Reade, he spent 30 years at Loblaw Companies Limited, Canada's largest grocery retailer and wholesale food distributor. Mr. Lederer held a number of leadership roles at Loblaw, including President from 2000 to 2006.

Mr. Lederer is a director of The Walgreens Company, the largest drug retailing chain in the United States (since 2015). He has previously served on the boards of Restaurant Brands International Inc., Tim Horton's Inc. and Duane Reade Holdings, Inc.

**CURRENT PUBLIC COMPANY DIRECTORSHIPS AND COMMITTEES:**

Walgreens Boots Alliance, Inc. – Member, Compensation Committee; Member, Finance Committee  
 US Foods, Inc.

*No interlocking outside public company directorships<sup>(3)</sup>*

**DIRECTORSHIPS WITHIN THE PAST 5 YEARS:**

Restaurant Brands International Inc. (To June 28, 2016)  
 Tim Hortons Inc. (no longer a public company)

**BOARD AND COMMITTEE MEMBERSHIPS AND 2018 MEETING ATTENDANCE**

*All regularly scheduled board and committee meetings*

Board	10/12 – 83%
HRCC	5/5 – 100%
SSC	3/3 – 100%

**SECURITIES HELD:**

Date	Common Shares	DSUs	Total Common Shares and DSUs	Market Value <sup>(5)</sup>	In Compliance with Ownership Policy
March 15, 2019 <sup>(1)(2)</sup>	75,000	14,038	89,038	\$2,412,940	Yes
March 15, 2018	50,000	8,170	58,170	\$1,849,796	
Change	25,000	5,868	30,868	\$563,144	

**Name****KATHERINE N. LEMON, PH.D.**

Age: 60  
 Residence: Waltham,  
 Massachusetts, U.S.A.  
 Director since: May 2, 2018  
 Independent<sup>(7)</sup>

**EXPERTISE:**

Marketing strategy, consumer behaviour and loyalty, consumer packaged goods, marketing metrics, digital marketing, teaching and research, international experience, education and academia, human resources.

**Principal Occupation and Biography**

OCCUPATION: Professor, Boston College, Carroll School of Management

BIOGRAPHY: Dr. Lemon is the Accenture Professor at Boston College, Carroll School of Management. She is also a member of the Board of Directors of the American Marketing Association, which focuses on marketing excellence and resources for firms and academics. She is the former Executive Director of the Marketing Science Institute, a not-for-profit organization that brings the best of marketing science to management practice; she now serves on its Executive Committee. Her research examines key drivers of firm growth from a consumer perspective, developing models that enable firms to significantly increase return on marketing investments. Her award-winning work has been implemented in organizations worldwide, and she is a globally recognized expert in understanding consumer experience and loyalty. Dr. Lemon has served on the faculty of Harvard Business School, Duke University and the University of Groningen in The Netherlands. She has taught and conducted research in companies and universities globally, especially focused on consumer goods and services. She has advised numerous public companies and has served on several company marketing advisory boards. She holds a Ph.D. from University of California, Berkeley.

**CURRENT PUBLIC COMPANY DIRECTORSHIPS AND COMMITTEES:**

None

*No interlocking outside public company directorships<sup>(3)</sup>*

**DIRECTORSHIPS WITHIN THE PAST 5 YEARS:**

None

**BOARD AND COMMITTEE MEMBERSHIPS AND 2018 MEETING ATTENDANCE**

*All regularly scheduled board and committee meetings*

Board	7/7 – 100%
AC	3/3 – 100%
SSC	2/2 – 100%

**SECURITIES HELD:**

Date	Common Shares	DSUs	Total Common Shares and DSUs	Market Value	In Compliance with Ownership Policy
March 15, 2019 <sup>(1)(2)</sup>	3,177	—	3,177	\$86,097	Yes <sup>(6)</sup>
March 15, 2018	—	—	—	—	
Change	3,177	—	3,177	\$86,097	

**Name****JONATHAN W. F. MCCAIN**

Age: 34

Residence: Toronto,  
Ontario, Canada

Director since: May 2, 2018

Non-Independent

**EXPERTISE:**

Senior leadership, finance, board and corporate governance, human resources, mergers and acquisitions and project management.

**Principal Occupation and Biography**

OCCUPATION: President, Andover Capital Corporation and Northstar Scaffold Services Inc.

BIOGRAPHY: Mr. McCain is the President of both Andover Capital Corporation, a privately-held investment and holding company, and Northstar Scaffold Services Inc., one of Canada's leading independent scaffolding and shoring providers. Previously, he worked as a management consultant with The Boston Consulting Group. He is a director of McCain Capital Inc., and an investment committee member and director of McCain Capital Partners.

Mr. McCain graduated from the Richard Ivey School of Business at the University of Western Ontario with an Honours in Business Administration degree. He has completed the Directors Education Program at the Rotman School of Business, University of Toronto and is a holder of the Institute of Corporate Directors Director designation. He is a current member of the Toronto chapter of the Young Presidents Organization. Mr. McCain is a nominee of Mr. M.H. McCain pursuant to the terms of the Amended Governance Agreement which is described on pages 16 and 17.

**CURRENT PUBLIC COMPANY DIRECTORSHIPS AND COMMITTEES:**

None

*No interlocking outside public company directorships<sup>(3)</sup>***DIRECTORSHIPS WITHIN THE PAST 5 YEARS:**

None

**BOARD AND COMMITTEE MEMBERSHIPS AND 2018 MEETING ATTENDANCE***All regularly scheduled board and committee meetings*

Board	7/7 – 100%
SSC	2/2 – 100%

**SECURITIES HELD:**

Date	Common Shares	DSUs	Total Common Shares and DSUs	Market Value <sup>(5)</sup>	In Compliance with Ownership Policy
March 15, 2019 <sup>(1)(2)</sup>	—	3,790	3,790	\$102,711	Yes <sup>(6)</sup>
March 15, 2018	—	—	—	—	—
Change	—	3,790	3,790	\$102,711	—

**Name****MICHAEL H. MCCAIN**

Age: 60

Residence: Toronto,  
Ontario, Canada

Director Since: April 24, 1995

Non-Independent

**EXPERTISE:**

Consumer packaged goods, food and agriculture, senior leadership, finance, board and corporate governance, human resources, mergers and acquisitions, information technology, engineering and project management.

**Principal Occupation and Biography**

OCCUPATION: President and CEO, Maple Leaf Foods

BIOGRAPHY: Mr. McCain is President and CEO of Maple Leaf Foods. He joined the Corporation in April 1995 as President and COO and was appointed CEO in January 1999. Prior to joining Maple Leaf, Mr. McCain spent 16 years with McCain Foods in Canada and the United States, where he was President and Chief Executive Officer of McCain Foods USA. He is a director of McCain Capital, the Royal Bank of Canada, the Centre for Addiction and Mental Health Foundation and MaRS Discovery District. Mr. McCain is a member of the Richard Ivey School of Business Advisory Board and the Business Council of Canada. He is a director and the Honourary Chair of the Maple Leaf Centre for Action on Food Security, a registered Canadian charity. Mr. McCain is a nominee of Mr. M.H. McCain pursuant to the terms of the Amended Governance Agreement which is described on pages 16 and 17.

**CURRENT PUBLIC COMPANY DIRECTORSHIPS AND COMMITTEES:**

Royal Bank of Canada – Member, Audit Committee; Member, Human Resources Committee

*No interlocking outside public company directorships<sup>(3)</sup>***DIRECTORSHIPS WITHIN THE PAST 5 YEARS:**

Canada Bread Company Limited (To May 23, 2014)

**BOARD AND COMMITTEE MEMBERSHIPS AND 2018 MEETING ATTENDANCE***All regularly scheduled board and committee meetings*

Board	12/12 – 100%
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**SECURITIES HELD:<sup>(4)</sup>**

Date	Common Shares	DSUs	Total Common Shares and DSUs	Market Value <sup>(5)</sup>	In Compliance with Ownership Policy
March 15, 2019 <sup>(1)(2)</sup>	48,340,254	—	48,340,254	\$1,310,020,883	Yes
March 15, 2018	47,003,894	—	47,003,894	\$1,494,723,829	—
Change	1,336,360	—	1,336,360	(\$184,702,946)	—

**Name****Principal Occupation and Biography****CAROL M. STEPHENSON**

Age: 68  
 Residence: London,  
 Ontario, Canada  
 Director Since: May 4, 2016  
 Independent<sup>(7)</sup>

**EXPERTISE:**

International, government relations, education and academia, CEO/COO, financial literacy, board and corporate governance, engineering and project management, mergers and acquisitions, human resources, information technology.

OCCUPATION: Corporate Director

BIOGRAPHY: From 2003 to 2013 Ms. Stephenson was the Dean of the Ivey Business School at Western University. She was President and Chief Executive Officer of Lucent Technologies Canada from July 1999 to February 2003. Prior to that, Ms. Stephenson held a number of executive positions with Bell Canada and BCE Media. From 1995 to 1999 she was Chief Executive Officer of Stentor Resource Centre.

Ms. Stephenson is a Director of Intact Financial Corporation, and General Motors Company. Ms. Stephenson was the 2010 Chair of the United Way Campaign for London & Middlesex, Ontario and also served on the Board of Directors of the Vancouver Olympic Games Organizing Committee.

Ms. Stephenson is a graduate of the University of Toronto. She completed the Executive Program at the Graduate School of Business Administration, University of California and the Advanced Management Program at Harvard University. She holds honorary doctorates from Ryerson Polytechnic University and Western University and in 2009 was appointed an Officer of the Order of Canada. Ms. Stephenson was named one of the 2016 National Association of Corporate Directors Directorship 100, a list of notable and current directorships.

**CURRENT PUBLIC COMPANY DIRECTORSHIPS AND COMMITTEES:**

General Motors Company – Chair, Executive Compensation Committee; Member, Governance and Corporate Responsibility Committee; Member, Executive Committee  
 Intact Financial Corporation – Chair, Compliance and Corporate Governance Committee; Member, Human Resources and Compensation Committee

*No interlocking outside public company directorships<sup>(3)</sup>*

**DIRECTORSHIPS WITHIN THE PAST 5 YEARS:**

Manitoba Telecom Services Inc. (To September 30, 2016)  
 Ballard Power Systems Inc. (To June 7, 2017)

**BOARD AND COMMITTEE MEMBERSHIPS AND 2018 MEETING ATTENDANCE**

*All regularly scheduled board and committee meetings*

Board	12/12 – 100%
AC	2/2 – 100%
HRCC	5/5 – 100%
SSC	2/2 – 100%

**SECURITIES HELD:**

Date	Common Shares	DSUs	Total Common Shares and DSUs	Market Value <sup>(5)</sup>	In Compliance with Ownership Policy
March 15, 2019 <sup>(1)(2)</sup>	17,754	—	17,754	\$481,133	Yes <sup>(6)</sup>
March 15, 2018	13,911	—	13,911	\$442,370	
Change	3,843	—	3,843	\$38,763	

**Notes:**

- (1) Number of common shares of Maple Leaf Foods beneficially owned, directly or indirectly, or over which control or direction is exercised, as reported by respective nominees as at March 15, 2019.
- (2) Number of DSUs held by each director under the current Share Purchase and Deferred Share Unit Plan (the “2013 DSU Plan”) for directors as at March 15, 2019. The 2013 DSU Plan is described on page 29 and pages 61 to 64 inclusive under the heading “Directors’ Compensation”. Mr. M.H. McCain does not participate in the 2013 DSU Plan and receives no fees for his services as a director of the Corporation.
- (3) Directors who served together on the board of directors of unrelated publicly traded companies as at March 21, 2019.
- (4) The Corporation understands that as of March 21, 2019 MCI exercises control or direction over 48,340,254 common shares (38.9% of the common shares) of the Corporation. The Corporation understands that Mr. M. H. McCain is the controlling shareholder of MCI and therefore has beneficial ownership or control of 48,340,254 common shares or 38.9% of the outstanding common shares of the Corporation.
- (5) The closing prices of the Corporation’s stock on the TSX on March 15, 2019 and March 15, 2018 were \$27.10 and \$31.80 respectively.
- (6) Directors joining the Board have five years from the date of their appointment or from the date of an increase to the required holdings (such as on an increase of the annual retainer) to reach compliance with the equity ownership guidelines. Notwithstanding the five-year time allowance, all directors except Dr. Lemon, Mr. J.W.F. McCain and Ms. Stephenson exceed the required holding. Dr. Lemon and Mr. McCain are in compliance as they joined the Board in 2018 and have until 2023 to reach the guideline. Ms. Stephenson is in compliance, being slightly below the guideline but having until 2022 to reach it.
- (7) The CGC has reviewed the nominees’ relationship to the Corporation and has determined that each is independent of the Corporation.

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

Within ten years preceding the date of this Circular:

Mr. Aziz was appointed Chief Restructuring Officer of the Cash Store Financial Services Inc. (“Cash Store”) by Order of the Ontario Superior Court of Justice effective April 14, 2014. On May 30, 2014, the Alberta Securities Commission issued a cease trade order against Cash Store. On May 23, 2014, the TSX delisted the securities of Cash Store for failure to meet the continued listing requirements of the TSX. Cash Store voluntarily withdrew its securities from listing and registration on the New York Stock Exchange effective March 10, 2014.

## APPOINTMENT OF AUDITORS

The Board proposes that KPMG LLP be appointed as auditors of the Corporation and that the shareholders authorize the directors to fix their remuneration. KPMG LLP was first appointed auditor in 1990 and has served continuously since then. The appointment must be approved by a majority of the votes cast at the meeting.

The fees paid by the Corporation for the services performed by KPMG LLP for the years ended December 31, 2018 and 2017 are in Table 1 below. Annually, the AC reviews a summary of the services provided by the auditors to the Corporation and its subsidiaries. In 2004, the AC established a policy requiring approval in advance by the AC for all non-audit services to be rendered by the external auditors; between meetings of the AC, authority for approval is delegated to the AC Chairman. Approvals under the delegated authority are presented to the full AC at its next meeting. The policy also prohibits the engagement of KPMG LLP in a number of services that the AC believes may have the potential to impact KPMG LLP's independence.

In the last two years, KPMG LLP has not provided any of the following services to the Corporation:

- (i) bookkeeping services and other services related to accounting records or financial statements;
- (ii) financial information systems design and implementation;
- (iii) appraisal or valuation services, fairness opinions or contribution-in-kind reports;
- (iv) actuarial services;
- (v) internal audit outsourcing services;
- (vi) management functions;
- (vii) human resources;
- (viii) broker-dealer, investment advisor or investment banking services; and
- (ix) legal services and expert services unrelated to the audit.

**TABLE 1 – AUDIT FEES FOR 2018 AND 2017**

Description	2018 \$	2017 \$
Audit fees <sup>(1)</sup>	\$1,197,860	\$ 983,895
Audit-related fees <sup>(2)</sup>	649,220	681,663
Tax fees <sup>(3)</sup>	316,080	279,284
All other fees <sup>(4)</sup>	584,970	342,070
Total Fees	\$2,748,130	\$2,286,912

Notes:

- (1) The audit of annual and review of the quarterly financial statements of Maple Leaf Foods.
- (2) Audit-related services consisting primarily of audit procedures for compliance and business purposes including audits of pension plan financial statements, translation services, specified procedures report on turkey, chicken and veal quota and import permits and financial due diligence.
- (3) For Canadian and international tax advisory and compliance services, and transfer pricing services.
- (4) Primarily for post-merger integrations for business acquisitions made during the year.

## SPECIAL BUSINESS OF THE MEETING

### SAY-ON-PAY NON-BINDING ADVISORY VOTE

The Board believes that shareholders should have the opportunity to understand the objectives, philosophy and principles the Board has used in its approach to executive compensation decisions. Detailed disclosure of our executive compensation program is provided in the executive compensation section of this Circular, including the letter from the Chair of the HRCC starting on page 32 of this Circular, and the compensation discussion and analysis that follows the letter.

The Board decided in 2011 that shareholders should have the opportunity to vote on the Corporation's approach to executive compensation. Accordingly, the Board adopted a policy of holding at each annual meeting a non-binding advisory vote on the approach to executive compensation as disclosed in this Circular. This advisory vote forms an important part of the ongoing process of engagement between shareholders and the Board on compensation.

At the 2018 annual meeting of shareholders held in May 2018, 92.96% of the shares voted at the meeting, were voted in favour of the Corporation's approach to executive compensation.

The Board encourages you to read the letter from the Chair of the HRCC on page 32 and to carefully review the disclosure of the Corporation's executive compensation program starting on page 35 of this Circular before voting on this matter. The Board recommends that shareholders vote FOR the following resolution and, unless otherwise instructed, the persons designated in the form of proxy intend to vote FOR the following resolution:

**RESOLVED**, on an advisory basis and not to diminish the role and responsibilities of the Board, that the shareholders accept the approach to executive compensation as described in the Management Proxy Circular dated March 21, 2019.

Since the vote is advisory, it will not be binding on the Board. However, the HRCC will take the results of the vote into account when considering future executive compensation arrangements. Comments and questions regarding the Corporation's executive compensation program are encouraged and may be directed to the Corporation at [Investor.Relations@mapleleaf.com](mailto:Investor.Relations@mapleleaf.com).

### MAPLE LEAF FOODS INC. 2016 SHARE OPTION PLAN

On January 25, 2016, Maple Leaf Foods Inc. 2016 Share Option Plan (the "2016 Plan") was adopted. The 2016 Plan received TSX and shareholder approval in May 2016. The 2016 Plan was adopted as a replacement for the Maple Leaf Foods Inc. Share Incentive Plan (the "2004 Plan"). Both the 2016 Plan and the 2004 Plan allow for the grant of share options to employees of the Corporation. The 2016 Plan had 2,500,000 shares reserved for issuance pursuant to the exercise of options when it was adopted. On February 27, 2019, the Board of Directors amended the 2016 Plan to increase the number of shares reserved by 3,000,000 to 5,500,000 shares subject to shareholder and TSX approval. (A copy of the 2016 Plan as amended is attached to this circular as Appendix C. For convenience, the changes are blacklined.)

While the Corporation has not made any grants under the 2004 Plan since establishing the 2016 Plan there remain 2,378,040 options granted under the 2004 Plan which will remain outstanding until they are exercised or expire. Maple Leaf Foods does not anticipate making further grants under the 2004 Plan. However, if options become available as a result of terminations or forfeitures of options currently outstanding under the 2004 Plan, the Corporation may grant additional options under the 2004 Plan.

Under the 2016 Plan, the Board is authorized to grant share options to full-time and part-time employees of, and individuals providing consulting services to, the Corporation, its subsidiaries and any partnership of which it is a member. The options have a maximum term of up to ten years and are to be exercisable at a price not below market price at the time of grant. For purposes of the 2016 Plan, market price is the weighted average trading price on the TSX for the five days prior to the date of grant. The number of shares that may be issued

pursuant to options under the 2016 Plan is 5,500,000. This represents 4.4% of the number of outstanding common shares as of March 21, 2019. This number is in addition to the number of shares that may be issued under the 2004 Plan. At March 21, 2019, a total of 5,015,500 options were granted and outstanding under the 2004 Plan and the 2016 Plan representing 4.0% of total shares outstanding. The Corporation has no other employee plans or programs under which shares may be issued from treasury.

As of March 21, 2019, the following securities were issued and issuable under the Corporation's security based compensation arrangements for employees the shares for which would be issued from treasury:

Plan	Number of Securities to be Issued Upon Exercise of Outstanding Options (a)	Percentage of Outstanding Shares	Weighted Average Exercise Price of Outstanding Options	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding column (a))	Percentage of Outstanding Shares
2004 Plan	2,378,040	1.9%	\$21.58	74	0.0%
2016 Plan	2,637,460	2.1%	\$31.05	2,862,540	2.3%
Total	5,015,500	4.0%	\$25.38	2,862,614	2.3%

The amounts in the table above include the additional 3,000,000 reserved for issuance under the 2016 Plan and the grant of options for 137,468 shares from the additional 3,000,000 shares reserved. Additional shares reserved and the options granted over those additional reserved shares are conditional on approval by the shareholders and the TSX. While the number of shares reserved for issuance from treasury for all employee incentive plans represent 6.3% of all shares outstanding, the Company does not believe such amount is excessive. Over the past three years, the annual burn rate has averaged approximately 0.61% as set out in the following table. The Burn Rate for the year is calculated as the number of options granted, divided by the average number of shares outstanding in the year.

	2016	2017	2018
Net Grants under 2004 Plan	732,740	0	0
Net Grants under 2016 Plan	108,560	732,200	757,500
Net grants under all treasury based equity compensation plans	841,300	732,200	757,500
Burn rate	0.63%	0.60%	0.60%
Burn rate, net of forfeitures	0.63%	0.57%	0.60%

The aggregate number of shares issuable to insiders under the 2016 Plan, together with shares issuable to insiders at any time under the Corporation's other security based compensation arrangements shall not exceed 10% of all issued and outstanding shares of the Corporation. In addition, the number of shares issued to insiders within any one-year period under the 2016 Plan together with shares issuable to insiders at any time under the Corporation's other security based compensation arrangements shall not exceed 10% of the issued and outstanding shares of the Corporation.

If an option expires during or within five business days after a routine or special trading black-out period imposed by the Corporation to restrict trades in the Corporation's securities, then, notwithstanding any other provision of the 2016 Plan, unless the delayed expiration would result in tax penalties, the option shall expire ten business days after the trading black-out period is lifted by the Corporation.

Option holders, in lieu of exercising vested options, may surrender them for cancellation and receive shares equal to the in-the-money value of the surrendered options. The in-the-money value of a vested option is the amount, if any, by which the closing trading price of a share on the last trading day immediately preceding the date of exercise exceeds the exercise price of the option. Following the surrender of options, the Corporation shall issue to the employee the number of shares (rounded down to the nearest whole number) which, valued at the closing trading price on the last trading day immediately preceding the date of exercise, have an aggregate value equivalent to the in-the-money value. The 2016 Plan permits the Board to extend its recoupment policy to share options. At present, the recoupment policy applies to payments under the STIP program and distributions under equity compensation programs in which vesting is at least in part determined

by the financial statements or other performance measure that is later found to be incorrect or is restated. At present, only the STIP and PSU awards have criteria that could be subject to restatement or correction and are, therefore, covered under the recoupment policy.

Unless otherwise determined by the Board, participants whose employment with the Corporation ceases due to normal retirement are entitled to exercise any options that were vested on the date of retirement until the option expires. In the event of a voluntary resignation by the employee, vested options on the last date of employment are exercisable for a 90-day period afterwards. While the same 90-day period applies if the participant's employment is terminated without cause by the Corporation, or due to early retirement the Board has the discretion to amend the time limit. In the event employment is terminated with cause, all vested and unvested options expire on the date of termination. Generally, options are not assignable except to a permitted assign.

Upon a change in control of the Corporation, the Board may, among other actions, without shareholder approval, accelerate the vesting of any outstanding options, in which case any unexercised options following the change in control may be terminated. In the event the Corporation's capital structure is otherwise amended, the Board shall, and without any requirement for shareholder approval, effect amendments to the terms of any outstanding option awards as it considers equitable in order to preserve the proportionate rights and obligations of the participants. The Board may also, subject to shareholder or TSX approval if required, amend, suspend or terminate the 2016 Plan provided that such action does not, among other matters, without the employee's consent, impair the rights or obligations arising from an award previously granted to such employee. Shareholder approval is required for any amendment, modification or change that: (i) increases the number of shares reserved for issuance under the 2016 Plan (except equitable adjustments following a change in the capital structure as described above); (ii) increases or removes the 10% maximum number of shares issuable or issued to insiders; (iii) reduces the exercise price of an option or cancellation of an option with a reissue of an option at a lower exercise price (except equitable adjustments following a change in the capital structure as described above); (iv) extends the term of an option beyond the original expiry date or a beyond 10 years from the date of grant (except where an expiry date would have fallen within a blackout period or within 5 business days following the expiry of a blackout period); (v) permits members of the Board who are not employees to receive options under the 2016 Plan; (vi) permits options to be transferred or assigned other than as specifically permitted in the 2016 Plan; or (vii) deletes or reduces the range of amendments which require approval of shareholders. Shareholder approval is not required for amendments to the 2016 Plan that are necessary to preserve the intended tax consequences of the 2016 Plan as reasonably determined by the Board. Furthermore, without shareholder approval and subject to the requirements above, the Board may amend the 2016 Plan for other matters, including but not limited to, the general vesting provisions of each option and matters that are in the best interests of the option holders.

Under the 2016 Plan, the Board is authorized to determine the time and performance vesting restrictions for grants of options. Nevertheless, in the recent past the Corporation has used only three-year time vesting for options granted. Over the same period, the Corporation has applied performance vesting for half of the restricted share units granted (in the form of PSUs).

The Corporation granted options over 1,039,200 shares to 19 employees on March 1, 2019 under the 2016 Plan. The options were granted following the increase to the number of shares reserved for issuance under the 2016 Plan by the Board but before such increase was approved by shareholders and the TSX. Of the total granted, 901,732 were granted from the pool of shares available before the increase in the numbers of shares reserved and 137,468 were granted from the 3,000,000 share increase. Therefore, at March 21, 2019, there were 2,499,992 options granted and outstanding in the 2016 plan together with an additional 137,468 granted and outstanding that are conditional on ratification by shareholders. Therefore, the options in respect of 137,468 shares are conditional upon shareholder approval at the meeting and approval by the TSX. Should the options in respect of these 137,468 shares not be ratified by shareholders, they will be cancelled forthwith. The details regarding the 137,468 options are in the following table:

Participants	Number of Options Granted	Exercise Price	Expiry Date
Officers and Employees	137,468	\$28.38	March 1, 2026

## RECOMMENDATION

The Corporation, the HRCC and the Board are of the view that the increase to the number of shares reserved for issuance under the 2016 Plan by 3,000,000 is appropriate and recommend approval of the increase and ratification and approval of the 137,468 options granted subject to approval of such increase by shareholders.

The Board believes that the aggregate potential dilution of 6.3% under both the 2004 Plan and the 2016 Plan is not excessive. Furthermore, the burn rate for the plans which has averaged 0.6% per year for the last three completed fiscal years is reasonable. Options continue to be an important tool for the Corporation to recruit, motivate and retain key management personnel.

## RESOLUTION

Shareholders will be asked to consider, and if thought fit, approve the resolution set out below for the amendment of the Maple Leaf Foods Inc. 2016 Share Option Plan dated January 25, 2016 to increase the number of shares reserved to 5,500,000 as described herein and to approve the grants of 137,468 options to 19 employees on March 1, 2019 which were made subject to approval of the amendment of the Maple Leaf Foods Inc. 2016 Share Option Plan as described herein. The resolution requires approval by shareholders holding shares representing a majority of the votes to be cast at the Meeting.

**RESOLVED THAT** the amendment of the Maple Leaf Foods Inc. 2016 Share Option Plan to increase the maximum number of Common Shares issuable upon exercise of stock options by 3,000,000 from 2,500,000 to 5,500,000 is hereby approved, and that the grants of 137,468 options to 19 employees on March 1, 2019 which were made subject to approval of the amendment of the Maple Leaf Foods Inc. 2016 Share Option Plan are hereby ratified and approved.

# REPORT ON CORPORATE GOVERNANCE

The Board is responsible for the overall stewardship of Maple Leaf Foods, ultimately to preserve and to enhance the underlying value of the Corporation. Under the oversight of the Board, management of the business is the responsibility of the CEO and senior management.

The Board and management are committed to maintaining a high standard of corporate governance. To fulfill this commitment, the Board has adopted the guidelines and employs the practices and procedures summarized below.

## BOARD RESPONSIBILITIES

### 1. Board Mandate

The Board's responsibilities for the stewardship of the Corporation are documented in the Board mandate. These responsibilities include, but are not limited to, the following:

- Approving the appointment of the Corporation's officers, including the CEO and CFO, and ensuring that succession planning programs are in place, including programs to appoint, develop and monitor management;
- The strategic planning process, providing strategic guidance to management, approving management's strategic plan after consultation and discussion, and investigating alternate strategies that could enhance shareholder value;
- Monitoring financial performance of the Corporation and its progress toward strategic and operational goals, and taking action when performance falls short of the established goals or as special circumstances warrant;
- Monitoring financial reporting and approving the annual financial statements as well as management's discussion and analysis;
- Identifying the principal risks of the Corporation's business and ensuring that systems to monitor and manage risks are in place;
- Approving and monitoring compliance with all significant policies and procedures by which the Corporation is operated while overseeing the integrity of internal control and management information systems; and,
- Communications with stakeholders, including oversight for the accurate and timely reporting of financial performance.

The complete Board mandate is available on SEDAR ([www.sedar.com](http://www.sedar.com)). It is incorporated by reference into this Circular. The Corporation will provide a copy of the Board's mandate to any security holder of the Corporation free of charge upon request.

### 2. Corporate Strategy

Management is led by the CEO who is responsible for developing long-term corporate strategy. The role of the Board is to review, question, validate and, ultimately, after its suggestions have been considered and where appropriate incorporated, approve the strategies of the Corporation. The process of strategy development is continuous and evolving. The Board holds in-depth reviews of each business's operations, competitive positioning and strategy on a periodic basis. Annually the Board holds a meeting devoted exclusively to the review of the Corporation's long-term strategy. The annual strategy meeting is preceded by sessions with management to establish objectives and the framework for development of the strategy. The Board monitors the Corporation's progress toward strategic and operational goals, provides ongoing guidance to management as circumstances change, and has the responsibility to take action if performance falls short of established goals.

Over the past three years, the Board has overseen the development of the Corporation's strategic plan for the future including expansion into alternative protein and continuing supply chain rationalizations.

The Board supported management in identifying, developing and confirming the individual strategy initiatives that comprise the overall plan in the areas of sustainability, waste and cost elimination, sales growth and investments.

In 2017, following a comprehensive process under the advice and guidance of the Board, Maple Leaf Foods defined its vision to become the most sustainable protein company on earth, and its purpose to Raise the Good in Food. This vision and purpose is consistent with investments the Corporation has been making for several years, and a core conviction that its emerging North American leadership in sustainability can strategically differentiate the organization and create significant commercial and social value. In 2017, the Corporation stated that it believes it could further increase structural profitability over the following five years with an aspirational goal of 14-16% adjusted EBITDA margin, and has developed a comprehensive strategic plan with six priorities to achieve its vision and growth agenda. Some projects in furtherance of the profitability increase, such as the announcement of the London poultry plant investment, are in progress.

### 3. Succession Planning

Management succession planning is an ongoing activity. The succession plans, including emergency plans, for each of the executive officer positions are reviewed by the HRCC each year and the conclusions are reported to the Board. These plans include the CEO's recommendation of short- and long-term successors for the CEO and each of the Corporation's senior executive officers. In 2018, the Board and the HRCC gave its input on the replacement of the retiring COO. The HRCC also conducts an overall review of senior talent in the organization. Due to its importance to the long-term health and success of the Corporation, the results of the review are shared with the full Board. Neither the Board nor the HRCC has established a specific target for the number of women in executive officer positions in the Corporation, as they believe first and foremost the Corporation should seek to recruit those individuals who are most qualified for the particular position, regardless of personal characteristics. The Board and the CGC, however, do monitor the number of women in executive officer positions and do consider gender diversity in making executive officer appointments to ensure a level of diversity in the organization. As of March 15, 2019, there were three executive officers of the Corporation who were women, representing 18% of the total number of executive officers' positions as of that date. In 2017, the Corporation set a goal of having women represent 50% of its workforce at the manager level and above by 2022.

### 4. Board Communication with Stakeholders

The Board has reviewed and approved the Corporation's Disclosure Policy. The Board or an appropriate committee of the Board reviews the Corporation's major communications to shareholders and the investing public, including quarterly and annual financial statements, quarterly and annual management's discussion and analysis, proxy circulars, annual information forms and prospectuses.

The Board believes that management should speak for the Corporation in its communications with the investment community, the media, customers, suppliers, employees, governments and the general public. If communications from stakeholders are received by the Chairman or other individual directors, management is informed and consulted to determine an appropriate response. Where appropriate, communications sent to management are reported to the Board.

### 5. Corporate Governance

The CGC is responsible for developing and recommending improvements to corporate governance guidelines, policies and mandates for implementation by the Board.

### 6. CEO

The CEO's prime responsibility is to lead the Corporation by providing strategic and operational direction for the growth and profitable operation of the Corporation. The CEO's duties are defined in a document that describes the role and its responsibilities, including general management and oversight of the business, annual and strategic planning, human resources and personnel, succession planning and communications. The CEO reports to the Board and is expected to ensure that the Board is fully informed of the progress and issues involving the business. The CEO must also seek approval for any matter for which he has not been delegated authority.

## BOARD ORGANIZATION AND MEMBERSHIP

### 1. Chairman of the Board

An independent director serves as non-executive Chairman of the Board. The Board has approved and from time to time reviews the Chairman's responsibilities and accountabilities, which are not written. They include:

- Chairing shareholder meetings and board meetings including *in camera* meetings of independent directors;
- Ensuring the effectiveness of the Board and board meetings by overseeing the development of agendas and distribution of materials and information to directors;
- Ensuring the effectiveness of the Board and individual directors by conducting assessments and evaluations;
- Fostering an effective relationship between management and the Board; and,
- Assisting in the review and monitoring of strategies, plans and policies of the Corporation.

Mr. Emerson, the Chairman of the Board, is not standing for reelection and is retiring from the Board at the annual meeting. Immediately after the meeting, the Board anticipates appointing Mr. Beattie to the position of Chairman of the Board.

### 2. Board Size and Selection of New Director Candidates

Subject to rights to nominate directors under the Amended Governance Agreement described below, the CGC manages the process of recommending qualified directors for nomination to the Board. The maximum number of directors permitted by the Corporation's articles is 18; the minimum is eight. The Board believes that the number of directors within this range that is appropriate to fulfill the Board mandate in the best interests of the Corporation is between 9 and 11. With the passing of Mr. Olson in 2018, there are currently ten directors serving on the Board. Mr. Emerson has decided to retire from the Board and is therefore not standing for re-election at the 2019 annual general meeting. Given these departures, and as part of the Corporation's ongoing overall board renewal processes, the CGC initiated a search for potential new director nominees in 2018. Details of the approach to the search and the criteria applied in the identification of potential candidates are described on page 20.

While the director search is well underway, the process was not completed in advance of the 2019 annual meeting and new candidates are being nominated. Therefore, the Board, on recommendation of the CGC, is putting forward the nine incumbent nominees for re-election, four of which are nominees put forward pursuant to the Amended Governance Agreement based on the number of directors the Board anticipated nominating at the annual meeting. Carrying forward with the nomination of the incumbent directors provides an appropriate mix of talent, skills, qualifications and diversity, maintains the number of independent directors and ensures that a majority of the directors are nominees that are not put forward by the McCain Holders (as defined below). As the CGC continues to advance its search process, and assuming that suitable candidates are identified and able to serve, it is anticipated that they will be appointed to the Board between the 2019 annual meeting and the 2020 annual meeting in accordance with applicable laws and the Corporation's constating documents.

#### *Amended Governance Agreement*

The Corporation entered into an amended and restated governance agreement with MCI and Mr. Michael H. McCain, the Corporation's President and CEO (together, the "McCain Holders"), dated February 21, 2017 (the "Amended Governance Agreement") which amends and restates the original governance agreement (the "Governance Agreement") entered into on July 28, 2011 with Michael McCain and MCC, a company controlled by the Wallace McCain family.

The Amended Governance Agreement provides, among other things:

- (i) The McCain Holders will continue to have the right to nominate that number of directors of the Corporation proportionate to their ownership interest as provided for in the Governance Agreement, however, the Amended Governance Agreement now caps the number of nominees of the McCain Holders so that, regardless of the McCain Holder's ownership interest, the Board will consist of a majority of independent directors nominated by the CGC.
- (ii) All directors nominated by the CGC will continue to be, except in certain circumstances, directors independent of the Corporation and the McCain Holders.

- (iii) The McCain Holders are prohibited from acquiring beneficial ownership of, or control or direction over, more than 45% of the outstanding voting shares of the Corporation (calculated on a modified fully diluted basis) except as a result of the exercise of rights to acquire shares granted under the Corporation's equity compensation plans, actions taken by the Corporation such as an issuer bid, or by way of a permitted take-over bid by the McCain Holders. A permitted take-over bid for purposes of the Amended Governance Agreement is one that is for 100% of the shares not already owned by the McCain Holders and which is otherwise in compliance with applicable law. A partial bid (which may have qualified as a permitted bid under the Corporation's previous shareholder rights plan) will not constitute a permitted take-over bid for purposes of the Amended Governance Agreement.
- (iv) The McCain Holders have agreed that they will not transfer beneficial ownership of, or control or direction over, the outstanding shares held by them to any other person who after the transfer would own 20% or more except in specified circumstances, including pursuant to a take-over bid for 100% of the shares of the Corporation or pursuant to certain permitted estate planning transactions. Eligible transferees under these estate planning transactions can become parties to the Amended Governance Agreement and succeed to the rights and obligations of the McCain Holders under the Amended Governance Agreement.
- (v) The McCain Holders have agreed that they will not enter into lock-up agreements in respect of an acquisition of their shares, except certain permitted lock-up agreements that allow the McCain Holders to terminate their obligations thereunder in order to accept a higher price available for their shares that is higher by a specified percentage pursuant to another transaction.
- (vi) The Corporation agreed that it would not put the previous shareholder rights plan of the Corporation to shareholders for reconfirmation at the Corporation's annual meeting in 2017 (and accordingly, the shareholder rights plan expired in accordance with its terms at the termination of that meeting). Furthermore, the Corporation has agreed that it will not adopt a new rights plan, by-law or amend an existing by-law or charter provision, or enter into any contract that would reasonably be expected to limit, restrict, delay or impair the exercise of the rights of the McCain Holders under the Amended Governance Agreement except in certain circumstances.

The Board determined that it was in the best interests of the Corporation to amend and restate the Governance Agreement in order, (i) to allow the Corporation's shareholder rights plan to expire in accordance with its terms and to eliminate impediments to the accumulation of shares by third parties, (ii) upon the expiry of the Corporation's previous shareholder rights plan, to regulate in a similar manner dispositions by Michael H. McCain and MCI of their shares and to establish a limit on ownership by MCI and Michael H. McCain to a maximum of 45% of shares and rights and entitlements to acquire shares, (iii) to ensure that the Board will consist of a majority of independent directors nominated by the CGC, (iv) to give the Board flexibility with respect to share issuances and repurchases and generally with respect to capital allocation decisions, and (v) to address potential intergenerational transfers of the McCain family shareholdings. The Amended Governance Agreement was approved by the independent directors of the Corporation and was not entered into in response to any proposed or pending transaction or material event.

In 2013, the Board adopted term limits as a means of ensuring continual board renewal. The CGC maintains a list of skills for new candidates to guide it in the search for and selection of new directors. The CGC solicits the names of potential candidates from other directors and adds the names of potential candidates who meet the Board's needs to a list of qualified candidates from which nominees are selected. In 2018, as part of the Board's ongoing renewal processes, the CGC retained an outside recruiting firm to assist in identifying potential candidates that would be suitable as potential directors of the Corporation. A full skills profile was developed and efforts were ramped up to identify and evaluate potential new director candidates. While the CGC was not able to complete the selection of new nominees in time for the 2019 annual meeting, the search is continuing with a view to finding excellent candidates that meet the profile criteria, including the requisite skills, experience and background, complemented by multidimensional diversity considerations.

### 3. Independence of Directors

The Board has adopted a policy requiring a majority of the directors to be independent. It defines "independent" to mean a director who is not a member of management and is free from any interest and any business, family or other relationship which could or could reasonably be perceived to materially

interfere with the director’s ability to act in the best interests of the Corporation. The Board has concluded that a director who is otherwise not related to the Corporation or its management will be considered to be independent, notwithstanding the presence of a relationship with any of its shareholders. The Corporation does not have a controlling shareholder.

A director is not considered to be independent if the director does not meet the definition of director independence under applicable securities laws for the purpose of AC membership. The CGC has been delegated the responsibility to assess director independence. Annually, it delivers a report on director independence to the full Board.

For the 2019 annual meeting, MCI under the Amended Governance Agreement has elected to nominate four directors as its nominees: Michael H. McCain, Ronald G. Close, William E. Aziz and Jonathan W.F. McCain. While nominated by MCI, the CGC has concluded that neither Ronald G. Close nor William E. Aziz have any relationship with MCI other than as a director of the Corporation and accordingly are independent directors. Michael McCain is the CEO of the Corporation and Jonathan McCain is his son and accordingly neither is considered independent.

Set forth below is a summary indicating the current directors of the Corporation who are considered “independent” and who are considered “not independent”, along with the reasons why the latter is not considered independent.

Name	Independent of Corporation	Relationship Affecting Independence
W.E. Aziz	Yes	
W.G. Beattie	Yes	
R.G. Close	Yes	
D.L. Emerson	Yes	
J.M. Fraser	Yes	
J.A. Lederer	Yes	
K.N. Lemon	Yes	
C.M. Stephenson	Yes	
J.W.F. McCain	No	Son of President & CEO
M.H. McCain	No	President & CEO

4. Term Limits for Directors

The Board believes that the advantages that accrue from experience and long service on the Board need to be balanced against the benefits of renewal. Accordingly, the Board has adopted term limits for its directors. No candidate will be nominated for election at a meeting if he or she has completed 15 years of continuous service on the Board or has reached 75 years of age. The restriction does not apply to a candidate for election to the Board who is nominated under the Amended Governance Agreement with the Corporation. (See page 16) The tenure and age of each directors standing for election is reported on pages 4 to 8.

5. Composition of the Board

The CGC reviews the competencies, skills and personal qualities of candidates to be considered for nomination to the Board. The objective of this review is to maintain a Board composition that provides the best mix of skills and experience to provide for the overall stewardship of the Corporation. The CGC takes into account the desirability of maintaining a reasonable diversity of personal characteristics such as age, gender, geographic residence and origin. In response to the capital markets’ desire for more clarity and information, the Board has adopted a policy regarding diversity including gender diversity which is set out below. However, all directors must possess the highest personal and professional ethics, integrity and values and be committed to representing the long-term interests of the shareholders. They must also have an inquisitive and objective perspective, practical wisdom and mature judgment. Each director should also have outstanding ability in his or her individual fields of expertise and be able to devote necessary time to Board matters. Neither the Board nor the CGC have established a specific target for the number of women directors on the Board as they believe first and foremost that the Corporation should seek the most qualified directors regardless of personal characteristics. Currently, there are three women directors on the Board, representing 30% of the total number. In addition, three of the nine nominees or 33% are women.

### Diversity Policy

The Board of Directors of Maple Leaf Foods Inc. strongly supports the principle of boardroom diversity, of which gender is one important aspect. The Board's aim is to have a broad range of approaches, backgrounds, skills and experience represented on the Board and to make appointments on merit and against objective criteria, including diversity. Board and committee members engaged in nominations are to conduct searches for potential nominees so as to put forward a diversity of candidates including women candidates.

The Board seeks to ensure that its directors possess certain specific skills that assist the Board in performing its functions of overseeing the conduct and operations of the Corporation. These skills are in addition to the personal and other characteristics listed above. These skills are set out in Table 2 below.

**TABLE 2 – DIRECTORS' SKILLS MATRIX**

Skill	W.E. Aziz	W.G. Beattie	R.G. Close	D.L. Emerson	J.M. Fraser	K. Lemon	J.A. Lederer	J.W.F. McCain	M.H. McCain	C.M. Stephenson
<b>Consumer Packaged Goods.</b> Experience with a leading consumer packaged goods company.						✓	✓	✓	✓	
<b>International.</b> Experience working in a major organization that has business in one or more international jurisdictions or in international trade.	✓	✓	✓	✓		✓	✓		✓	✓
<b>Government Relations.</b> Experience in or a strong understanding of the workings of government and public policy in Canada and internationally through public administration or government relations.	✓			✓			✓		✓	✓
<b>Education and Academia.</b> Experience and skills in teaching, training, academia.			✓	✓		✓				✓
<b>CEO/COO.</b> Senior leadership operating experience as a CEO or COO of a publicly listed company or large organization.	✓		✓	✓	✓		✓		✓	✓
<b>Financial Literacy.</b> Experience in financial accounting and reporting, and corporate finance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>Law.</b> Legal training or experience relating to commercial enterprises.	✓	✓			✓					
<b>Board and Corporate Governance.</b> Experience as a board member of a public company or as professional or legal governance counsel to the board of a public company other than MLF or governance experience as an influential shareholder.	✓	✓	✓	✓	✓		✓	✓	✓	✓
<b>Food and Agricultural Industries.</b> Experience in the food and agricultural industries.						✓	✓	✓	✓	
<b>Human Resources.</b> Understanding of compensation, benefit and pension programs; know-how in executive compensation programs; and leadership development.	✓		✓	✓	✓	✓	✓	✓	✓	✓
<b>Mergers &amp; Acquisitions.</b> Understanding of issues associated with acquisitions through experience in investment banking or with organizations that have undertaken acquisitions.	✓	✓	✓	✓	✓		✓	✓	✓	✓
<b>Information Technology.</b> Experience with organizations that have undertaken major information technology or systems implementations.	✓		✓	✓		✓			✓	✓
<b>Engineering and Project Management.</b> Experience with organizations that have undertaken major capital expenditure projects.			✓	✓					✓	

At the May 2019 annual meeting, nine candidates are being nominated for election to the Board. The Board is of the opinion that the directors being nominated possess the necessary mix of skills and experience to ensure that as a group they can fulfill the Board's mandate and contribute to the success of the Corporation. Board renewal is a continuous process and the Board is committed to following through with the robust search process to identify new directors. To this end, a search for potential new directors was initiated by the CGC in 2018 and is continuing. The goal of this search is to identify outstanding candidates that will complement and augment the Board's existing mix of talent, qualities, skills, backgrounds and diversity. To assist in the process, the CGC engaged an outside recruiting firm to: (i) review the skills of the current directors in relation to the director skills matrix, (ii) interview all directors to identify the skills and competencies they believe are most important for the Board in considering the appointment of a new director, and (iii) establish search criteria to meet the CGC's objectives, including geographic and gender diversity. While the search was not completed in time to bring new independent nominees forward for the 2019 annual meeting, the CGC is continuing with the process and should suitable candidates be identified, the Board anticipates that it may make appointments between the 2019 annual meeting and the 2020 annual meeting in accordance with the Corporation's constating documents and governing laws.

#### 6. Individual Voting for Directors

The Corporation has adopted a policy for individual director voting. Under the policy, if a director is not elected by at least a majority (50% + 1 vote) of the votes cast with respect to his or her election at a meeting of shareholders (other than at a contested shareholder meeting), the director shall tender his or her resignation to the Board immediately following the meeting. The Board shall determine whether or not to accept the resignation within 90 days of the relevant shareholders meeting. The Board shall accept the resignation absent exceptional circumstances. The resignation will be effective when accepted by the Board. The director who tenders his or her resignation will not participate in any meeting of the Board at which the resignation is considered. A press release disclosing the Board's determination (and the reasons for rejecting the resignation, if applicable) shall be promptly issued following the Board's determination. For purposes of the policy, the Corporation intends to use proxies validly deposited in advance of the particular meeting in order to determine whether the particular approval threshold has been met unless a ballot on the election of directors is taken at the particular meeting.

The Board believes that basing this policy on votes represented by proxies deposited in advance is appropriate for the Corporation in circumstances where no ballot is taken with respect to the election of directors at the meeting. In May 2018, over 99.9% of all common shares represented at the annual shareholders' meeting were represented by proxies deposited in advance.

Each of the directors listed as nominees in the management proxy circular dated March 20, 2018 were elected directors of the Corporation until the next annual meeting. The results of the vote for the election of directors at the 2018 Annual and Special Meeting were as follows:

Names of Directors	Number of	% of Shares	Number of	% of Shares
	Shares Voted For <sup>(1)</sup>	Voted For <sup>(1)</sup>	Shares Withheld from Voting <sup>(1)</sup>	Withheld from Voting <sup>(1)</sup>
W.E. Aziz	85,837,068	81.26%	19,800,026	18.74%
W.G. Beattie	104,979,971	99.38%	657,123	0.62%
R.G. Close	105,228,674	99.61%	408,420	0.39%
D.L. Emerson	105,266,294	99.65%	370,800	0.35%
J.M. Fraser	104,522,406	98.94%	1,114,688	1.06%
J.A. Lederer	104,544,397	98.97%	1,092,697	1.03%
K.N. Lemon	105,594,171	99.96%	42,923	0.04%
J.W.F. McCain	105,434,055	99.81%	203,039	0.19%
M.H. McCain	105,059,790	99.45%	577,304	0.55%
J.P. Olson	105,392,712	99.77%	244,382	0.23%
C.M. Stephenson	104,391,170	98.82%	1,245,924	1.18%

Note:

- (1) As the vote for each motion was taken by a show of hands, the number of votes disclosed reflects only those proxies received by management in advance of the meeting. Fewer than 2,500 shares were voted in person. The results do not reflect spoiled and unmarked proxies.

## 7. Director Orientation and Education

The CGC oversees an orientation and education program for new directors and ongoing educational opportunities for all directors.

The new director orientation includes information about the Corporation and its operations and the structure of the Board and its committees. Each new director meets one-on-one with senior management of the Corporation's operational and administrative areas to enable the director to gain an understanding of the various processes and operations of the Corporation. The orientation includes tours of the Corporation's largest manufacturing facilities. Through these meetings, new directors also gain an appreciation of the skills and competence of the management team. Prior to nomination, candidates for nomination are provided with an explanation of the workload and time commitment required.

The full Board is given presentations and reports from the Corporation's operating units and administrative areas on a recurring basis. Special presentations to the Board and to its committees are also made, as appropriate, regarding changes and proposed changes in laws and regulations or other issues relevant to the Corporation or the industry in which it operates.

As discussed in the section Director Access to Management (page 25), the Corporation is finalizing plans to restart the Board Connect program under which directors spend one day per year working with management in an operating unit or functional area. The Board Connect program is described in greater detail on page 25 in section 4.

## **BOARD COMMITTEES AND TERMS OF REFERENCE**

### 1. Board Committees

The Board has passed a general policy respecting the composition, appointment and practices of each committee of the Board which, among other requirements, provides that:

- (a) The Chairman of the committee shall be the chairman of any meeting of the committee. If the Chairman of the committee is not present at any meeting of the committee, the Chairman of the meeting shall be chosen by the committee from among the members present; and,
- (b) Upon the request of the auditors of the Corporation, the Chairman of the AC shall convene a meeting of the AC to consider any matters the auditors believe should be brought to the attention of that AC and to the attention of the directors or shareholders.

Each committee's charter requires the committee to report to the Board after each meeting through its Chair. Additionally, the by-laws of the Corporation provide that the Chair of a committee shall not have a second or casting vote in the event of a tie. The Board has determined that there should be four standing Board committees:

- (i) the AC;
- (ii) the CGC;
- (iii) the HRCC; and
- (iv) the SSC.

This structure may change from time to time as the Board considers which of its responsibilities can best be fulfilled through a detailed review of matters at the committee level. Each committee operates according to a Board-approved written charter outlining its duties and responsibilities. A written set of procedures and policies also defines the role of each committee's chair.

The Board remains responsible for matters assigned to the committees and the responsibility of the committees is to assist the Board in discharging those responsibilities. Each committee is to review and make recommendations to the Board with respect to the approval of matters, except as explicitly provided in the charter of the committee or a resolution of the Board.

## 2. Membership of Committees

The Board had previously determined that each committee shall be composed entirely of independent directors. In 2018, the CGC assessed the policy in light of an outside director being nominated by MCI who is not independent of the CEO. The Committee concluded that the lack of independence of a director who is otherwise not a member of management should not prevent the director from serving on committees other than the AC, HRCC or CGC. In addition, all members of the AC shall be financially literate within the meaning of applicable securities laws.

Members of the committees hold office at the pleasure of the Board. Each year after receipt of recommendations from the CGC, the Board appoints the members of the committees, fills vacancies as necessary and appoints a chair of each committee. The CGC seeks to staff committees in order to optimize the effectiveness of the committees and balance the work load of the directors. The appointments are intended to make the best use of individual directors' skills and experience and seek to maintain some level of continuity. New members and chairs of the committees receive orientation to the work of the committee as required.

The committees' current membership and Chair and the year each member was first appointed (as a member or Chair) are as follows:

AC		SSC	
W.E. Aziz (Chairman since 2015)	2014	C.M. Stephenson (Chair since 2018)	2018
W.G. Beattie	2018	J.A. Lederer	2016
R.G. Close	2015	K.N. Lemon	2018
K.N. Lemon	2018	J.W.F. McCain	2018
CGC		HRCC	
W.G. Beattie (Chairman since 2014)	2009	J.M. Fraser (Chair since 2015)	2015
R.G. Close	2015	W.E. Aziz	2014
D.L. Emerson	2012	D.L. Emerson	2018
J.M. Fraser	2015	J.A. Lederer	2016
		C.M. Stephenson	2016

## 3. Committee Mandates

In summary, the responsibilities and functions of each committee are as follows.

### AC

(a) To assist the Board by reviewing the adequacy and effectiveness of financial and reporting processes including:

- (i) systems of internal and financial controls;
  - (ii) selection of accounting policies and principles;
  - (iii) preparation and audit of financial reports;
  - (iv) review of financial risk management functions;
  - (v) oversight of the stewardship of the Corporation's pension plan funds and report to the Board; and,
  - (vi) monitoring of certain other financial matters.
- (b) To oversee and monitor the appointment, independence and performance of the internal and external auditors.
- (c) To establish and monitor procedures for handling concerns and complaints related to financial matters.
- (d) To approve, on behalf of the Board, certain financial and other matters as delegated by the Board.
- (e) To review and make recommendations for approval of annual financial statements, management's discussion and analysis of the financial condition of the Corporation and the results of its operations for release to shareholders.

- (f) To review and approve the interim financial statements, management’s discussion and analysis of the financial condition of the Corporation and the results of its operations for release to shareholders.
- (g) To conduct independent investigations into matters that may come under its scope of responsibilities and to oversee financial and reporting matters reported through the Corporation’s whistleblower arrangements.

#### *CGC*

- (a) To assist the Board in matters pertaining to the Corporation’s approach to governance issues, the organization and staffing of the Board, the organization and conduct of Board meetings and the effectiveness of the Board in performing and fulfilling its responsibilities.
- (b) To assist the Board in matters pertaining to the delegation of responsibilities to Board committees by reviewing annually the terms of reference for Board committees and making recommendations to the Board for any amendments deemed necessary or advisable, including recommending directors for membership to each Board committee.
- (c) To assess the independence of individuals nominated for election to the Board and the committees of the Board and the financial literacy of members of the AC.
- (d) To assess the effectiveness of the Board, individual directors and committee members.

#### *SSC*

- (a) To review, on behalf of the Board, the Corporation’s progress in meeting its objective of being a sustainable company including the areas of Nutrition and Health (including Food Safety); People and Communities (including employee health and safety and community involvement); and, Animal Care and Environmental Sustainability (including compliance), hereinafter referred to as the “sustainability objectives”.
- (b) To assist the Board in ensuring that (i) the Corporation has appropriate environmental, health and safety and animal care policies to meet or exceed legislative and regulatory requirements and industry standards in those areas as well as the sustainability objectives, (ii) risks relating to matters outlined in this charter receive oversight by being periodically assessed and addressed in the appropriate policies, and (iii) the Corporation has and maintains management systems to implement and monitor compliance with and performance against such policies and strategies.

The Committee’s name, previously the Environment, Health and Safety Committee, was changed to the Safety and Sustainability Committee as it has been assigned oversight responsibility for the Corporation’s sustainability objectives in the areas of advancing nutrition and health, valuing the Corporation’s people and communities, treating animals well and eliminating waste. The Committee’s charter was amended to codify these elements.

#### *HRCC*

- (a) To review, develop and propose to the Board the necessary policies and procedures to ensure that all employees of the Corporation will be fairly and competitively compensated. Special attention is devoted to the executive group. These issues are described in detail commencing on page 33.
- (b) To evaluate annually the performance of the CEO against predetermined goals and criteria and to recommend to the Board the amount of compensation to be paid to the CEO.
- (c) To review annually the CEO’s evaluation of the performance of the other executive officers of the Corporation and its major subsidiaries and the CEO’s recommendations with respect to the amount of compensation to be paid to the other executive officers.
- (d) To assist the Board in ensuring that appropriate human resource development, succession planning and performance evaluation programs are in place and operating effectively.
- (e) To review and report to the Board on the pension and retirement benefits to employees.
- (f) To oversee non-financial and disclosure matters reported through the Corporation’s whistleblower arrangements.

4. Special Purpose Committees and Working Groups  
The Board establishes special purpose committees as required. While not a formal committee, in 2017 the Board established a working group of directors in connection with a long-term capital investment project. The working group was not mandated with any authority but was formed to provide guidance to management as the opportunity was being evaluated and to assist management in determining the nature and extent of the information and analysis to be presented to the full Board at the time the Board considers the investment. The working group completed its mandate in 2018.

## **BOARD MEETINGS AND MATERIALS**

1. Functioning of the Board  
The CGC with the Chairman of the Board is responsible for assessing and recommending changes to ensure the Board carries out its objectives effectively and operates independently of management.
2. Meeting Agendas, Materials and Attendance of Non-Directors  
Procedures are in place governing the conduct of meetings including, among other things, agendas, distribution of briefing materials and attendance of non-directors at meetings. These procedures are followed to promote informed and effective consideration of the matters on the agenda. Senior managers attend each Board meeting to provide information and opinions to assist the directors in their deliberations.
3. *In camera* Meetings  
The independent non-management directors meet *in camera* with the non-executive Chairman acting as chairman at all meetings, including non-regularly scheduled meetings conducted by telephone. Each Committee also holds an *in camera* session at every meeting. The AC meets *in camera* at least twice a year with each of the internal and external auditors to maintain open and unfettered communication with those groups.

## **DIRECTOR COMPENSATION AND SHARE OWNERSHIP**

1. Director Compensation  
The Board has determined that the directors should be compensated appropriately considering the time commitment, degree of professional and personal responsibility and current trends in director compensation.  
  
The CGC reviews the compensation of the directors every two years. The review includes consideration of all forms of compensation that a director receives, directly or indirectly. In October 2017, following the CCG's review, the Board amended director compensation. The fee schedule for director's fees was amended effective January 1, 2018 to increase the annual director's retainer to \$175,000 per annum. Director compensation will next be reviewed in late 2019 with changes, if any, to be effective January 1, 2020.
2. Share Ownership by Directors  
The Board has determined that it is appropriate to align the interests of the directors receiving fees (excluding those who are full-time employees of the Corporation) with those of shareholders by requiring them to own a minimum number of shares of the Corporation or equivalent units. Each director is required to hold a minimum number of shares of the Corporation or equivalent units having a value equal to three (3) times their annual retainer. For this purpose, value is calculated as the greater of market value and cost of acquisition. Such holdings are to be acquired within five years of the director's appointment or any increase in the amount of the retainer. For this purpose, ownership could take the form of actual shares or equivalent units acquired under the 2013 DSU Plan and prior DSU plan (described on pages 29 and 61 to 64 inclusive). The share ownership requirements are described in detail under Directors' Compensation commencing on page 28.

## **BOARD'S RELATIONSHIP WITH MANAGEMENT**

1. **Board's Relationship with Management**  
Management is encouraged to make appropriate use of the Board's skills before making decisions on key issues. The CGC regularly reviews and assesses the Board's relationship with management.
2. **Limits to Management Authority**  
As required by the Corporation's by-laws, the Board has established limits on management's approval authority depending on the nature and size of a proposed transaction. These limits provide for some flexibility for approvals within approved budgets. However, the guidelines require that transactions in excess of \$15 million be approved by the Board.
3. **Evaluation of the CEO**  
The HRCC conducts an annual assessment of the performance of the CEO against the goals and objectives for the Corporation that have been established by the Board. The Chairman of the HRCC reviews the assessment with the full Board.
4. **Director Access to Management**  
All directors have open access to the Corporation's senior management for relevant information. Individual directors are encouraged to make themselves available for consultations with management outside Board meetings to provide specific advice and counsel on subjects where the directors have special knowledge and experience.

The directors also receive educational presentations throughout the year from management concerning the Corporation's business, the industry and its operations. In 2005, the Corporation pioneered a program called "Board Connect" under which directors spent one day working with management of an operating or functional area. The plan was designed to provide opportunities for directors to engage in specific areas of the business at a deeper level to acquire a more practical understanding of the particular area or function. The program allowed directors to engage with employees very directly, enabling an assessment of the depth and breadth of management resources and of the organizational culture at a working level. The program is expected to restart in 2019. The program was suspended in 2014 while the Corporation focused on the business category realignment and supply chain transformation.

## **DIRECTOR RESPONSIBILITIES AND PERFORMANCE**

1. **Director Responsibilities**  
A director is expected to use his or her skill and experience to provide oversight to the business of the Corporation. A director has a duty to act honestly and in good faith in the best interests of the Corporation and to exercise the care, diligence and skill of a reasonably prudent person in comparable circumstances.

Directors are expected to attend all Board and committee meetings in person or by telephone. In circumstances where a director is unable to do so, he or she has the opportunity to communicate his or her views, which are then shared with the full Board. A summary of the attendance record of each director at Board and committee meetings held in 2018 is detailed in Appendix A. The CGC reviews director attendance annually, taking note of any exceptional circumstances accounting for director absences. In 2018, attendance at all regularly called meetings by all incumbent directors nominated for re-election at the 2018 Annual Meeting averaged 96%. The Committee was satisfied with the attendance record of each director or was satisfied with the reasons for any absences. In particular, Mr. Olson was absent from a number of meetings in the year due to illness prior to passing away.

2. **Outside Advisors for Individual Directors**  
The Board has determined that any director who wishes to engage, at the expense of the Corporation, a non-management advisor to assist on matters involving his or her responsibilities as a director should obtain authorization from the CGC. This approval requirement does not limit the authority of the AC to

engage consultants or advisors on matters of financial reporting or the authority of the HRCC to engage compensation consultants. Detailed information concerning compensation consultants who have been engaged and their responsibilities is contained in the Executive Compensation portion of this Circular on pages 37 and 38.

For the past number of years, the CGC has engaged an independent search consultant to assist in identifying potential candidates for election to the Board. The CGC is of the view that the Board through use of an independent consultant is able to identify a larger pool of potential candidates with the skills and diversity necessary to build an effective board. As part of its mandate, the consultant meets with directors to articulate the skills required.

### 3. Assessment of Board and Individual Director Performance

The CGC is responsible for periodic assessments of the overall performance and effectiveness of the Board and each committee, the Chairman of the Board, each committee chair and each director. The CGC is also responsible for reporting these assessments to the Board and recommending changes to the charter. The objective of the assessments is to ensure the continued effectiveness of the Board in the execution of its responsibilities and to contribute to a process of continuing improvement.

In 2018, the CGC conducted an evaluation of its processes for board function and director effectiveness assessments. The previous process consisted of an annual survey of board effectiveness and, bi-annually, completion of a director effectiveness self-evaluation accompanied by an interview between the director and the Chairman to discuss the assessment.

The process was redesigned in 2018. Under the redesigned process, each director was asked to provide unstructured feedback in three areas. Other than for the Chair of the CGC, the feedback would remain confidential. Following completion of the evaluations and interviews, a summary of the aggregate results is prepared for discussion by the CGC. The results are also reported to the full Board together with the recommendations of the CGC for changes to Board practices to advance director effectiveness. The CGC was satisfied that the new performance review format has achieved its intended purpose of identifying weakness in and opportunities to optimize the Board's and each individual directors' performance in fulfilling their mandate.

## **ETHICS AND CONFLICTS OF INTEREST**

### 1. Ethical Behaviour

The Board takes all steps to assure itself of the ethics and integrity of the CEO and the executive officers and ensure that they establish an appropriate "tone-at-the-top" for ethical conduct.

### 2. Code of Business Conduct

The Board expects directors, officers and employees to act ethically at all times and to acknowledge their compliance with the Corporation's Code of Business Conduct (the "Code"). Every year, every employee is required to reaffirm in writing his or her adherence to the Code and the CGC monitors the results of the signoff. New employees are given a copy of the Code upon joining the Corporation. Copies are available from the Corporation and at [www.mapleleaffoods.com](http://www.mapleleaffoods.com). In March 2019, the degree of compliance with the requirement to reaffirm an employee's adherence to the Code was 100%.

An Ethics Committee composed of management personnel reviews and addresses issues of interpretation of the Code raised by employees and proposes changes to the Code. The Ethics Committee reports on its activities to the CGC. The AC reviews reports received through the "whistle-blower" hot line (see "Whistle-Blower Procedures" below) and reviews reports from internal audit on compliance with the Corporation's business expense reimbursement policy by the senior executives. Release from the application of a specific part of the Code for an officer or a director may only be given by the CGC.

3. Whistle-Blower Procedures

The Corporation has established a whistle-blower hotline named the Ethics Line. The Ethics Line provides employees with an avenue to raise concerns such as fraud, accounting irregularities, kickbacks, product tampering or other issues. The process was designed to reassure complainants that they will be protected from reprisals or victimization when reporting concerns in good faith. All calls are recorded and logged at an independent call centre, and the incidents reported are tracked and resolved using the case management system. The AC receives, and reviews reports on the calls and their outcome on a quarterly basis. Starting in 2018, the disposition of any matters of a human resources nature are reported to the HRCC. The HRCC review the reports and the steps taken to address or dispose of the matters.

4. Conflicts of Interest

Each director has the statutory responsibility to disclose all actual or potential conflicts of interest, recuse himself or herself from any discussion on such matters and generally to refrain from voting on matters that could affect his or her personal, business or professional interests.

## DIRECTORS' COMPENSATION

The Corporation does not pay compensation to directors who are full-time employees of Maple Leaf Foods, any of its subsidiaries, or shareholders holding more than 20% of the issued shares of the Corporation. The compensation paid for service of non-employee directors in 2018 was in accordance with the schedule in Table 3 and totaled \$1,785,088 as set out in Table 4.

The CGC reviews director compensation every two years and makes recommendations for adjustments to the Board. In late 2017, after reviewing benchmark data, the CGC recommended and the Board approved a fee schedule that has been in effect since January 1, 2018.

All fees are denominated in cash and are payable in cash. Under the 2013 DSU Plan, each director may elect to receive DSUs or actual shares for the net amount after tax withholding instead of cash. The election available to directors under the 2013 DSU Plan is described starting on pages 29 and 61.

**TABLE 3 – DIRECTORS' COMPENSATION IN 2018**

<i>Compensation – retainers for service on the Board and standing committees</i>	
Annual Retainer	\$175,000
Annual Committee Retainer	\$ 2,000
Annual Audit Committee Chair Retainer	\$ 20,000
Annual Committee Chair Retainer (other than Audit Committee)	\$ 15,000
Annual Retainer for service as non-executive Chairman of the Board (two times the Annual Retainer) <sup>(1)</sup>	\$350,000
<i>Compensation – retainers and fees for service on the ad hoc special committees and working groups<sup>(2)</sup></i>	
Monthly Retainer for each member of the particular special committee <sup>(3)</sup>	\$ 2,500
Monthly Retainer for the Chair of the particular special committee <sup>(3)</sup>	\$ 7,500
Meeting fee for members of the capital project working group including the chair of working group <sup>(4)</sup>	\$ 1,500

Notes:

- (1) Inclusive of the retainer for service on the Board but exclusive of service on any committees.
- (2) There were no special committees in 2018.
- (3) Payable for each month or part thereof that the committee or working group was active.
- (4) A working group of directors was formed in 2017 in relation to the construction of new poultry processing plant in Ontario. The working group completed its mandate in 2018 with the approval of the project by the Board.

**TABLE 4 – DIRECTORS' COMPENSATION TABLE – 2018**

Name <sup>(1)</sup>	Fees Earned <sup>(2)</sup> (\$)	Share Based Awards (\$)	Option- Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
W.E. Aziz	198,500						198,500
W.G. Beattie	192,000						192,000
R.G. Close	179,000						179,000
D.L. Emerson	355,500						355,500
J.M. Fraser	192,000						192,000
J.A. Lederer	179,000						179,000
K.N. Lemon	119,005						119,005
J.W.F. McCain	117,676						117,676
J.P. Olson	65,407						65,407
C.M. Stephenson	187,000						187,000
<b>Total</b>	<b>1,785,088</b>						<b>1,785,088</b>

Notes:

- (1) Directors serving as employees of the Corporation or any of its subsidiaries are not entitled to directors' fees. Mr.M.H. McCain, the Corporation's CEO, did not receive fees for acting as a director during 2018.
- (2) Fees are paid quarterly in the month following the end of each quarter. The fees shown in the table are those payable in respect of service in 2018 and includes fees for the fourth quarter, which were paid in January 2019.

The table below presents a breakdown of the compensation paid to each director in 2018 and the form of payment selected by the director.

**TABLE 5 – DIRECTORS’ FEES – SUPPLEMENTARY INFORMATION**

	Annual Retainer <sup>(1)</sup>								Form of Payment <sup>(2)</sup>			
	Board Member	HR&CC	AC	SSC	CGC	Board Chair	Working Group <sup>(3)</sup>	Total Fees in 2018	Deferred Under 2013 DSU Plan	Used For Share Purchases	Paid in Cash or Retained After Share Purchases	
W.E. Aziz	175,000	2,000	20,000	-	-	-	1,500	198,500	198,500	-	-	
W.G. Beattie	175,000	-	1,330	670	15,000	-	-	192,000	192,000	-	-	
R.G. Close	175,000	-	2,000	-	2,000	-	-	179,000	179,000	-	-	
D.L. Emerson	-	1,330	-	670	2,000	350,000	1,500	355,500	355,500	-	-	
J.M. Fraser	175,000	15,000	-	-	2,000	-	-	192,000	192,000	-	-	
J.A. Lederer	175,000	2,000	-	2,000	-	-	-	179,000	179,000	-	-	
K.N. Lemon	116,346	-	1,330	1,330	-	-	-	119,005	-	107,105	11,901	
J.W.F. McCain	116,346	-	-	1,330	-	-	-	117,676	117,676	-	-	
J.P. Olson	59,615	-	681	5,110	-	-	-	65,407	65,407	-	-	
C.M. Stephenson	175,000	2,000	824	7,676	-	-	1,500	187,000	-	187,000	-	
	1,342,308	22,330	26,165	18,786	21,000	350,000	4,500	1,785,088	1,479,082	294,105	11,901	

Notes:

- (1) The schedule of fees is found in Table 3 on page 28. Fees are paid quarterly in the month following the end of each quarter. The fees shown in the table are those payable in respect of service in 2018.
- (2) The amounts in the table are before applicable tax withholding amounts.
- (3) Board Working Group formed to evaluate an investment in a new poultry processing plant in Ontario.

### DSU Plan

The 2013 DSU Plan provides eligible directors with the opportunity to participate in the long-term success of the Corporation and to promote a greater alignment of interests between directors and shareholders. Under the 2013 DSU Plan, eligible directors can elect to receive their retainer and fees in the form of DSUs or as common shares of the Corporation under the 2013 DSU Plan. Distributions to directors on maturity may be in the form of common shares of the Corporation issued from treasury or purchased by the Corporation on the TSX.

If an eligible director elects to receive his or her retainer and fees as common shares, the Corporation purchases shares on the TSX at market prices quarterly on predetermined dates on behalf of the participating directors. The Corporation arranges the purchase of the common shares and is responsible for commissions and any administration fees. Shares acquired for an eligible director are registered in accordance with the instructions of the director.

If an eligible director elects to receive his or her fees and retainer in the form of DSUs, each DSU has a value equal to the market value of one common share of the Corporation at the time the DSU is credited to the director. The value of a DSU when redeemed for cash is equivalent to the market value of a common share of the Corporation at the time of redemption. DSUs attract dividends in the form of additional DSUs at the same rate as dividends on common shares of the Corporation. An eligible director cannot redeem the DSUs in cash until he or she ceases to be a member of the Board and then must do so within approximately one calendar year (exactly six months in the case of U.S. directors in respect of units earned before 2014) of leaving the Board.

The 2013 DSU Plan may be amended, suspended or terminated by the Board. However, no amendment, suspension or termination of the 2013 DSU Plan may adversely affect any previously granted DSUs without the consent of the affected director. If the Board chooses to terminate or suspend the 2013 DSU Plan, no new DSUs will be issued, but previously credited DSUs will remain outstanding (but are not entitled to dividends except at the discretion of the Board) and shall be paid out in accordance with the terms of the 2013 DSU Plan.

Tables 6 and 7 contain the details of the number of units held by directors at December 31, 2018 and Table 8 provides a comparison of the number and market value of common shares and DSUs held by the directors as at March 15, 2019 and March 15, 2018.

**TABLE 6 – DIRECTORS’ DSUs AT DECEMBER 31, 2018**

Name	Share-Based Awards		
	Number of Shares or Units of Shares That Have Not Vested <sup>(1)</sup>	Market or Payout Value of Share-Based Awards That Have Not Vested <sup>(1)</sup>	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed <sup>(2)</sup>
	#	\$	\$
W.E. Aziz			724,980
W.G. Beattie			2,501,583
R.G. Close			499,332
D.L. Emerson			2,515,129
J.M. Fraser			609,652
J.A. Lederer			340,725
K.N. Lemon			0
J.W.F. McCain			61,119
C.M. Stephenson			0

Notes:

- (1) Units credited under the 2013 DSU Plan vest at the time of being credited to the plan.
- (2) The “market or payout value” is based on the closing share price of the Corporation’s shares on the TSX on December 31, 2018 (\$27.33) and the number of units under the 2013 DSU Plan credited to the participant for director’s fees earned and dividends up to December 31, 2018. Contributions for fees earned in the quarter ended on December 31, 2018 were credited to the accounts on January 15, 2019 and accordingly are not included in the balances above.

**TABLE 7 – DIRECTORS’ DSUs – SUPPLEMENTARY INFORMATION**

Name	Share-Based Awards That Vested During the Year <sup>(1)</sup>	Share-Based Awards That Vested During the Year <sup>(1)(2)</sup>
	(#)	(\$)
W.E. Aziz	6,316	198,500
W. G. Beattie	6,112	192,000
R.G. Close	5,698	179,000
D. L. Emerson	11,314	355,500
J.M. Fraser	6,112	192,000
J.A. Lederer	5,698	179,000
K.N. Lemon	-	-
J.W.F. McCain	3,776	117,676
J. P. Olson	1,532	48,000
C.M. Stephenson	-	-

Notes:

- (1) The “Share-Based Awards That Vested During the Year” represent all DSUs credited to the directors’ accounts (excluding dividend reinvestment) in respect of fees earned in 2018. Units credited for dividends are not included. Contributions for fees earned in the quarter ended on December 31, 2018 were credited to the accounts on January 15, 2019 and are included in the balances above.
- (2) Amount in the column represents the amount of fees earned in 2018 and converted to DSUs.

**TABLE 8 – DIRECTOR EQUITY OWNERSHIP**

Name	Equity Ownership at March 15, 2019 <sup>(1)</sup>		Equity Ownership at March 15, 2018		Net Change in Equity		Market Value of Equity Holdings at March 15, 2019 (\$) <sup>(1)</sup>
	Common Shares (#)	DSUs (#)	Common Shares (#)	DSUs (#)	Common Shares (#)	DSUs (#)	
W.E. Aziz	18,555	28,256	16,325	21,547	2,230	6,709	1,268,583
W.G. Beattie	22,680	93,218	21,088	85,661	1,592	7,557	3,140,833
R.G. Close	8,400	19,842	8,400	13,879	-	5,963	765,352
D.L. Emerson	10,000	95,136	10,000	82,398	-	12,738	2,849,174
J.M. Fraser	-	23,992	-	17,553	-	6,439	650,195
J.A. Lederer	75,000	14,038	50,000	8,170	25,000	5,868	2,412,940
K.N. Lemon	3,177	-	-	-	3,177	-	86,097
J.W.F. McCain	-	3,790	-	-	-	3,790	102,711
C.M. Stephenson	17,754	-	13,911	-	3,843	-	481,133
Directors Not Subject to Ownership Guidelines <sup>(2)</sup>							
M.H. McCain <sup>(2)</sup>	48,340,254		47,003,894		1,336,360		1,310,020,883

## Notes:

(1) The closing price of the Corporation's stock on March 15, 2019 was \$27.10.

(2) The ownership guidelines do not apply to directors who are employees of the Corporation and who do not receive directors' fees.

**Compliance with Equity Ownership Guidelines**

The Board requires directors receiving fees to own and hold a minimum number of shares of the Corporation or equivalent units equal to three (3) times the annual retainer for directors. With the annual retainer, increasing in 2018 to \$175,000, the holding requirement in dollars is \$525,000. In 2017, it was \$450,000. Ownership may take the form of actual shares or equivalent units acquired under the 2013 DSU Plan. The value of any actual shares for this purpose is the market value or the cost of the shares, whichever is greater. DSUs are valued at the greater of the current share price and the amount of fees contributed to the 2013 DSU Plan. The guideline holdings are to be acquired within five years of the director's appointment or any increase in the amount of the annual retainer, whichever is later. Table 9 shows each director's compliance with the equity ownership guidelines. The value of each director's holdings exceeds three times annual retainer except for Dr. Lemon and Mr. J.W.F. McCain who joined the Board in 2018. Dr. Lemon and Mr. J.W.F. McCain will have until 2023 to meet the requirement. Each of them is contributing all or substantially all of their fees to share purchases or DSUs.

**TABLE 9 – DIRECTORS' COMPLIANCE WITH EQUITY OWNERSHIP GUIDELINES**

Name	Date Joined Board	Number of Shares and Units held (#)	Value of Equity Holdings <sup>(2)</sup> (\$)	Multiple of Current Retainer	In Compliance with Ownership Policy <sup>(3)</sup> Yes/No
Required holding <sup>(1)</sup>				3.0X	
W.E. Aziz	2014	46,811	1,268,583	7.2X	Yes
W.G. Beattie	2008	115,898	3,140,833	17.9X	Yes
R.G. Close	2015	28,242	765,352	4.4X	Yes
D.L. Emerson	2012	105,136	2,849,174	16.3X	Yes
J.M. Fraser	2014	23,992	650,195	3.7X	Yes
J.A. Lederer	2016	89,038	2,412,940	13.8X	Yes
K.N. Lemon	2018	3,177	86,097	0.5X	Yes <sup>(3)</sup>
J.W.F. McCain <sup>(4)</sup>	2018	3,790	102,711	0.6X	Yes <sup>(3)</sup>
C.M. Stephenson	2016	17,754	481,133	2.7X	Yes
March 15, 2019 share price		\$ 27.10			

## Notes:

(1) The ownership guidelines do not apply to directors who are employees of the Corporation and who do not receive directors' fees.

(2) The information given is as of March 15, 2019 using the closing price of the Corporation's stock of \$27.10.

(3) All directors exceed the required holding other than Dr. Lemon and Mr. J.W.F. McCain, each of whom are within the permitted grace period. A director has five years from his or her appointment or an increase to the required holdings (such as the increase of the annual retainer) to comply with the equity ownership guidelines. Dr. Lemon and Mr. J.W.F. McCain each have until 2023 acquire sufficient shares or share units to fulfill the equity ownership guidelines.

(4) Mr. McCain is the son of M. H. McCain, the Company's CEO. Mr. M.H. McCain beneficially owns or controls 48,340,254 common shares, with a value of \$1.4 billion.

# LETTER TO SHAREHOLDERS

From the Chair of the Human Resources and Compensation Committee

Dear Fellow Shareholders:

Maple Leaf Foods is committed to generating sustainable shareholder value. We rely on our senior leadership team to lead and create a strong corporate culture that benefits shareholders and customers. An underlying principle of our executive compensation philosophy is pay for performance. We believe there should be a direct link between a significant portion of the compensation we pay to our executives and the achievement of corporate goals and objectives.

As part of our commitment to good corporate governance practices, we held our annual advisory vote on executive compensation (say-on-pay) last year, and once again achieved a strong level of support from you (93.0%). We will be presenting a say-on-pay resolution again at this year's Annual General Meeting, and our objective is to provide clear and comprehensive disclosure to allow you to make an informed decision when you cast your vote.

## 2018 Performance Highlights

- Achievement of adjusted operating earnings (EBT) of \$215.6 million in 2018
- Adjusted EBITDA margin in 2018 was 9.9%
- While 2018 was a difficult year in operating performance, the Company made excellent progress on strategic initiatives that are core to delivering structural margin expansion
- The Company completed three strategically important acquisitions including the Field Roast Grain Meat Company, one of the top brands in the U.S. plant protein market; Cericola Farms, a leading Canadian provider of Raised Without Antibiotics chicken; and VIAU Foods, a Quebec-based company that specializes in Italian cooked, dry-cured and charcuterie meats
- The company announced plans to proceed with construction of a large scale fresh poultry facility in London Ontario
- Maple Leaf's continued investment in talent development resulted in three internal promotions to the Senior Leadership Team including a new Chief Operating Officer, Senior Vice-President Foodservice Sales and Marketing and Senior Vice-President, Retail Sales

## 2018 Compensation Decisions

In determining our annual STIP payment to the Named Executive Officers, the HRCC considers Maple Leaf Foods' performance against adjusted EBT targets established at the beginning of the year. While the company made significant achievements in 2018, our adjusted EBT results fell short of expectations. Adjusted EBT was \$215.6 million, a decline of \$18.3% below the prior year which resulted in an STIP payment just above threshold performance.

Our LTIP, which consists of stock options, performance share units (PSU) and restricted share units (RSU), is also closely aligned with our performance objectives. PSUs granted in 2018 will pay out after a 3-year performance period (2018 to 2020) based on the cumulative Return on Net Assets (RONA) over the period. PSUs granted in 2016 with the 3-year performance period ending December 31, 2018, experienced results that will generate in a payout of 1.54 shares per PSU (between the target, of one share and the maximum of two shares per PSU).

Based on the company's performance in 2018 and the impact of that performance on the compensation we paid to our senior leadership team, we remain confident that our incentive program and resulting payouts are aligned with the interests of shareholders. We continue to monitor trends in executive compensation with input from the HRCC's independent advisor, including the design of incentive programs relative to other companies in the marketplace. There were no material modifications to our longstanding compensation program in 2018. A full review of our executive incentive compensation is planned for 2019.

## Conclusion

Aligning the pay of our senior leadership team with long-term shareholder value is a core principle in our executive compensation program. We welcome your feedback on our approach to compensation and invite you to connect with our Investor Relations office should you have any questions. On behalf of the Committee and the entire Board, thank you for your continued investment in Maple Leaf Foods.

Jean M. Fraser, Chair  
Human Resources and Compensation Committee

# COMPENSATION GOVERNANCE

## General

The HRCC of Maple Leaf Foods has authority over Maple Leaf Foods' compensation strategy and individual compensation packages for members of the SLT, excluding the five Named Executive Officers (the "NEOs") which includes the CEO, the CFO and the three most highly paid executives other than the CEO and CFO. Compensation matters in respect of the NEOs require approval by the full Board. To fulfill its obligations, the HRCC considers recommendations from the CEO, guidance provided by independent advisors and the practices and policies of peer companies. All Board discussions related to compensation decisions are held *in camera*; directors who are members of management are not present.

## Human Resources and Compensation Committee

The HRCC consists of five independent directors: Jean M. Fraser (the Committee Chair), William E. Aziz, David L. Emerson, John A. Lederer and Carol M. Stephenson. The members of the Committee were appointed based on their independence and experience in compensation matters.

## Experience of the HRCC Members

Each HRCC member has previous experience either as a director, a CEO or as an advisor in formulating, reviewing and/or approving executive compensation policies, strategies and programs. They bring this breadth of experience to the evaluation and development of Maple Leaf Foods' compensation policies and practices.

HRCC member experience includes:

### Jean M. Fraser – Chair

Ms. Fraser first joined the Committee as Chair in April 2015. She is a retired corporate/mergers and acquisitions partner and former managing partner of one of Canada's leading law firms. She has extensive experience in advising the boards and board committees of public companies on governance matters, including compensation structures. Ms. Fraser is a director and member of the Human Resources Committee and the Audit and Conduct Review Committee of Aviva Canada Inc. and a director and member of the Nominating and Governance Committee and the Chair of the Compensation and Benefits Committee of Lithium Americas Corp. Her experience also includes advising on significant mergers and acquisitions, reorganization and capital markets transactions.

### William E. Aziz

Mr. Aziz has been a member of the HRCC since 2014. He is a member of the Human Resources Committee of the \$105 billion Ontario Municipal Employees' Retirement System (OMERS). In addition, he has prior relevant experience as the Chair of the Governance and Nominating Committee at Tecumseh Products Company in Ann Arbor, Michigan, where executive compensation was considered and has acted in senior executive roles where he has dealt extensively with issues of compensation, transition, succession and governance.

### David L. Emerson

Mr. Emerson joined the Committee in May 2018. He is a Corporate Director and Public Policy Advisor. Nationally, he has held senior positions in the Government of Canada including Minister of Foreign Affairs, Minister of International Trade and Minister of Industry. In British Columbia, Mr. Emerson was the Province's Deputy Minister of Finance, Secretary to Treasury Board, Deputy to the Premier and Secretary to Cabinet. His leadership roles in the private sector included President and CEO of Canfor Corporation, President and CEO of the Vancouver International Airport Authority and Chairman and CEO of Canadian Western Bank. Mr. Emerson currently serves on the board of Deloitte Canada and Trans Mountain Corporation owned by Government of Canada.

**John A. Lederer**

Mr. Lederer joined the Committee in May 2016. He has over 40 years of corporate and business experience. Mr. Lederer is currently a Senior Advisor with Sycamore Partners. In this capacity, he serves as the Executive Chairman of the Board of Directors of Staples, Inc. and its newly formed and independent United States and Canadian businesses. Mr. Lederer served as an advisor of US Foods, Inc. from July 2015 to January 2016, as the Chief Executive Officer and President of US Foods, Inc. from September 2010 to July 2015 and as the Chief Executive Officer and President of US Foods Holding Corp. from September 2010 until July 2015. From 2008 to 2010, he served as Chairman and CEO of Duane Reade, a privately held chain of retail pharmacies located primarily in the New York City area. In addition, Mr. Lederer joined Loblaw Companies Limited in 1976, served as its President from January 2001 to September 2006 and also held numerous other senior leadership positions. In these and other roles, he was responsible for operation, performance, innovation and growth of national and regional banners, businesses and divisions including review of executive compensation.

**Carol M. Stephenson**

Ms. Stephenson joined the Committee in May 2016. From 2003 to 2013 she was the Dean of the Ivey Business School at Western University. She was President and Chief Executive Officer of Lucent Technologies Canada from July 1999 to February 2003. Prior to that, Ms. Stephenson held several executive positions with Bell Canada and BCE Media. From 1995 to 1999 she was Chief Executive Officer of Stentor Resource Centre. Ms. Stephenson serves on the compensation committee of Intact Financial Corporation and chairs the compensation committee of General Motors Company. Ms. Stephenson's education and experience in executive compensation is extensive.

**HRCC Mandate**

With regard to executive compensation, the HRCC's mandate includes:

- Setting the overall compensation strategy and approving compensation for senior executives forming the 16-member SLT (other than the NEOs);
- Making recommendations to the Board on the design and application of all elements of compensation;
- Making recommendations to the Board on compensation for the CEO, CFO and other NEOs;
- Ensuring compensation awards are implemented according to the design and intent of the strategy; and,
- Reviewing and approving key compensation and human resources policies.

## COMPENSATION DISCUSSION AND ANALYSIS

This discussion and analysis aims to help readers understand how Maple Leaf Foods uses compensation to motivate and reward the NEOs. The NEOs, which include the CEO, CFO and the next three most highly paid executive officers, in 2018 were:

Name	Position	Years with the Corporation	Years in Position
M.H. McCain	President and Chief Executive Officer	24	20
D.K. Simpson	Chief Financial Officer	12	5
C.E. Frank	President, Chief Operating Officer <sup>(1)</sup>	17	0.5
R.D. Huffman	Chief Food Safety & Sustainability Officer	10	2
R. Young	SVP, Operations, Supply Chain and Purchasing	41	2

Note:

(1) In the fourth quarter of 2018, Mr. Frank replaced Mr. Maksymetz as the Chief Operating Officer.

### Compensation Philosophy

The Corporation's compensation package is designed to achieve four objectives:

- to attract and retain executive talent;
- to align individual performance with corporate goals and objectives;
- to align the motivations of executives with the best interests of shareholders; and,
- ultimately to reward executives for building sustainable shareholder returns.

The compensation package has four components, each with a different function:

1. Base salary;
2. An annual bonus or short-term incentive plan ("STIP");
3. A long-term equity-based incentive plan ("LTIP"); and,
4. Benefits and retirement programs.

The combination of base salary and variable incentives for each executive position reflects the capacity of the individual to influence business results over the short and long term; the more senior the position, the higher the proportion of compensation based on variable incentives and the more significant the portion of pay at risk. The CEO's compensation has the highest proportion of variable pay, given his role as strategic leader. The incentive package is also heavily weighted to the equity-based LTIP, which encourages long-term strategic thinking and alignment with shareholder interests.

The compensation of each executive is based on a comprehensive evaluation of performance. This includes an assessment of performance against business plan objectives as well as adherence to the Corporation's values. The executive team establishes objectives each year based on key strategic priorities for the business. Objectives apply to operating areas, functions and the Corporation as a whole, and become individual goals for the NEOs and other SLT members. Achieving these individual goals is a key factor in assessing individual performance which is then used to determine salary adjustments and LTIP grant levels within the market benchmark ranges. Achievement of these individual goals is not included in the formula for determining executive short-term incentive payout as it is for employees below the senior vice president level. For all members of the SLT including the NEOs, the STIP payout is based solely on achievement of the Corporation's overall financial results.

### Share Ownership Requirements

To align executive interests with shareholder interests, the Corporation has a policy requiring NEOs as well as all senior employees at the vice-president level and higher to hold a significant number of shares of Maple Leaf Foods. Under the policy, the shareholdings required (the "Ownership Requirement") is the number of shares the value of which is equal to a specified multiple of the executive's salary, ranging from one-half for

vice-presidents to five for the CEO. Until the executive meets the Ownership Requirement, he or she is required to retain common shares having a value representing 50% of the after-tax gain realized on the distribution or exercise of any LTIP awards in the form of shares (“Retention Requirement”). Only common shares satisfy the Ownership Requirement. Restricted Share Units (“RSUs”), Performance Share Units (“PSUs”) and options are excluded. Executives who have not met the Ownership Requirement are not permitted to sell any shares other than the shares received under the LTIP that are not required to be retained. Executives who violate the Retention Requirement are disqualified from receiving additional LTIP grants until they are in compliance with the Ownership Requirement.

In May of each year share ownership is reported and compliance is assessed. In 2018, all NEOs held the required number of common shares, with the exception of Mr. Frank. Mr. Frank’s Ownership Requirement increased in 2018 as a result of his promotion to the Chief Operating Officer role. Mr. Frank will remain in compliance with the policy provided he retains common shares having a value representing 50% of the after-tax gain realized on future distributions, until such time he has met the new Ownership Requirement. NEO share ownership levels as of March 15, 2019 are set out in the table below.

Name	Position	Actual Holdings		Holdings as a Multiple of Base Salary	
		Number #	Value <sup>(1)</sup> \$ million	Actual	Policy Requirement
M.H. McCain	President and Chief Executive Officer	48,340,254	1,310.0	1142.1X	5X
D.K. Simpson	Chief Financial Officer	96,953	2.6	5.1X	3X
C.E. Frank <sup>(2)</sup>	President, Chief Operating Officer	21,914	0.6	0.9X	3X
R.D. Huffman	Chief Food Safety & Sustainability Officer	43,228	1.2	1.9X	1X
R. Young	SVP, Operations, Supply Chain and Purchasing	178,301	4.8	6.9X	1X

Notes:

- (1) Actual holdings and values are based on the number of common shares held on March 15, 2019. On that date, the closing price was \$27.10 per share.
- (2) Under the share ownership policy, Mr. Frank must retain common shares having a value representing at least 50% of the after-tax distributions under equity plans until he reaches the three-times salary Ownership Requirement.

While only actual shares held qualify for purposes of the Ownership Requirement, the equity component of the Corporation’s long-term incentive plans act in furtherance of the Corporation’s objectives of aligning the motivations of executives with interests of shareholders, and reward executives for shareholder returns. The table below sets out the value of all share units, options and shares held by each executive at March 15, 2019.

in \$ millions	Non Executive Controlled Holdings <sup>(1)</sup>			Executive Controlled Holding <sup>(1)</sup>			
	Unvested RSUs	Unvested PSUs <sup>(2)</sup>	Unvested Options	Vested Options	Actual Shares	Total	Multiple of Salary
	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions	\$ millions <sup>(3)</sup>	
M.H. McCain	5.2	5.2	-	5.8	1,310.0	1,326.2	1,156.2X
D.K. Simpson	1.0	0.9	-	0.9	2.6	5.4	10.5X
C.E. Frank	0.7	0.6	-	0.3	0.6	2.2	3.4X
R.D. Huffman	0.6	0.5	-	0.6	1.2	2.9	4.5X
R. Young	0.6	0.6	-	0.5	4.8	6.5	9.4X

Notes:

- (1) “Executive Controlled” units and shares include actual shares personally held and the value of in-the-money vested share options. Executives are permitted to sell personally held shares and may exercise options and sell the acquired shares at any time after the options vest, subject only to the trading blackouts and the requirements of the share ownership guidelines. Executives are not permitted to sell, exercise or otherwise transfer any undistributed RSUs or PSUs and any unvested share options. Therefore, these unvested units and options are described as “Non Executive Controlled”. RSUs and PSUs are distributed immediately after vesting. Options vest in three equal annual instalments commencing on the first anniversary of the date of grant and have a term of seven years.
- (2) Depending on performance, between 0 and 2.0 shares vest for each PSU granted with a target of 1.0 share. For purposes of the table above,
  - (i) in respect of PSUs where the performance period is the 2018 financial year or any earlier year, the number of units valued is the number of shares expected to be distributed given actual performance; and,
  - (ii) in respect of PSUs where vesting depends wholly or in part on a performance period after 2018, the target number of shares is valued.
- (3) The total includes the value of both Executive Controlled and Non Executive Controlled shares, RSUs and PSUs and in-the-money value of share options as at March 15, 2019 and uses the closing share price of \$27.10 on that date.

## PROCESS FOR DETERMINING COMPENSATION

The process for determining compensation begins with a review of market data provided by the HRCC's independent compensation consultant. [See Independent Advisors below]

After consultation with the Maple Leaf Foods' Senior Vice President, People ("SVP, People") and having regard to the individual and team performance, the CEO makes recommendations to the HRCC on compensation for members of the SLT, excluding the CEO. Following discussion with the CEO, the HRCC then:

- Determines the compensation for the members of the SLT, excluding the NEOs; and,
- Makes recommendations to the Board on compensation for the NEOs, excluding the CEO.

As part of the CEO compensation recommendation process, the HRCC evaluates the CEO's performance against the annual plan and strategic objectives and discusses the appropriate compensation *in camera*. The SVP, People may be present for part of that *in camera* meeting.

The HRCC also reviews all other matters related to employee compensation including pensions, benefits and incentive plans.

### *Reasonableness Test*

The HRCC and the CEO conduct a reasonableness test of total direct compensation, including base salary and incentive pay for each member of the SLT, including NEOs. The HRCC can increase or decrease compensation as it deems appropriate. It then reports the results of the reasonableness test and makes recommendations to the Board. This reasonableness test takes into account external market data, individual performance and internal equity between positions of similar scope.

### *Risks Associated with Compensation Plans*

The Board and the HRCC assess the compensation programs to ensure that they do not promote decisions or behavior not in the best interests of the Corporation. To avoid excessive costs to the Corporation and excessive compensation to executives, all annual bonuses have maximum payout amounts and the HRCC uses its independent compensation consultant to provide market data and counsel. All non-recurring, unusual or other items that impact earnings are considered when assessing performance and determining short-term and long-term incentive payments. NEOs and other members of the SLT may be required, at the discretion of the HRCC, to return incentive compensation if results are restated. (See "Recoupment Policy" on page 42.) In addition, executive interests are aligned with shareholder interests through the requirement to own a significant level of Maple Leaf Foods shares. (See "Share Ownership Requirements" starting on page 35.)

### *Independent Advisors*

The HRCC engaged Steven Hall & Partners, LLC from 2013 to June 30, 2018 to provide independent compensation advice. Effective July 1, 2018, Hugessen Consulting replaced Steven Hall & Partners, LLC to provide independent compensation advice. The compensation consultant reports directly to the HRCC Chair. Their mandate includes the following compensation-related services:

- Review and recommend changes to compensation structure for the CEO and other NEOs;
- Compare compensation of NEOs to marketplace data;
- Review and recommend changes to the design of the STIP and LTIP;
- Review the performance metrics used to determine incentive payments;
- Provide information and advice on emerging trends and best practices.

The table below sets out the fees earned by Steven Hall & Partners for services provided in 2018 and 2017, in U.S. dollars. The table also includes the fees earned by Hugessen Consulting for services provided in 2018, in Canadian dollars. Steven Hall & Partners and Hugessen Consulting did not earn any additional fees from or provide any services to the Corporation outside of the engagement by the HRCC. There were no fees paid in 2018 or 2017 to any other external independent compensation advisor to the Committee.

Executive Compensation Related Fees for Services Performed by:	Fees for 2018	Fees for 2017
Steven Hall & Partners, LLC	US\$ 65,254	US\$ 104,430
Hugessen Consulting	\$ 104,264	\$ N/A

### **Benchmarking Compensation and Peer Groups**

The Corporation targets executive compensation at the median of the peer group for total target compensation, while recognizing and rewarding exceptional performance and contribution through above-median total compensation. Total target compensation is comprised of base salary plus short and long-term incentives. The CEO and the HRCC review benchmark data to establish a market range for total target compensation. Individual compensation decisions are then made taking into account the market range, the individual's experience and performance and the desired mix of base salary and incentives.

### **Benchmarking Compensation for the CEO, CFO and COO**

The HRCC adopted two comparator groups in 2018 to benchmark compensation for the CEO, CFO and COO: a North American industry specific group ("Comparator Group 1") and a Canadian Reference Group ("Comparator Group 2"). This benchmark data is collected from Canadian and American companies, which is the marketplace in which the Corporation competes to retain and recruit talented executives. Influencing the choice of peer companies is the complexity of the Corporation's operations, the lack of comparable size food companies in Canada and the much larger size of many peers in the United States.

#### **Comparator Group 1: Industry Specific Group**

This group is comprised of 13 organizations in the food industry, with revenue ranging from 0.8x to 3.5x times the Corporation's annual revenue. This group includes companies that fall outside the traditional 0.5x to 2.0x revenue size to include the companies that the Corporation most directly competes with for profits, investment dollars and talent. In 2018, the HRCC's independent compensation advisor removed Campbell Soup Co., J.M. Smucker Co., SunOpta Inc. and United Natural Foods, Inc. and added Post Holdings Inc.

Cott Corporation	Hershey Co.	Post Holdings Inc.
Dr Pepper Snapple Group, Inc.	Hormel Foods Corp.	Sanderson Farms Inc.
Flowers Foods, Inc.	McCormack & Co. Inc.	Saputo, Inc.
Fresh Del Monte Produce Inc.	Pinnacle Foods Inc.	Snyder's-Lance, Inc.
Hain Celestial Group, Inc.		

#### **Comparator Group 2 – Canadian Reference Group**

Maple Leaf Foods has very few Canadian comparators from the viewpoint of size and business focus. The most relevant comparators have been included in Comparator Group 1 (identified in the list below with the + symbol). This second Comparator Group of 14 companies provides a cross-section of Canadian companies to assess domestic competitive compensation movement and practices at similarly sized Canadian companies. In 2018, the HRCC's independent compensation advisor removed RONA Inc.

Canadian Tire Corporation, Ltd.	Jean-Coutu Group Inc., The	Quebecor Inc.
Cogeco Inc.	Leon's Furniture Ltd.	Saputo Inc.
Cott Corporation	Metro Inc.	Shaw Communications, Inc.
Dollarama Inc.	Molson Coors Brewing Company	SunOpta Inc.
Hudson's Bay Company	North West Company, Inc.	

## Benchmarking Compensation for other NEOs

The HRCC's independent compensation advisor, Steven Hall & Partners used the following published survey sources to benchmark compensation for NEOs and to supplement data for the CEO, CFO and COO for 2018. The providers of these published surveys have advised that they cannot disclose the identity of participating organizations within a specific revenue range due to confidentiality agreements with the participants.

Survey Name	Data Effective Date	Aging to	Revenue	Industry
Towers Watson 2017 Top Management Compensation Survey – U.S.	3/1/2017	3% annually to 06/30/18	\$2-\$10B	General Industry
Towers Watson 2017 Compensation Data Bank (CDB) General Industry Executive Compensation	3/1/2017	3% annually to 06/30/18	\$3-\$6B	Food & Beverage Producers and Processors & General Industry
Aon Hewitt 2016 U.S. Total Compensation Measurement™ (TCM) Executive Compensation	3/1/2016	3% annually to 06/30/18	\$2.5-\$5B	Food/Beverage/Tobacco & General Industry

## ELEMENTS OF COMPENSATION

The four main components of the Corporation's executive compensation program are referred to as "Total Direct Compensation".

### Base Salary

The median (50<sup>th</sup> percentile) base salary in each comparator group provides a context for setting the base salaries of the NEOs. Several other factors are then considered to make adjustments, including:

- An evaluation of the executive's responsibility, experience, contribution and performance during the year;
- The financial performance of the Corporation, including its ability to absorb costs;
- Market trends related to base salaries; and,
- The HRCC's assessment of internal equity between positions of similar scope.

The weight given to each factor is not defined by a fixed formula; the HRCC uses its business judgment. The annual salary adjustment date for all employees of the Corporation is normally the start of the pay period in which July 1st occurs. In 2018, any salary adjustments were made effective July 1, 2018. In 2018 base salaries for all members of the SLT, including the NEOs, were reviewed as part of a total compensation analysis. As a result, compensation levels were set to levels appropriate to market for individual experience and performance and with respect to comparable positions within the team.

### Short Term Incentive Plan ("STIP")

The Corporation's annual STIP links executive pay to the achievement of an annual business financial target. The award is at risk and a STIP payment is paid only if the financial objective is met. The amount of STIP payment depends on performance. Performance exceeding the established financial target will lead to above-target payments. Performance below the established financial target will lead to below-target payments, which can be zero if results are not substantially achieved. The award is paid in cash.

In 2018, 100% of the STIP for all NEOs as well as other members of the SLT was tied to the achievement of corporate earnings targets, which is intended to align STIP compensation with shareholder interests. While performance against individual goals does not impact STIP payouts for senior executives (including the NEOs), it is considered in decisions regarding salary and LTIP awards.

Adjusted Earnings Before Taxes ("Adjusted EBT") for the year ended December 31, 2018 was used as the basis for the STIP earned in 2018 (paid in 2019). Adjusted EBT is Adjusted Operating Earnings (a measure reported in the Corporation's Management's Discussion and Analysis) after making other adjustments approved by the HRCC. Adjusted Operating Earnings is a before tax measure of earnings used by

management to evaluate financial operating results. It is defined as earnings adjusted for items that are not considered representative of ongoing operational activities of the business, and items where the economic impact of the transactions will be reflected in earnings in future periods when the underlying asset is sold or transferred. Additional details regarding Adjusted Operating Earnings can be found in the Management’s Discussion and Analysis in the Annual Report for the Corporation’s 2018 financial year. Target and actual Adjusted EBT exclude the cost of the STIP plan. The Committee believes that Adjusted EBT provides a relevant assessment of the Corporation’s operating results against the business plan. The performance measure is used to calibrate the STIP payout. The target Adjusted Operating Earnings and minimum acceptable performance for triggering a STIP payout are reviewed annually.

For the STIP earned in 2018 but paid in 2019, the Adjusted EBT target (calculated as described above) was \$296,624 million with a threshold of \$222,468 million and a maximum of \$370,780 million. The actual Adjusted EBT was \$225,856 million resulting in a performance of 76.1% measured against the target, an amount which fell between threshold and target. The actual payouts under the STIP for the NEOs are found in the table on page 49 and in the Summary Compensation Table on page 46. STIP payments to participants below the executive level generally have a component that is based on performance against team goals. The team goals are business related and reflect objectives where the participant can directly influence the outcome.

In 2016, the STIP program was supplemented with a one-time RSU award with a value equal to 50% of the team portion of the 2016 STIP for all participants in the plan. The granting of the RSUs was conditional on achieving the Adjusted 2016 EBT target and certain cost control targets. These objectives were achieved with the result that in 2017, this one-time RSU award was granted to participants of the STIP. These RSUs vest over a two-year period for which common shares will be distributed in May 2019.

The table below summarizes the target ranges for the STIP.

	Target Payout Ranges As a % of Base Salary for Various Performance Levels			
	Below Threshold Performance	At Threshold Performance	At Target Performance	At Maximum Performance
NEOs				
CEO	0%	40%	100%	160%
CFO and COO	0%	35%	80%	125%
Other NEOs	0%	20%	50%	80%
Other Senior Leadership Team Members	0%	20%	50%	80%

### Long Term Incentive Plan (“LTIP”)

The goal of the LTIP is to align executives to shareholder interests and focus attention on long term performance. Since LTIP grants vest over a period of time, they also encourage retention. Similar to the STIP, a portion of the LTIP grant is in the form of PSUs whose vesting is also based on performance and is therefore at risk. The final amount received on the maturity or exercise of all other LTIP grants is dependent on the Corporation’s share price.

Since 2011, the annual LTIP grant for NEOs has been comprised of 25% RSUs, 25% PSUs and 50% time-vested stock options (“Options”). RSUs and PSUs are granted under the 2006 RSU Plan. The 2006 RSU Plan is described more fully on pages 60 and 61. Options are granted under the 2016 Option Plan which is described starting on page 56).

The grant date expected value of LTIPs awarded in the year (RSUs, PSUs, and Options) in respect of each executive is based on number of factors:

- an assessment of individual performance, potential and impact;
- the total target compensation ranges in the relevant industry comparator group;
- the grant date value of similar awards at the median and the 75th percentile in the comparator groups; and
- the grant date expected value of prior grants

For each executive, the grant date expected value is translated into a number of RSUs, PSUs, and Options using the 25% / 25% / 50% split referred to above and the individual unit values calculated by formula. The methodology for calculation of the unit values is explained in footnotes (1) and (2) to the Summary Compensation Table on pages 46 and 47.

RSUs are time-vested over three years. For each RSU granted, one common share is awarded on maturity. PSUs are performance-vested after three years, subject to achieving certain specified performance criteria. Although the Corporation would consider a longer vesting period, the three-year period is used for tax reasons. Terms exceeding three years attract a punitive tax result for this type of market share settled share-based award.

PSU grants use Return on Net Assets (“RONA”) as the single performance measure for LTIP awards granted in 2018. RONA calculated as adjusted earnings before interest other taxes divided by average net assets. The Committee believes that RONA is an appropriate measure for long-term performance for the Corporation. Vesting based on RONA rewards improvements in earnings, provided that assets and capital are deployed judiciously. While still encouraging profitable investment, the measure gives participants the incentive to maximize the value and return of current investments.

The three-year target is determined using the targets for each of the three years, with the first year being the annual target for STIP purposes at the projected net asset levels. For the future years, a level of growth in sales at an inflationary level and consequential growth in earnings is projected, as well as changes to the balance sheet assuming capital investment tracks depreciation.

The targets for PSUs granted in 2018 are included in the following table:

Performance Level 2018-2020	Threshold	Target	Maximum
RONA (100%)	7.18%	8.98%	10.77%

Vesting of PSUs awarded in 2018 is based solely on achieving the cumulative performance target over the three (3) year performance period ending December 31, 2020. The number of PSUs will be prorated for performance between levels, with one common share awarded for each PSU that vests. The percentages of the PSUs that will vest at various levels of performance are as follows:

- Below threshold: 0%;
- At threshold: 50%;
- At target: 100%; and
- At or above maximum: 200%.

Neither RSUs nor PSUs accrue or are paid dividends. However, the units are valued for compensation purposes using a methodology consistent with that used for valuing the expense for accounting purposes and includes a discount to account for the fact that dividends are not paid or accrued. (See footnote (1) and (2) in the Summary Compensation Table on pages 46 and 47).

On maturity of the PSUs, the HRCC reviews and approves the performance and makes any adjustments it deems appropriate. For the distribution due in 2019 for PSUs, whose performance period was from 2016 to 2018, the Committee amended the targets to account for an acquisition made early in 2018. The earnings expected to be generated from the acquisition as presented to the Board at the time it approved the acquisition were added to the target. The HRCC believes that this form of adjustment ensures that participants in the plan do not suffer a disadvantage or a windfall solely as a result of an acquisition. Also, by adjusting targets as opposed to removing the impact of the acquired business on actual results, the HRCC ensures that management is held accountable for achieving the results expected for the acquisition. Performance over the three years measured against the target resulted in 1.54 shares vesting for each PSU granted (versus a minimum 0.0 shares and a maximum of 2.0 shares per PSU).

The HRCC used the same principle in approving the distribution made in 2018 for PSUs granted in 2015. The expected earnings for the acquisition made in 2017 were incorporated in the targets. For that grant 1.862 shares vested and were distributed for each PSU granted (versus minimum of 0.0 shares, a target of 1.0 shares, and a maximum of 2.0 shares).

The options granted in 2018 vest in three equal annual installments over a three-year period on the anniversary date of the grant. The exercise price is the weighted average trading price of the Maple Leaf Foods common shares on the TSX for the five trading days prior to the date of grant. The options granted to the NEOs in 2018 have a term of seven years and an average exercise price of \$32.45 per share.

Actual compensation received depends on the share price at the time the RSUs and PSUs vest, as well as the share price at the time vested Options are exercised.

All RSUs and PSUs granted in 2018 that meet the time and/or performance vesting conditions will be distributed as shares in May 2021, unless otherwise determined by the Board and the HRCC. Shares required for distributions under the 2006 RSU Plan are purchased on the TSX by a trust established for the purpose. Accordingly, RSU and PSU awards under the 2006 RSU Plan do not result in a dilution of shareholder interests.

### Recoupment Policy

The Corporation has a recoupment policy covering both STIP and LTIP payments. In 2009, the Corporation adopted a clawback policy permitting the Corporation to recoup part of the short term annual incentive bonus. The clawback would be triggered by a restatement of earnings where the restated earnings would have generated a bonus payment that would be less than the bonus payment made, and the restatement was due at least in part to gross negligence, intentional misconduct or fraud. The Corporation has revised the recoupment policy and extended it to grants under equity compensation plans made after 2016.

The purpose of this policy is to ensure executives are compensated in accordance with the terms of the incentive compensation plans in circumstances where the performance reflected in the financial statements on which the compensation was determined is found to have been incorrect after the payment, distribution or vesting date of the compensation element.

The policy requires all current and former members of the SLT, at the discretion of the HRCC, to repay or return any incentive compensation received where there is a restatement of the Corporation's financial results attributable to non-compliance with financial reporting requirements and the Committee determines that the amount of any such performance-based compensation actually paid or awarded to a member of the SLT would have been a lower amount had it been calculated based on the restated financial statements.

The Committee will consider all relevant factors and exercise business judgment in determining any appropriate amounts to recoup and has the discretion to determine the timing and form of recoupment.

### Policy on Hedging

The Corporation's insider trading policy prohibits NEOs and all employees from entering into call and put options, including options intended to hedge or offset the effect of a decline in market value of any shares held or LTIP awards.

### 2018 Total Direct Compensation Mix

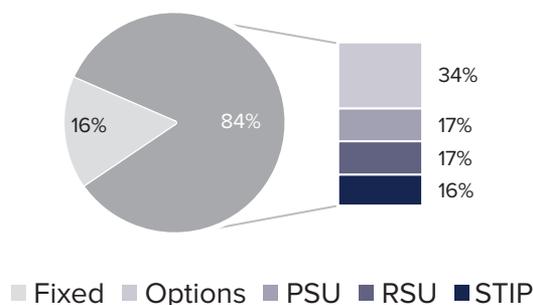
The table below shows the mix of compensation for NEOs in 2018 at the target levels for each direct compensation element.

Name	Position	2018 Compensation <sup>(1)</sup> As a Percentage of Total Direct Compensation at Target		
		Variable Compensation <sup>(1)</sup>		Non-variable (Fixed) Compensation <sup>(2)</sup>
		STIP	LTIP	
M.H. McCain	President and Chief Executive Officer	16%	67%	16%
D.K. Simpson	Chief Financial Officer	25%	45%	31%
C.E. Frank	President, Chief Operating Officer	29%	44%	27%
R.D. Huffman	Chief Food Safety & Sustainability Officer	24%	30%	46%
R. Young	SVP Operations, Supply Chain and Purchasing	24%	29%	47%

Notes:

- (1) Includes STIP for 2018 at the target value (which is payable in cash in early 2019 based on actual performance achievement) and the LTIP granted during 2018 at the expected value on the date the grant was awarded
- (2) In 2018, none of the NEOs received any fixed amount other than base salary.

The chart below indicates the components of direct compensation at target for the CEO of which 16% is fixed.



## Indirect Compensation

### Benefits and Perquisites

Benefits and perquisites are not intended to form a significant part of overall compensation. Executives are provided the same group insurance benefits as other salaried employees. Benefits and perquisites are provided based on market competitiveness and selected on the basis of cost effectiveness. Perquisites include a car benefit, annual medical examination and a lump sum allowance toward reimbursement of a club membership and financial counseling. The total value of benefits and perquisites for each NEO is below the lesser of \$50,000 and 10% of their base salary.

### Retirement Income/Savings Arrangements

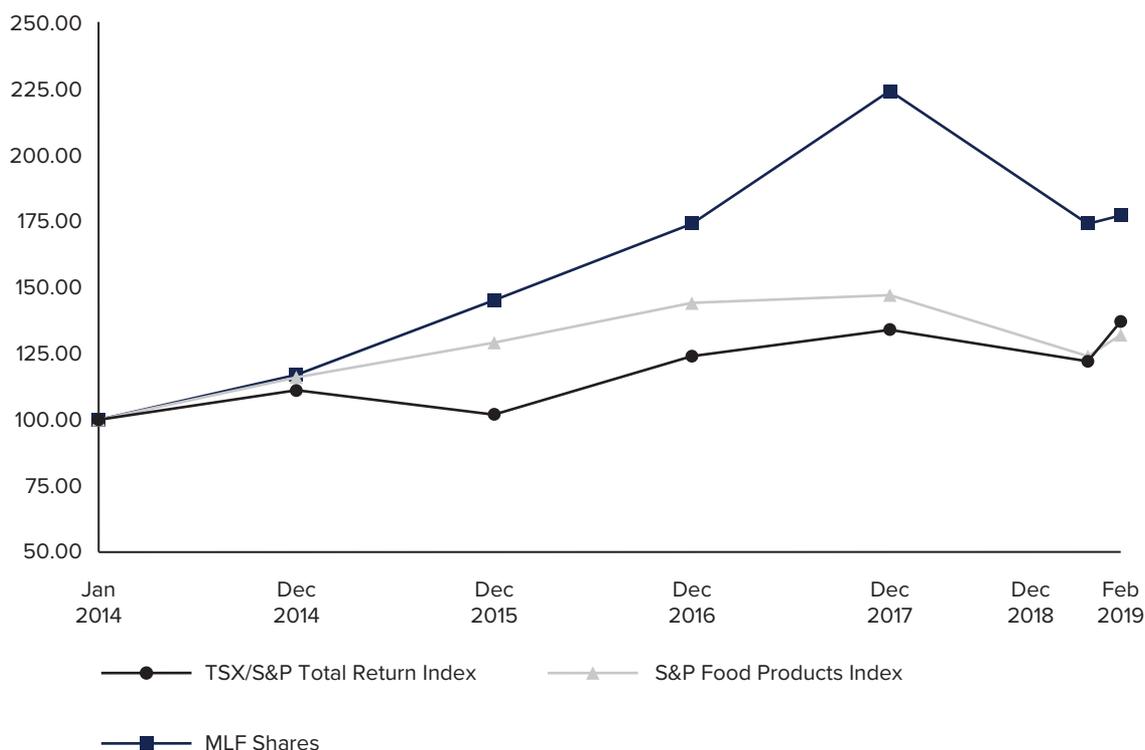
Pension benefits provided to executives are non-discriminatory, meaning that NEOs participate in the pension arrangements available to substantially all of the Corporation's salaried employees. For NEOs who are members of the defined benefit pension arrangement, the Corporation makes 100% of the required contributions to the plan. NEOs participating in the defined contribution plan are required to make contributions. Employees with annual salaries that exceed the maximum amount against which they can contribute to registered plans under the *Income Tax Act* (Canada) contribution limits also participate in supplemental retirement arrangements. The cost of the supplemental retirement program is borne by the Corporation. Annual cash STIP payments are excluded from retirement programs.

The Corporation has long recognized the funding and cost risk to the Corporation associated with defined benefit pension plans. As a result, these plans have been closed to new salaried employees since April 2004. Employees who belonged to those plans prior to April 2004 and who elected to remain in the plans continue to accrue benefits under those plans for their continuing service with the Corporation.

## STOCK PERFORMANCE CHART

The following chart compares the cumulative total return from CAD \$100 invested on January 1, 2014 in common shares of Maple Leaf Foods, the S&P 1500 Composite Food Products Index ("S&P Food Index") and the S&P/TSX Composite Total Return Index. The U.S. dollar denominated S&P Food Index is not converted to Canadian dollars. It is assumed that all dividends are reinvested. On December 31, 2018, the Corporation's shares closed on the TSX at \$27.33 and on February 28, 2019 the Corporation's shares closed on the TSX at \$27.75.

The S&P Food Index is not a published index. It is created by Standard & Poor's ("S&P"), which also calculates the returns. The index consists of each food products company included in S&P's three major U.S. market indices: the S&P 500 Index, the S&P Midcap 400 Index and the S&P 600 Smallcap Index. The composition of these indices is determined by S&P according to a methodology that considers market capitalization, liquidity and public float.



	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2018	Feb. 28, 2019
S&P/TSX Composite Total Return Index (CAD)	100	111	102	124	134	122	137
S&P Food Index (USD) <sup>(1)</sup>	100	116	129	144	147	124	132
Maple Leaf Foods Shares (CAD)	100	117	145	174	224	174	177

Note:

(1) The U.S. dollar denominated S&P Food Index is not converted to Canadian dollars. The S&P Food Index consists of each food products company included in the S&P's three major U.S. market indices: the S&P 500 Index, the S&P Midcap 400 Index and the S&P 600 Small cap Index. Further details of the S&P Food Index are set out above the performance graph.

As at February 28, 2019, the following companies make up the S&P Food Index:

Company Name	Ticker	Company Name	Ticker	Company Name	Ticker
Archer-Daniels-Midland Co	ADM	Hain Celestial Group Inc	HAIN	McCormick & Co Inc	MKC
B&G Foods Inc.	BGS	Hershey Co	HSY	Mondelez International Inc	MDLZ
Cal Maine Foods Inc	CALM	Hormel Foods Corp	HRL	Post Holdings Inc	POST
Calavo Growers Inc	CVGW	Ingredion Inc	INGR	Sanderson Farms Inc	SAFM
Campbell Soup Co	CPB	J & J Snack Foods Corp	JJSF	Seneca Foods Corp.	SENEA
Conagra Brands Inc	CAG	J.M. Smucker Co	SJM	The Kraft Heinz Co	KHC
Darling Ingredients Inc	DAR	John B. Sanfilippo & Son Inc	JBSS	Tootsie Roll Industries Inc.	TR
Dean Foods Co	DF	Kellogg Co	K	TreeHouse Foods Inc	THS
Flowers Foods Inc.	FLO	Lamb Weston Holdings Inc	LW	Tyson Foods Inc.	TSN
General Mills Inc.	GIS	Lancaster Colony Corp	LANC		

## Comparison of Executive Compensation and Shareholder Returns

The table below shows the Total Shareholder Return (“TSR”) for the Corporation’s common shares, the TSR for the S&P Food Index and the S&P/TSX Composite Total Return Index for the five years ended December 31, 2018. It also shows the total change in market capitalization of the Corporation and the total compensation for the CEO, CFO and the three most highly compensated executive officers of the Corporation for each of the years included. The information is presented to allow a comparison of executive compensation over the past five years to changes in market capitalization and shareholder returns.

	Total 2014-18	2018	2017	2016	2015	2014
Total compensation for all NEOs <sup>(1)</sup> (\$ millions)	84.2	12.2	17.9	14.0	12.8	27.3
Aggregate shareholder value created (\$ millions) <sup>(2)</sup>	1,741	(998)	1,054	636	648	401
TSR <sup>(3)</sup> :						
Maple Leaf Foods (% change – CAD per share)	74%	-22%	29%	20%	24%	17%
S&P Food Index (% change – USD)	24%	-15%	2%	12%	11%	16%
S&P/TSX Composite Total Return Index (% change – CAD)	22%	-9%	8%	22%	-8%	11%

### Notes:

- (1) For purposes of the chart, Total Compensation is the total for each NEO reported in the Summary Compensation Table for the reported years. Compensation in 2014 included \$9.0 million connected to the sale of Rothsay and Canada Bread. Furthermore, in 2014 the reported compensation covers six named executive officers versus five in each of the other years reported. In 2017, special one time share unit grants added \$2.6 million to the total compensation.
- (2) Aggregate shareholder value created is defined as the total return to all shareholders in terms of both dividends and share price growth. It is calculated as the increase or decrease in market capitalization based on year-end shares outstanding and closing share prices reduced by the proceeds for shares issued and increased by dividends paid and the cost of shares repurchased under normal course issuer bids.
- (3) TSR is the gain or loss in share price plus reinvestment of all dividends paid during the specified period. The amount in the “Total 2014–18” column is the aggregate compound return over the five-year period. The return for the S&P Food Index covers the same period except that the return is calculated in U.S. dollars and is not translated to Canadian dollars. Further details of the S&P Food Index are found herein under the heading “Stock Performance Chart”.

For the five-year period, a majority of the change in reported compensation is due to changes in payouts under the annual STIP. Reflecting corporate earnings below the threshold performance level, there were no STIP payouts in 2014 and 2015. However, in 2015 there was a special RSU award in respect of completion of the supply chain network transformation between 2010 and 2015. In 2014, the Corporation paid a special incentive award to three NEOs at the time. The special incentive award was in respect of the divestiture of the Rothsay operation in late 2013 and Canada Bread in 2014.

Executive compensation as reported in the Summary Compensation Table is not directly correlated to shareholder returns for a number of reasons:

- the Corporation’s salary and compensatory pension costs are relatively fixed and generally unaffected by the day-to-day changes in shareholder returns;
- short-term incentive compensation is tied to current year earnings. Current-year earnings do not necessarily translate into shareholder returns in the short term;
- the amount of equity compensation awards for individual executives is generally a function of individual performance and not a function of corporate performance in the year of grant; and,
- in aggregate, equity awards represent over half of total NEO compensation and are valued in the Summary Compensation Table on page 46 at the time of grant based on the grant date share price and expected vesting. However, by design, the amounts received by NEOs on maturity (in the case of RSUs and PSUs) and on exercise (in the case of options) are directly tied to the then prevailing share price (and also, in the case of PSUs, to RONA). Accordingly, the ultimate compensation received by NEOs pursuant to equity awards is in part correlated to shareholder returns.

## SUMMARY COMPENSATION TABLE

The following table provides a summary of compensation earned during each of the last three fiscal years by the NEOs: the CEO, the CFO and the next three most highly compensated employees who were executive officers at the end of the year. This information is given as of December 31, 2018, the end of the Corporation's most recently completed financial year.

Name and Principal Position	Year	Salary (\$)	Equity Incentive Plan Compensation		Non-Equity Incentive Plan Compensation		All Other Compensation <sup>(5)(6)</sup> (\$)	Total Compensation (\$)
			Share-Based Awards <sup>(1)</sup> (\$)	Option-Based Awards <sup>(2)</sup> (\$)	Annual Incentive Plans <sup>(3)</sup> (\$)	Pension Value <sup>(4)</sup> (\$)		
M.H. McCAIN <sup>(6)</sup> President and CEO	2018	1,137,412	2,370,165	2,369,774	489,081	310,778	-	6,677,209
	2017	1,105,465	3,091,801	2,369,911	1,500,355	268,378	-	8,335,910
	2016	1,080,104	1,870,031	1,870,133	1,487,644	246,144	-	6,554,056
D.K. SIMPSON CFO	2018	509,225	374,850	375,250	189,892	31,534	-	1,480,750
	2017	495,125	629,366	374,913	528,856	29,626	-	2,057,886
	2016	483,952	375,052	374,844	524,378	28,829	-	1,787,055
C.E. FRANK <sup>(7)</sup> President, COO	2018	489,063	399,997	400,120	240,370	38,146	-	1,563,778
	2017	412,500	286,242	150,033	284,920	25,084	-	1,158,779
	2016	366,269	125,017	125,118	272,480	23,616	-	912,500
R.D. HUFFMAN Chief Food Safety and Sustainability Officer	2018	642,415	200,145	199,990	137,695	39,620	-	1,219,864
	2017	632,162	405,946	200,044	423,044	38,033	-	1,699,229
	2016	626,161	199,940	200,189	424,452	37,389	-	1,488,131
R. YOUNG <sup>(8)</sup> SVP, Operations, Supply Chain and Purchasing	2018	680,232	225,278	224,720	147,961	70,600	-	1,348,790
	2017	653,063	588,976	174,869	443,218	365,407	-	2,225,533
	2016	647,481	175,111	175,165	439,374	(75,139)	19,350	1,381,342

Notes:

(1) The share-based awards represent RSUs and PSUs granted under the 2006 RSU Plan. Details of this plan are found starting on page 60 under the heading "Description of Share Option and Share Incentive Plans – 2006 RSU Plan". The vesting terms of the RSUs granted and outstanding at the end of 2018 are described in footnote (3) to the table found on page 49.

Other than for two specific exceptions, RSUs have been valued using assumptions and methodologies consistent with those for valuing the expense for accounting purposes, including the discount to account for the fact that dividends are not paid on RSUs. The first exception is that for accounting purposes value is calculated using the closing share price on the date of grant, while for compensation purposes the closing share price on the date before the date of grant or the weighted average share price on the date of grant is used. Secondly, for compensation purposes no discount for potential forfeiture of RSUs due to termination of employment was factored into the valuation. Awards are made on the assumption that the executive will remain employed during the vesting period. For accounting purposes, an estimate is made of forfeitures due to termination of employment based on past experience. The assumptions used for accounting purposes are found in Note 22 of the financial statements of the Corporation for the years ended December 31, 2018 and 2017. The financial statements may be found on the Corporation's website at [www.mapleleaffoods.com](http://www.mapleleaffoods.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

The table below compares the weighted average fair value, for compensation purposes and for accounting purposes, of the RSUs and PSUs reported in the Summary Compensation Table. The unit values are the weighted average for the units granted to the NEOs. The financial statement fair unit values quoted below does not reflect the discount of forfeiture and termination.

	2018		2017		2016	
	Compensation Fair Value	Fair Value for Financial Statements	Compensation Fair Value	Fair Value for Financial Statements	Compensation Fair Value	Fair Value for Financial Statements
RSU/PSU unit values	\$30.60	\$30.53	\$30.39	\$30.50	\$21.78	\$21.98

A portion of the awards made in each year are PSUs and subject to performance vesting based on the achievement of earnings margins and returns on net assets generally for a three-year period starting with the year of grant. The valuation of the PSU awards are based on the Corporation's estimate at the date of grant of the number of units that are expected to vest and result in the distribution of shares at maturity. The value of share-based equity compensation incentive plan awards in 2018 for each NEO is made

up of RSU and PSU grants in equal proportions. Mr. Frank received an annual LTIP grant in his capacity as Senior Vice President, Retail Sales and then a supplemental annual grant later in the year in recognition of being appointed Chief Operating Officer. The value of share-based equity compensation incentive plan awards in 2017 for each NEO includes a special grant of RSUs under a one-time incentive calculated with reference to the STIP. (This grant is described on page 49 in footnote (3) to the Outstanding RSUs/PSUs and Options at December 31, 2018 table.) In 2017, concurrent with an expansion of his responsibilities, Mr. Young also received a special PSU grant, the vesting criteria for which were tied to performance goals connected to those responsibilities.

- (2) The option-based awards were granted under the 2004 Share Incentive Plan (the “2004 Plan”) and the 2016 Share Option Plan (the “2016 Plan”). Details of these plans are found starting on page 55 under the heading “Description of Share Option and Share Incentive Plans”. The terms of the options granted under each plan are identical. The options granted have been valued using the Black-Scholes model, using methodology consistent with those for valuing the expense for accounting purposes but subject to different assumptions. Valuation is based on the maximum term of seven (7) years versus the average expected holding period of 4.5 years used for accounting purposes. Furthermore, for accounting purposes shares are valued at the closing share price on the date of grant while the award value for grant purposes is based on the market value specified in both the 2016 Plan and 2004 Plan, which is the five-day volume weighted average price. For compensation fair value purposes, no discount for potential forfeiture of options due to termination of employment was factored into the valuation. Awards are made with the assumption that the executive will remain employed during the vesting period. For accounting purposes, an estimate is made of forfeitures due to termination of employment based on past experience. The assumptions used for accounting purposes are found in Note 22 of the financial statements of the Corporation for the years ended December 31, 2018 and 2017. The financial statements may be found on the Corporation’s website at [www.mapleleaffoods.com](http://www.mapleleaffoods.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

The table below sets out the weighted average valuation per share option for each used for compensation purposes and accounting purposes for the NEOs. The difference in values for each year are for the reasons above except that the discount for forfeiture and early termination reflected in the accounting expense on the financial statements is not reflected in the per option values in the table below.

	2018		2017		2016	
	Compensation Fair Value	Fair Value for Financial Statements	Compensation Fair Value	Fair Value for Financial Statements	Compensation Fair Value	Fair Value for Financial Statements
Exercise Price	\$32.45	\$32.45	\$30.86	\$30.86	\$22.53	\$22.53
Grant Date Share Fair Value	\$32.45	\$32.13	\$30.86	\$31.41	\$22.53	\$23.14
Expected Volatility	22.54%	21.43%	23.65%	23.36%	25.17%	23.71%
Risk Free Rate	2.07%	1.97%	1.35%	1.15%	1.01%	0.67%
Dividend Yield	1.60%	1.62%	1.43%	1.40%	1.42%	1.56%
Expected Life – years	7.0	4.5	7.0	4.5	7.0	4.5
Vesting Period – years	3.0	3.0	3.0	3.0	3.0	3.0
Option Value	\$ 7.17	\$ 5.37	\$ 6.80	\$ 5.84	\$ 5.11	\$ 4.05

- (3) The STIP award is paid in cash immediately following approval of the performance measure by the HRCC. The HRCC approval follows approval by the Board of the annual financial statements for the year on which the performance measures are based.
- (4) Messrs. McCain and Young accrue benefits under the Corporation’s defined benefit pension arrangements for salaried employees in Canada. Ms. Simpson and Dr. Huffman participate in defined contribution pension arrangements. Mr. Frank had years of service under each of the defined benefit and the defined contribution pension arrangements. In respect of the defined benefit pension arrangements, the amount in the table above represents the compensatory pension expense related to the service for each of the NEOs, excluding the impact of differences between actual compensation paid in 2018 and the actuarial assumptions used for the year. In respect of the defined contribution pension arrangements, the amounts shown are amounts allocated to the accounts maintained for the NEOs’ respective benefit.
- (5) The value of perquisites for each executive is less than both \$50,000 and 10% of salary. Accordingly, no amount in respect of perquisites is included in the table.
- (6) As a full-time employee, Mr. McCain does not receive any separate or additional compensation for service on the Board as a director. Several of the NEOs are directors of one or more of the Corporation’s subsidiaries. They do not receive any compensation for those positions in addition to the compensation disclosed in the table above.
- (7) Mr. Frank was the Senior Vice President, Retail Sales to September 30, 2018, Chief Operating Officer to February 27, 2019 and President, Chief Operating Officer thereafter.
- (8) Mr. Young was the Senior Vice President, Supply Chain and Purchasing to June 14, 2017; and Senior Vice President, Operations, Supply Chain and Purchasing thereafter. The amounts shown in the “All Other Compensation” column consist of lump sum payments made in lieu of salary increases for those years. In June 2017, Mr. Young’s responsibilities were expanded to include the prepared meats manufacturing network.

## Share-Based Incentive Plans

The Corporation has three equity incentive plans under which there are outstanding awards:

- the 2004 Share Incentive Plan, which provides for the grant of options satisfied by the issuance of shares by the Corporation from treasury;

- the 2016 Share Option Plan, which provides for the grant of options satisfied by the issuance of shares by the Corporation from treasury; and
- the 2006 RSU Plan, which provides for the grant of time-vested RSUs and performance-vested PSUs that are satisfied through the acquisition of shares in the market by a trust established for that purpose.

See “Description of Share Option and Share Incentive Plans” starting on page 55 for more detailed descriptions of these plans. The options currently outstanding were granted primarily under the 2004 Share Incentive Plan. A portion of the 2016 share option grants was under the 2016 Share Option Plan which was adopted in January 2016 to replace the 2004 Share Incentive Plan. After February 2016, no further options were granted under 2004 Share Incentive Plan. All the RSUs and PSUs currently outstanding were granted under the 2006 RSU Plan.

The options and the RSUs outstanding are subject to time vesting only. The PSUs granted in 2018 have a performance-vesting feature based on the achievement of three-year (2018 through 2020) RONA targets for the Corporation. The performance period for the PSUs is generally three years.

### Outstanding RSUs/PSUs and Options at December 31, 2018

Name	Option Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options #	Option Exercise Price \$	Option Expiration Date <sup>(1)</sup>	Value of Unexercised in-the-Money Options <sup>(2)</sup> \$	Number of Shares or Units of Shares That Have Not Vested <sup>(3)(5)</sup> #	Market or Payout Value of Share-Based Awards That Have Not Vested <sup>(4)</sup> \$	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed <sup>(4)</sup> \$
M.H. McCain	393,000	\$20.28	September 15, 2021	2,770,650			
	316,000	\$22.52	March 9, 2022	1,519,960			
	366,200	\$22.53	February 1, 2023	1,757,760			
	348,300	\$30.86	March 1, 2024	0			
	330,600	\$32.50	March 1, 2025	0			
Totals	1,754,100			6,048,370	208,570	5,769,363	—
D.K. Simpson	34,200	\$20.28	September 15, 2021	241,110			
	63,400	\$22.52	March 9, 2022	304,954			
	73,400	\$22.53	February 1, 2023	352,320			
	55,100	\$30.86	March 1, 2024	0			
	52,350	\$32.50	March 1, 2025	0			
Totals	278,450			898,384	42,030	1,162,618	—
C.E. Frank	4,800	\$20.28	September 15, 2021	33,840			
	33,800	\$22.52	March 9, 2022	162,578			
	24,500	\$22.53	February 1, 2023	117,600			
	22,050	\$30.86	March 1, 2024	0			
	27,900	\$32.50	March 1, 2025	0			
	27,975	\$31.57	August 1, 2025	0			
Totals	141,025			314,018	20,540	566,004	—
R.D. Huffman	32,200	\$20.28	September 15, 2021	227,010			
	33,800	\$22.52	March 9, 2022	162,578			
	39,200	\$22.53	February 1, 2023	188,160			
	29,400	\$30.86	March 1, 2024	0			
	27,900	\$32.50	March 1, 2025	0			
Totals	162,500			577,748	24,680	681,884	—
R. Young	34,200	\$20.28	September 15, 2021	241,110			
	29,600	\$22.52	March 9, 2022	142,376			
	34,300	\$22.53	February 1, 2023	164,640			
	25,700	\$30.86	March 1, 2024	0			
	31,350	\$32.50	March 1, 2025	0			
Totals	155,150			548,126	23,480	648,268	—

Notes:

- (1) All options were granted with a term of seven years but may expire earlier if the executive ceases to be an employee of the Corporation. The options vest in three equal annual installments. At December 31, 2018, all options expiring before 2023 were fully vested, the options expiring in 2023 were two-thirds vested, options expiring in 2024 were one-third vested and none of options expiring in 2025 were vested.
- (2) The in-the-money value in the column is for all options, both vested and unvested. The value was calculated using a value of \$27.33 per share, the closing price of the Corporation's shares on the TSX on December 31, 2018.
- (3) Share-based awards consist of both RSUs and PSUs granted under the 2006 RSU Plan. The RSUs are time-vested over approximately three years. The PSUs generally vest based on the achievement of RONA targets for a three-year period starting with the year of grant. The performance criteria are more fully described under the heading "Long Term Incentive Plan" starting on page 40 of this Circular. Depending on the performance, between zero and two shares will vest for each PSU. For the 2016 year, the Corporation established a special incentive calculated with reference to the STIP. Provided the performance exceeded a certain level, all employees participating in the STIP bonus plan would be eligible to receive a special grant of RSUs whose underlying shares will have a current face value equal to one-half of the STIP cash bonus. As a result, on April 7, 2017, RSUs were granted to the participants including the NEOs. These units will vest and be distributed in May 2019. The number of shares shown in the "Market or Payout Value of Share- Based Awards That Have Not Vested" column is the maximum number of shares that will be distributed, assuming the Corporation's performance exceeds the maximum performance level.
- (4) In respect of the RSUs and PSUs granted, the "market or payout value" is based on the share price of \$27.33 at December 31, 2018. The number of shares valued is as follows:
  - (i) in respect of RSUs where the payout is not determined by a performance condition, the number of units granted are valued;
  - (ii) in respect of PSUs where the performance period is the 2018 financial year or any earlier year, the number of units valued is the number expected to be distributed given actual performance; and
  - (iii) in respect of PSUs where the vesting depends wholly or in part on a performance period after 2018, no units are valued. (Under the performance vesting formula, the minimum number of shares that may be distributed on the maturity of the PSUs is zero.)
- (5) The 2006 RSU Plan calls for RSUs and PSUs to be distributed immediately on vesting. There are no undistributed vested awards as units are distributed immediately after vesting.

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

Name	Option-Based Award	Share-Based Award	Non-Equity Incentive Plan
	Value Vested During the Year <sup>(1)</sup>	Value Vested During the Year <sup>(2)</sup>	Compensation Value Earned During the Year <sup>(2)</sup>
	\$	\$	\$
M.H. McCain	11,366,835	3,821,661	489,081
D.K. Simpson	2,122,227	867,957	189,892
C.E. Frank	886,824	1,058,080	240,370
R.D. Huffman	1,134,085	528,738	137,695
R. Young	991,364	493,290	147,961

Notes:

- (1) Three series of option-based awards vested in 2018. One-third of the options that were granted on March 9, 2015 (\$22.52 per share exercise price) vested on March 9 when the share price was \$32.22. One-third of the options that were granted on February 1, 2016 (\$22.53 per share exercise price) vested on February 1 when the share price was \$34.69. One-third of the options that were granted on March 1, 2017 (\$30.86 per share exercise price) vested on March 1 when the share price was \$32.20.
- (2) On March 15, 2018, PSUs granted to NEOs on December 21, 2015 vested and were distributed. Vesting for these PSUs was based on adjusted earnings in 2017 with a minimum vesting of 0.0 shares and a maximum of 1.6 shares per PSU. For each PSU, 1.093 shares vested and were distributed. The trading value was \$31.80 on that day. On May 8, 2018, the RSUs and PSUs granted in 2015 vested and were distributed to the NEOs. Vesting for these PSUs was based on EBITDA and RONA for 2015 to 2017. Minimum vesting was 0.0 shares and a maximum vesting was 2.0 shares per PSU. Based on the performance approved by the HRCC, for each PSU, 1.862 shares vested and were distributed. The trading price on the day the shares distributed was \$29.18.
- (3) A description of the STIP can be found under the subheading "Short-Term Incentive Plan (STIP)" starting on page 39 of this Circular. The short-term incentive is paid in cash immediately following approval of the payouts by the HRCC and approval by the Board of the annual financial statements on which the performance measures are based.

### Summary of Gains Realized on Exercise of Options

During 2018, one NEO exercised share options. The table below indicates the aggregate number of options exercised, the average exercise price and the gains realized on exercise.

Name	Number	Average	Average	Gain Realized
		Exercise Price	Value on Date of Exercise	
		\$ per share	\$ per share	\$
McCain, M.H.	1,227,500	11.60	29.42	21,876,608

Participants may exercise options at any time provided they comply with the insider trading guidelines and the share ownership policy requirements for executives. The share ownership guidelines are detailed on pages 35 and 36 of this Circular.

## Pension/Retirement Plans

Messrs. McCain, Frank and Young participate in the Corporation's registered defined benefit and non-registered supplemental defined benefit retirement plans. The Corporation's defined benefit plans have been closed to new employees since April 2004 when they were replaced with defined contribution plans. Ms. Simpson, Mr. Frank and Dr. Huffman participate in registered and non-registered supplemental defined contribution pension arrangements for Canadian salaried employees. Mr. Frank has credited service under both arrangements: 0.17 years under the defined benefit and the last 16 years under the defined contribution arrangements.

### Pension Table – Defined Benefit Plans

The table below contains the following information about each NEO participating in the Corporation's defined benefit pension plans:

- Years of credited service as at December 31, 2018 and at age 65;
- Estimated annual benefit accrued, or earned, for service to December 31, 2018 and to the normal retirement age of 65; and,
- A reconciliation of the accrued obligation from December 31, 2017 to December 31, 2018.

Name	Number of years of Credited Service <sup>(1)</sup>		Annual Benefits Payable <sup>(2)</sup>		Opening present value of defined benefit obligation at December 31, 2017 <sup>(3)(7)</sup>	2018 Compensatory Change <sup>(4)(7)</sup>	2018 Non-Compensatory Change <sup>(5)(7)</sup>	Closing present value of defined benefit obligation at December 31, 2018 <sup>(6)(7)</sup>
	At December 31, 2018	At Age 65 <sup>(1)</sup>	At December 31, 2018	At Age 65 <sup>(1)</sup>				
M.H. McCain	25	29	501,380	605,596	7,020,141	310,778	(63,031)	7,268,888
C.E. Frank	0.17	0.17	1,171	1,171	17,161	9,010	(1,917)	24,254
R. Young	35	35	473,725	473,725	6,907,029	70,600	(310,489)	6,667,140

#### Notes:

- (1) The Number of Years of Credited Service as at December 31, 2018 corresponds to the actual years of service with the Corporation and its subsidiaries. The Number of Years of Credited Service at age 65 is the sum of the number of years of credited service as at December 31, 2018 and the projected years of credited service from December 31, 2018 to the date the executive turns 65. Although the Corporation's pension plans do not prohibit granting years of service in addition to years of membership, this option has been used infrequently in the last 10 years.
- (2) The Annual Benefits Payable is the amount of lifetime pension payable in the normal form. Messrs. McCain and Young were the only NEOs eligible to retire at December 31, 2018 with an unreduced pension. For each NEO, the amount of Annual Benefits Payable at December 31, 2018 is the pension the NEO would be entitled to starting at age 65 based on termination of employment at December 31, 2018. The amount is based on the years of credited service earned to December 31, 2018 and on average pensionable earnings at December 31, 2018. For each NEO, the Annual Benefits Payable at age 65 is the Annual Benefits Payable at December 31, 2018 increased to reflect credited service at age 65. Mr. Young's credited service has reached the 35-year maximum permitted under the plan.  
Pensionable earnings are composed of salary only; it excludes annual cash incentive payments and other compensation. For Mr. Young, the lump sum payments made in 2014 to 2016 in lieu of salary increases have been treated as pensionable earnings. Each of the NEOs are fully vested in their pension entitlements earned to December 31, 2018.
- (3) The opening present value of the defined benefit obligation is the value of the projected pension earned for service to December 31, 2018. The values have been determined as at December 31, 2018 based on actual pensionable earnings adjusted to reflect expected increases to retirement.
- (4) The 2018 Compensatory Change is the value of the projected pension earned for service during 2018 as well as experience gains and losses arising from the NEO's salary increase for the year being greater or lesser than the assumption used. The values have been determined as at December 31, 2018 based on actual pensionable earnings (and in the case of Mr. Young, the lump sum payments made in lieu of salary increases) adjusted to reflect expected increases to retirement. The valuation method and assumptions are those used for purposes of the Corporation's financial statements. Information regarding the method and assumptions is in Note 9 to the financial statements for December 31, 2018.

- (5) The 2018 Non-Compensatory Change includes interest accruing on the beginning-of-year obligation, other experience gains and losses, and changes in interest rate assumptions resulting from changes in long-term bond yields.
- (6) The closing present value of the defined benefit obligation is the value of the projected pension earned for service to December 31, 2018. The values have been determined as at December 31, 2018 based on actual pensionable earnings adjusted to reflect expected increases in pensionable earnings.
- (7) The calculations of reported amounts use the same actuarial assumptions and methods that are used for calculating accrued benefit obligations and annual expenses, as disclosed in the Corporation's 2018 and 2017 consolidated financial statements in Note 9, and as prescribed by International Financial Reporting Standards. The methods and assumptions used to determine estimated amounts will not be identical to the methods and assumptions used by other issuers so, as a result, the figures may not be directly comparable across issuers. In accordance with Canadian generally accepted accounting principles, the amounts above make no allowance for the different tax treatment of the portion of pension not paid from the registered pension plans. All amounts shown above are based on assumptions and represent contractual entitlements that may change over time.

#### *Pension Table – Defined Contribution Plans*

The table below shows pension details for the NEOs participating in the Corporation's Canadian defined contribution pension plan. It also shows the account balances for December 31, 2017 and December 31, 2018 and the Corporation's contribution to the plans on each NEO's behalf (reflected as 2018 Compensatory Change).

Name	Accumulated Value at December 31, 2017 \$	2018 Compensatory Change <sup>(1)</sup> \$	Accumulated Value at December 31, 2018 \$
D.K. Simpson	398,994	31,534	427,851
C.E. Frank	375,602	29,136	392,386
R.D. Huffman	380,838	39,620	415,085

Note:

- (1) The 2018 Compensatory Change amount is the contribution made by the Corporation to the plan in 2018 in respect of the NEO, and is based on eligible earnings in 2018

#### *Summary of Defined Benefit Plan Provisions (Canada)*

Messrs. McCain, Frank and Young participate in defined benefit arrangements, as summarized below.

Pension benefits are based on the member's credited service in the plan and average pensionable earnings at retirement calculated as the highest average of the member's pensionable earnings. Pensionable earnings include salary earned over 60 months in the last 120 months of earnings preceding retirement. This excludes annual cash STIP payments and other compensation. From 2014 through 2016, Mr. Young received an annual lump sum payment in lieu of a salary increase. These payments in lieu of salary increases are included in pensionable earnings.

Retirement income is payable for the lifetime of the member with a minimum of 60 monthly payments. Payment options of actuarially equivalent value are also available.

The annual pension benefit is determined by multiplying the years of credited service (up to 35 years) by the sum of:

- 1.3% of average pensionable earnings up to the average of the last five years' maximum pensionable earnings under the Canada/Quebec Pension Plans ("final average YMPE"); and
- 2.0% of the excess of average pensionable earnings above the final average YMPE.

The pension benefit is determined without regard to the maximum pension limit for registered pension plans under the *Income Tax Act* (Canada). Any amount in excess of this limit is paid under the supplemental non-registered plan.

The normal retirement age is 65, but members may elect to start their pension any time between the ages of 55 and 71. There is no reduction to a member's pension if retirement occurs on or after 60 years of age. If a member retires between age 55 and 60 and their age plus years of continuous service total at least 85 points, their pension will be reduced by 0.5% for each month that retirement is before age 60. Otherwise, pensions are reduced on an actuarially equivalent basis.

Participants in the plan who had the "designated executive" status prior to January 1, 2015 (which includes each of the NEOs who participated in this plan) are not required to contribute to the plan.

#### *Summary of Defined Contribution Plan Provisions (Canada)*

Ms. Simpson, Mr. Frank and Dr. Huffman participate in defined contribution arrangements for Canadian salaried employees. Effective January 1, 2015 all employees (including the NEOs) are required to contribute 1.5% of eligible earnings and may contribute an additional 1.5% of eligible earnings to the plan. Before 2015, Ms. Simpson, Mr. Frank and Dr. Huffman were "designated executives" and were not required to make contributions to the plan. The Corporation contributes 4.5% of eligible earnings plus 100% of the additional contributions made by the employee. Eligible earnings include base salary excluding annual cash STIP payments and other compensation.

Contributions up to the maximum dollar limit allowed under the *Income Tax Act* (Canada) are deposited into the participant's account and invested according to the investment instructions made by the participant. The contributions in excess of these allowed limits are credited to an unfunded supplemental non-registered plan. Investment income is credited to the participant's account in the unregistered plan at a rate equal to the rate of return earned in the participant's registered pension plan account.

The Corporation's portion of the participant's account vests immediately on enrollment. The participant's account is distributed when the participant leaves the Corporation.

### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS UNDER SECURITIES PURCHASE AND OTHER PROGRAMS**

None of the directors or executive officers are indebted to the Corporation.

### **TERMINATION AND CHANGE OF CONTROL BENEFITS**

The Corporation does not have a contract of employment with any NEO that specifies the benefits that are payable on termination of employment or change of control.

The Committee has established rules for the expiry of units held by employees under the 2006 RSU Plan and for options held under the 2004 Plan and the 2016 Plan on termination of employment. In the case of a change of control, the benefits would not be triggered unless there were also a loss of employment. This requirement that both conditions be present is sometimes referred to as a "double trigger".

These rules apply to all participants in the plans, including NEOs.

Reason for Termination of Employment	Early Expiry of RSUs (including PSUs) <sup>(1)</sup>	Early Expiry of Options <sup>(1)</sup>
Termination by the Corporation for Cause	RSUs held expire on the date of termination.	All vested and unvested options held expire on the date of termination.
Termination by Voluntary Resignation	RSUs held expire on the date of termination.	Unvested options held expire on the date of termination.  Vested options expire 30 days following the date of termination (90 days in the case of the 2016 Plan.).
Termination Due to Death of the Employee	RSUs granted less than six months before the date of termination expire on death.  RSUs granted at least six months before the date of death continue to be held by the employee's estate to the maturity/distribution date.	Unvested options granted less than six months before the date of termination and unvested options that do not, in accordance with terms of the award, vest within 11 months of the date of death (12 months under the 2016 Plan) expire on the date of death.  Unvested options that, in accordance with terms of the award, vest within 11 months of the date of death (12 months under the 2016 Plan) and vested options expire 12 months following the date of death (15 months under the 2016 Plan).
Termination by the Corporation Without Cause	RSUs granted less than six months before the date of termination expire on termination.  RSUs granted at least six months before the date of termination – a proportionate <sup>(2)</sup> number of units continue to be held to the maturity/distribution date.	Unvested options held expire on the date of termination.  Vested options held expire 30 days following the date of termination (90 days in the case of the 2016 Plan).
Retirement from the Industry <sup>(3)</sup>	RSUs granted less than six months before the date of termination expire on termination.  RSUs granted at least six months before the date of termination continue to be held to the maturity/distribution date.	Unvested options granted less than six months before the date of termination expire on the date of termination.  Vested options and unvested options granted at least six months before the date of termination continue to be held until exercised or the normal expiry date.
Normal Retirement <sup>(4)</sup>	RSUs granted less than six months before the date of retirement expire on retirement.  RSUs granted at least six months before the date of retirement continue to be held to the maturity/distribution date.	Unvested options under the 2016 Plan granted less than six months before the date of retirement expire on the date of retirement.  Unvested options granted at least six months before the date of termination and vested options continue to be held until exercised or the normal expiry date.
Early Retirement <sup>(5)</sup>	RSUs granted less than six months before the date of termination expire on retirement.  RSUs granted at least six months before the date of retirement – a proportionate <sup>(1)</sup> number of units continue to be held to the maturity/distribution date.	Unvested options granted less than six months before the date of termination expire on the date of retirement. Unvested options that do not, in accordance with terms of the award, vest within 11 months of the date of retirement (12 months under the 2016 Plan) expire on the date of retirement.  Unvested options that, in accordance with terms of the award, vest within 11 months of the date of retirement (12 months under the 2016 Plan) and vested options expire 12 months following the date of retirement (15 months under the 2016 Plan).

Notes:

- (1) All RSUs (including PSUs) and options expire on the date or dates determined by the Board of Directors at the time of grant in accordance with the terms of the respective plan. The comments in the table refer to the early termination in the event of a termination of employment before the exercise or distribution date.
- (2) On maturity, the employee will receive a proportion of the distribution s/he would have been entitled to had the employee remained employed with the Corporation. The proportion is the number of days from the date of grant to the date of termination, to the number of days from the date of grant to the distribution date. For example, assume an employee was granted RSUs in an award with a three year vesting period. If the employee is terminated by the Corporation without cause or takes early retirement one year after the grant, one-third of the full amount of the RSUs vest and are distributed.
- (3) Retirement from the Industry is defined as termination of employment, other than by the Corporation for cause, at the time when the employee is 55 or older with a minimum of five (5) years of service and the employee agrees not to provide any services directly or indirectly to any company or other organization that competes with the Corporation in the industry in which the executive was engaged by the Corporation.
- (4) Normal Retirement is defined as termination of employment, other than by the Corporation for cause, at the time when the employee is 60 years or older and has at least 10 years of service.
- (5) Early Retirement is defined as termination of employment, other than by the Corporation for cause, at the time when the employee is 55 years or older and has at least 10 years of service.

# DESCRIPTION OF SHARE OPTION AND SHARE INCENTIVE PLANS AND SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

## 2004 SHARE INCENTIVE PLAN

The 2004 Share Incentive Plan (the “2004 Plan”) was adopted on September 8, 2004 and was last amended effective January 25, 2016. When adopted, the 2004 Plan allowed for awards of both share options and RSUs. On January 25, 2016, the Board effectively terminated the 2004 Plan in respect of RSU grants by reducing the number of shares reserved for issue for RSUs to the number that had been previously distributed. As of the date hereof, there are no RSUs outstanding under the 2004 Plan. Accordingly, the information regarding the 2004 Plan below is limited to share options.

### *Eligibility*

Under the 2004 Plan, the Board is authorized to grant share options to full-time employees of the Corporation, its affiliates and any partnership of which the Corporation is a partner.

### *Exercise Price of Options*

Options to be granted under the 2004 Plan are exercisable at a price not below market value at the time of grant. Market value, for purposes of the 2004 Plan, is the weighted average trading price on the TSX for the five days prior to the date of grant.

### *Number of Shares*

The maximum number of shares that may be issued upon the exercise of options under the 2004 Plan is 14,077,799 less any shares that were issued after September 8, 2004 upon the exercise of options granted under a prior share option plan. The table below indicates the status of the shares reserved for option grants under the 2004 Plan as of February 28, 2019.

	Options	
	Number of Shares or Options <sup>(1)</sup>	Percentage of Shares Outstanding <sup>(1)</sup>
Shares issued pursuant to the exercise of options or distribution of RSUs under the 2004 Share Incentive Plan and prior plans	11,699,685	
Options granted and outstanding under the 2004 Plan	2,378,040	1.9%
Options available for future grants	74	0.0%
<b>Total number of shares reserved for issue</b>	<b>14,077,799</b>	

Note:

(1) The number of options and shares and percentage of the number of shares outstanding are given as of December 31, 2018. The amounts are unchanged as at March 21, 2019.

### *Exercise Periods/Term of Options /Assignability*

The options granted have a term of seven years, but at the discretion of the Board the term can be up to 10 years.

Unless otherwise determined by the Board and subject to the earlier expiration of the option, participants whose employment with the Corporation ceases due to retirement or death are entitled to exercise any options for the one-year period following death or retirement. In the event of a voluntary resignation by the employee and subject to the earlier expiration of the options, vested options on the last date of employment are exercisable for a 30-day period afterward. While the same 30-day period applies if the participant’s employment is terminated without cause by the Corporation, the Board has the discretion to amend the time limit. If employment is terminated with cause, all vested and unvested options expire on the date of termination. The Board and the HRCC have adopted extended holding periods for holders of options in the event of termination of employment under certain conditions, such as early retirement. The details are found on pages 52 to 54.

Generally, options are not assignable. However, the Board is authorized to allow a participant to assign his or her awards to a wholly-owned holding company, a registered retirement savings plan or a registered retirement income fund established by or for the participant or under which such individual is a beneficiary.

#### *Limits on Individual and Insider Participation*

The number of shares reserved for issuance or issued to any one person pursuant to the 2004 Plan together with shares issuable under the Corporation's other security-based compensation arrangements may not exceed 5% of the Corporation's outstanding issued shares. The number of shares reserved for issuance or issued to insiders pursuant to the 2004 Plan together with shares issuable to insiders under the Corporation's other security-based compensation arrangements may not at any time exceed 10% of all outstanding shares of the Corporation.

#### *Share Capital Adjustments*

Adjustments to the terms of outstanding options are permitted under the 2004 Plan in the event of a capital reorganization of the Corporation including any amalgamation, combination, arrangement or merger, a subdivision or consolidation of common shares or any similar capital reorganization or payment of a stock dividend, that does not constitute a "change in control" (as defined in the 2004 Plan). In the event the Corporation's capital structure is otherwise amended, the Board shall make any amendments to the terms of any outstanding option awards as it considers equitable in order to preserve the proportionate rights and obligations of the participants.

#### *Vesting*

Under the 2004 Plan, the Board is authorized to determine the time vesting and performance vesting restrictions for grants of options. Upon a change in control of the Corporation, the Board may accelerate the vesting of any outstanding options, in which case any unexercised options will be terminated following the change in control. Similarly, the Board may at any time accelerate the vesting of any options in circumstances involving the retirement, death or other termination of employment of a participant.

#### *Amendment*

The 2004 Plan originally provided that the Board may, subject to stock exchange approval, amend, suspend or terminate the plan provided that such action does not (i) impair the rights or obligations arising from an award previously granted to an employee without the employee's consent, or (ii) permit the expiry of options beyond 10 years from the grant date. On April 24, 2008, shareholders approved a resolution amending the 2004 Plan to revise the amendment provisions to more clearly specify which amendments require shareholder approval, and to automatically extend the expiry of an option outstanding under the plan to 10 days following a corporate black-out period where the option would otherwise expire within two days of a corporate black-out period.

### **MAPLE LEAF FOODS INC. 2016 SHARE OPTION PLAN**

The Maple Leaf Foods Inc. 2016 Share Option Plan (the "2016 Plan") was adopted on January 25, 2016. The 2016 Plan was approved by shareholders on May 4, 2016 and was approved by the TSX. On February 27, 2019, the Board of Directors increased the number of shares reserved for issuance under the 2016 Plan by 3,000,000 shares. The increase is subject to shareholder and TSX approval. See page 14 for details of the shareholder resolution to approve the increase.

#### *Eligibility*

The Board is authorized to grant share options under the 2016 Plan to full-time and part time employees of the Corporation, its affiliates and any partnership of which the Corporation is a partner, as well as to consultants. Non-employee directors are specifically excluded from the 2016 Plan.

### Exercise Price of Options

Options to be granted under the 2016 Plan are exercisable at a price not below market value at the time of grant. For purposes of the 2016 Plan, market value is the volume weighted average trading price on the TSX for the five days prior to the date of grant.

### Number of Shares

The maximum number of shares that may be issued upon the exercise of options under the 2016 Plan was 2,500,000 and increased to 5,500,000 (subject to shareholder approval at the meeting and TSX approval).

	Options	
	Number of Shares or Options <sup>(1)</sup>	Percentage of Shares Outstanding <sup>(1)</sup>
Shares issued pursuant to the exercise of options under the 2016 Share Option Plan	–	
Options granted and outstanding under the 2016 Share Option Plan	1,598,260	1.3%
Options available for future grants <sup>(2)</sup>	901,740	0.7%
Total number of shares reserved for issue	2,500,000	

Note:

- (1) Calculated based on the 124,371,726 shares outstanding as of December 31, 2018.
- (2) From December 31, 2018 to March 21, 2019 there were two changes to the amounts reported in the table. The table does not include the additional 3,000,000 shares reserved for options available for future grant if shareholder approval for amendments to the 2016 Plan are obtained at the Meeting and the grant of 1,039,200 share options on March 1, 2019, 137,468 of which are on shares included in the 3,000,000 additional shares reserved.

### Exercise Periods/Term of Options /Assignability

The options granted have a term of up to ten years. Notwithstanding the ten-year limit, the Corporation's practice is to grant options with a seven-year term.

Unless otherwise determined by the Board, participants whose employment with the Corporation ceases due to retirement are entitled to exercise any options that were vested on the date of retirement for the one-year period following retirement. In the event of a voluntary resignation by the employee, vested options on the last date of employment are exercisable for a 90-day period afterwards. While the same 90-day period applies if the participant's employment is terminated without cause by the Corporation, the Board is permitted the discretion to amend the time limit. In the event employment is terminated with cause, all vested and unvested options expire on the date of termination. The Board and the HRCC have adopted extended holding periods for holders of options in the event of termination of employment under certain conditions, such as early retirement. Generally, options are not assignable except to a permitted assign. The details are found on pages 52 to 54.

### Surrender of Options

The 2016 Plan allows an option holder, in lieu of exercising vested options, to surrender them for cancellation and receive shares equal to the in-the-money value of the surrendered options. For example, an employee wishes to exercise 1,000 options with an exercise price of \$15 per share at a time when the shares have a market value of \$20. Normally, the employee would pay the total of \$15,000 for the exercise price and proceed to sell 750 shares in the market in order to fund the \$15,000. By electing to surrender the options under the 2016 Plan, the employee will receive only 250 shares and will surrender the options for the 750 shares instead of paying the exercise price. This is an alternative to broker-based cashless exercise programs that will reduce dilution and permit an employee to avoid a sale in the market that he or she may be required to undertake in order to fund the exercise price for the options. Other than foregoing proceeds for the exercise price, the alternative does not have any negative tax or other consequences to the Corporation. However, the surrendered options will be deemed to have been exercised for purposes of the shares reserved under the 2016 Plan.

### *Limits on Insider Participation*

The number of shares issuable to insiders under the 2016 Plan together with shares issuable to insiders at any time under the Corporation's other security-based compensation arrangements, may not exceed 10% of all issued and outstanding shares of the Corporation. In addition, the number of shares that may be issued to insiders in any one-year period under the 2016 Plan and any other security-based compensation arrangement of the Corporation may not exceed 10% of the issued and outstanding shares of the Corporation.

### *Share Capital Adjustments*

Adjustments to the terms of outstanding options by the Board, without shareholder approval, are permitted under the 2016 Plan in the event of a capital reorganization of the Corporation including any amalgamation, combination, arrangement or merger, a subdivision or consolidation of common shares or any similar capital reorganization or payment of a stock dividend, that does not constitute a Change in Control (as defined in the 2016 Plan). In the event the Corporation's capital structure is otherwise amended, the Board shall, and without any requirement for shareholder approval, make any amendments to the terms of any outstanding option awards as it considers equitable in order to preserve the proportionate rights and obligations of the participants.

### *Vesting*

Under the 2016 Plan, the Board is authorized to determine the time vesting and performance vesting restrictions for grants of options. Upon a change in control of the Corporation, the Board may accelerate the vesting of any outstanding options, in which case any unexercised options will be terminated following the change in control. Similarly, the Board may at any time accelerate the vesting of any options in circumstances involving the retirement or other termination of employment of a participant.

### *Amendment*

The Board may from time to time, without notice and without approval of the shareholders, amend, modify, change, suspend or terminate the 2016 Plan or any options granted pursuant to the 2016 Plan as it in its discretion determines appropriate, provided, however, that no such amendment, modification, change, suspension or termination of the 2016 Plan or any options granted thereunder may materially impair any rights of an optionee or materially increase any obligations of an optionee under the 2016 Plan without the consent of the optionee, unless the Board determines such adjustment is required or desirable in order to comply with any applicable securities laws or TSX requirements. However, approval of the holders of the voting shares of the Corporation shall be required for any amendment, modification or change that:

- (a) increases the number of shares reserved for issuance under the 2016 Plan, except pursuant to the provisions in the 2016 Plan which permit the Board to make equitable adjustments in the event of transactions affecting the Corporation or its capital;
- (b) increases or removes the 10% limit on shares issuable or issued to insiders;
- (c) reduces the exercise price of an option (for this purpose, a cancellation or termination of an option of an optionee prior to its expiry date for the purpose of reissuing an option to the same optionee with a lower exercise price shall be treated as an amendment to reduce the exercise price of an option) except pursuant to the provisions in the 2016 Plan which permit the Board to make equitable adjustments in the event of transactions affecting the Corporation or its capital;
- (d) extends the term of an option beyond the original expiry date (except where an expiry date would have fallen within a blackout period applicable to the optionee or within five business days following the expiry of such a blackout period);
- (e) permits an option to be exercisable beyond 10 years from its date of grant (except where an expiry date would have fallen within a blackout period of the Corporation);
- (f) permits members of the Board who are not employees to receive options under the 2016 Plan;
- (g) permits options to be transferred to a Person other than a permitted assign or for normal estate settlement purposes; or
- (h) deletes or reduces the range of amendments which require approval of shareholders.

Examples of amendments that may be made by the Board without shareholder approval include amendments to the forfeiture and expiry in the event of a termination of employment and changes to the vesting provisions of options.

## Equity Compensation Plan Information as at December 31, 2018

The following table provides information as at December 31, 2018, with respect to the equity compensation plans of the Corporation.

The share options and RSUs that have been issued to employees are described in Note 22 to the Corporation's 2018 consolidated financial statements. The financial statements are available from the Corporation's website at [www.mapleleaffoods.com](http://www.mapleleaffoods.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders <sup>(1)</sup>	3,976,300	\$25.38	901,740
Total <sup>(2)</sup>	3,976,300	\$25.38	901,740

Notes:

(1) Options granted under the 2004 Plan and the 2016 Plan.

(2) In 2006, the Corporation implemented the 2006 RSU Plan, in which awards are satisfied with shares that are purchased on the TSX. The awards under that plan are not included in the above figures as no shares will be issued from treasury to satisfy those awards.

### Total Dilution under All Employee Share Option Plans

The table below shows the total potential dilution from the two treasury based equity compensation plans, the 2004 Plan and the 2016 Plan.

	Number or Options	Percentage of Shares Outstanding <sup>(1)</sup>
Options granted and outstanding	3,976,300	3.2%
Options available for future grants <sup>(2)</sup>	901,740	0.7%
Total	4,878,040	3.9%

Note:

(1) Calculated based on the 124,371,726 common shares outstanding as of December 31, 2018

(2) Does not include the additional 3,000,000 shares reserved for options available for future grant if shareholder approval for amendments to the 2016 Plan are obtained at the Meeting and the grant of 1,039,200 share options on March 1, 2019, 137,468 of which are on shares included in the 3,000,000 additional shares reserved.

### Burn rate under All Employee Share Option Plans

The following table shows the number of share option grants (net of forfeitures on termination of employment) as a percentage of average shares outstanding (the "burn rate") for the past three years.

	2016	2017	2018
Net Grants under 2004 Plan	732,740	0	0
Net Grants under 2016 Plan	108,560	732,200	757,500
Net grants under all treasury based equity compensation plans	841,300	732,200	757,500
Burn rate <sup>(1)</sup>	0.63%	0.60%	0.60%
Burn rate, net of forfeitures <sup>(1)</sup>	0.63%	0.57%	0.60%

Note:

(1) The burn rate for the year is calculated as the number of options granted, divided by the average number of shares outstanding in the year.

## 2006 RSU PLAN

In 2006, the Board adopted a share-based incentive compensation plan (the “2006 RSU Plan”) for employees, including executive officers. The 2006 RSU Plan provides for the grant of RSUs. On maturity, assuming the performance criteria are achieved, participants receive one fully paid share for each vested RSU held, subject to adjustment up or down to reflect the level of achievement of the performance vesting criteria. RSUs that are granted with performance vesting criteria are sometimes also referred to as PSUs. The shares required for distribution on maturity and on achievement of the performance and service time requirements will be acquired on the open market at the Corporation’s cost by a trust established for that purpose. The Board amended the 2006 RSU Plan in 2013 to allow either shares or the equivalent cash value to be distributed. The Board further amended the plan in 2015 to allow distributions to be made on a net of tax basis to satisfy the tax withholding requirements.

### *Eligibility*

Under the 2006 RSU Plan, the Board is authorized to grant RSUs to full-time employees of the Corporation, its affiliates and partners. In 2015, eligibility was extended to part-time employees and consultants.

### *Vesting Under the 2006 RSU Plan*

Upon the completion of the time-vesting service requirements and achievement of the performance-vesting requirements, each RSU entitles the employee to receive one fully paid share of the Corporation (subject to adjustment up or down to reflect the level of achievement of the performance-vesting criteria).

### *Number of Shares*

The 2006 RSU Plan is funded with shares purchased on the open market, not treasury shares. There is no specified or authorized limit to the number of RSUs that may be issued.

### *Term of RSUs/Forfeiture/Assignability*

The RSUs have a maximum term of approximately three years. Unless otherwise determined by the HRCC, the 2006 RSU Plan requires participants to be employed on the date of distribution. Participants whose employment with the Corporation ceases prior to the distribution date for any reason forfeit the right to receive any RSUs. However, the HRCC has discretion to accelerate the vesting of any RSUs held by a participant and to permit the distribution of shares in respect of the maturing vested RSUs to a participant whose employment has ended prior to the distribution date. RSUs are not assignable. The Board and the HRCC have extended the holding periods for holders of RSUs and options in the event of termination of employment under certain conditions such as early retirement. The details are found on pages 52 to 54.

### *Limits on Individual and Insider Participation*

The awards are not settled with treasury shares. There is no limit to individual participation.

### *Share Capital Adjustments*

The Board shall amend the terms of any outstanding option and RSU awards as it considers equitable in order to preserve the proportionate rights and obligations of the participants in the event of a capital reorganization of the Corporation, including amalgamation, combination, arrangement or merger, a subdivision or consolidation of common shares or any similar capital reorganization or payment of a stock dividend that does not constitute a “change in control” (as defined in the 2006 RSU Plan).

### *Vesting*

Under the 2006 RSU Plan, the Board is authorized to determine the time-vesting and performance-vesting restrictions for grants of RSUs. Upon a change in control of the Corporation, the Board may accelerate the vesting of any outstanding RSUs, in which case any unvested RSUs following the change in control will be terminated. Similarly, the Board may at any time accelerate the vesting of any RSUs in circumstances involving retirement, death or other termination of employment of a participant and to permit the distribution of shares in respect of the RSUs to a participant whose employment has ended prior to the distribution date.

### *Amendment*

The 2006 RSU Plan currently provides that the Board may amend, suspend or terminate the plan provided that such action does not impair the rights or obligations arising from an award previously granted to an employee without the employee's consent.

### **2013 SHARE PURCHASE AND DEFERRED SHARE UNIT PLAN**

The 2013 DSU Plan was adopted on March 21, 2013 and was approved by shareholders on May 2, 2013 and approved by the TSX. It allows awards of DSUs to eligible directors.

### *Eligibility*

Only non-employee directors of the Corporation are eligible to participate in the 2013 DSU Plan.

### *Election to Participate*

Participation in the 2013 DSU Plan is voluntary. Under the 2013 DSU Plan, eligible directors may elect annually to receive their retainer and fees in the form of DSUs or common shares of the Corporation (or any combination thereof).

If an eligible director elects to receive all or a portion of his or her retainer and fees as common shares of the Corporation, quarterly, on predetermined dates, the Corporation or its designee purchases common shares on the TSX at market rates on behalf of the participating directors equal in value to the retainer and fees elected by the director to be satisfied in common shares. The Corporation arranges the purchase of the common shares and is responsible for commissions and any administration fees. Common shares acquired for an eligible director shall be registered in such name as the director may direct.

If an eligible director elects to receive all or a portion of his or her fees and retainer in the form of DSUs, the Corporation credits to an account established for that purpose by the Corporation on the books of the Corporation the number of DSUs received. The number of DSUs an eligible director receives is equal to (i) the amount of his or her fees and retainer elected to be received in the form of DSUs, divided by (ii) the weighted average trading price of the common shares on the TSX for the five (5) trading days immediately preceding the date DSUs are to be awarded. The award date, unless otherwise determined by the CGC, is the first business day following the 14th day of the month following the end of each calendar quarter. DSUs attract dividends in the form of additional DSUs at the same rate as dividends on common shares of the Corporation. The number of additional DSUs received as a result of the payment of a dividend on the common shares is equal to (i) (a) the amount of the dividend per common share multiplied by (b) the number of DSUs in the participant's account on the payment date of the dividend, divided by (ii) the weighted average trading price of the common shares on the TSX for the five (5) trading days immediately preceding the dividend record date.

### *Distribution on the DSUs*

Participants are not eligible to receive a distribution on the DSUs until, among other things, the participant ceases to be a director of the Corporation. The value of a DSU on distribution is calculated on a predetermined date in the future (which may be more than a year after the participant ceases to be a director), or an earlier date if elected by the participant or his or her estate. Generally, the value of a DSU (or number of common shares to be distributed) cannot be determined during or within two business days following a corporate blackout period applicable to then current directors of the Corporation but must be made as of the tenth business day following the end of such blackout period.

Under the 2013 DSU Plan, the Corporation is provided with the ability to elect, in its sole discretion, the method in which the Corporation will make a distribution on the DSUs. Distributions may be in the form of (i) common shares issued by the Corporation from treasury equal in number to the whole number of DSUs (rounded down) recorded in the participant's account on the distribution date; (ii) common shares purchased by the Corporation or its designee on the TSX equal in number to the whole number of DSUs (rounded down) recorded in the participant's account on the distribution date; or (iii) a lump sum payment in cash equal to the

number of DSUs (rounded down) recorded in the participant's account on the distribution date multiplied by the weighted average trading price of the common shares on the TSX for the five trading days immediately preceding the distribution date (or any combination of options (i), (ii) and/or (iii)). Fractional DSUs will be satisfied in cash calculated as in (iii) above. Any distribution on account of DSUs shall be made net of applicable withholding taxes.

Any purchases made by the Corporation or its designee on the TSX are to be made in accordance with the policies and procedures of the TSX.

The Corporation shall bear the cost of commissions and all other expenses incurred in respect of the issuance of common shares from treasury or the purchase of common shares on the TSX and all common shares issued to or acquired for a participant shall be registered in such name as the participant may direct and shall be delivered in accordance with his or her instructions.

#### *Number of Shares*

The maximum number of common shares that may be issued by the Corporation from treasury pursuant to the 2013 DSU Plan is 700,000. There is no limit, however, on the number of common shares that may be purchased by the Corporation or its designee on the TSX to satisfy DSUs outstanding under or governed by the 2013 DSU Plan subject to any requirements of the TSX. The table below indicates the status of the shares reserved for DSU grants under the 2013 DSU Plan as of December 31, 2018.

	Number of Shares or DSUs <sup>(1)</sup>	Percentage of Shares Outstanding <sup>(1)</sup>
Shares issued from treasury pursuant to the distribution of DSUs		0.00%
DSUs granted and outstanding <sup>(2)</sup>	265,369	0.21%
DSUs available for future grants <sup>(3)</sup>	434,631	0.35%
<b>Total number of shares reserved for issue</b>	<b>700,000</b>	<b>0.56%</b>

Notes:

- (1) The number of DSUs and shares and percentage of the number of shares outstanding are given as of December 31, 2018.
- (2) In addition to the units in the table above, there are 20,270 units outstanding under the previous version of the plan for which distributions may only be made in cash. As no shares will be issued in respect of those units, they are not included in the table above.
- (3) Number of DSUs available for future grants to be satisfied by shares issued from treasury assuming that all granted and currently outstanding DSUs are satisfied by the shares issued from treasury. DSUs can be satisfied in cash or by shares purchased on the TSX.

#### *Burn rate under Directors' DSU Plan*

The following table shows the number of DSUs issued for director's fees and dividend reinvestment reduced by reductions in the number of DSUs for distributions not made with treasury share with the corresponding grant rate and burn rates as a percentage of average shares outstanding for the past three years.

	2016	2017	2018
DSUs issued for director's fees	48,148	40,866	43,127
DSUs issued for dividend reinvestment	4,037	4,587	4,571
<b>Total DSUs granted</b>	<b>52,185</b>	<b>45,453</b>	<b>47,698</b>
<b>Burn rate<sup>(1)</sup></b>	<b>0.04%</b>	<b>0.04%</b>	<b>0.04%</b>
<b>Burn rate, net of non-treasury share distributions<sup>(1)</sup></b>	<b>0.03%</b>	<b>-0.06%</b>	<b>0.00%</b>

Note:

- (1) The burn rate for the year is calculated as the number of DSUs issued in respect of directors fees and dividend reinvestments, divided by the average number of shares outstanding. The burn rate is also calculated with the number of DSUs distributed without the issue of treasury shares netted against the number of DSUs issued.

### *Limits on Individual and Insider Participation*

No more than 10% of the Corporation's total issued and outstanding common shares shall be issued to insiders of the Corporation within any one-year period under the 2013 DSU Plan when combined with common shares issued to insiders of the Corporation under all of the Corporation's other security-based compensation arrangements.

In addition, no more than 10% of the Corporation's total issued and outstanding common shares shall be issuable to insiders of the Corporation at any time under the 2013 DSU Plan, when combined with all of the Corporation's other security-based compensation arrangements.

### *Share Capital Adjustments*

The number of DSUs (and related number of common shares available for distribution in respect thereof) outstanding under the 2013 DSU Plan shall be adjusted in such manner, if any, as the Board may in its discretion deem appropriate to preserve proportionally the interests of participants under the 2013 DSU Plan in the event of any subdivision, consolidation, stock dividend, capital reorganization, reclassification, exchange, or other change with respect to the common shares, or a consolidation, amalgamation, merger, spin-off, sale, lease or exchange of all or substantially all of the property of the Corporation or other distribution (other than normal cash dividends) of the Corporation's assets to shareholders.

### *Transfers of DSUs*

Except as required by law, the rights of a participant under the 2013 DSU Plan and any DSUs held by such participant are not capable of being assigned or transferred except by testate or intestate succession. The Corporation may assign its rights under the 2013 DSU Plan to any company resulting from the amalgamation, reorganization, combination, merger or arrangement of the Corporation or any company acquiring all or substantially all of the assets or business of the Corporation.

### *Effect of Death of a Participant*

Upon the death of a participant, a payment on the participant's outstanding DSUs shall be made to the estate of such participant on the last business day of the month which is at least 180 days after the Corporation is notified of the death of

the participant unless prior to such date the participant's estate chooses a later date for such payment, provided that such date is no later than the earlier of (i) the last business day of the calendar year following the calendar year in which the participant died and (ii) 15 business days following the distribution date of the participant otherwise determined under the 2013 DSU Plan. Similar but different rules apply to participants that are U.S. taxpayers. Payment on such outstanding DSUs shall be made in cash and/or common shares at the election of the Corporation and such payment shall be equivalent to the amount which would have otherwise been paid to the participant under the 2013 DSU Plan, calculated on the basis that the date on which the participant dies or the date elected by the estate, as applicable, is the distribution date.

If a participant dies while still a director, the last quarterly installment of the director's fees and retainer, as applicable, shall be paid in cash notwithstanding any election previously provided by such participant.

### *Amendments*

The 2013 DSU Plan may be amended, suspended or terminated by the Board, subject to provisions of applicable law (including, without limitation, the rules, regulations and policies of the TSX, if any, that require the approval of shareholders or any governmental or regulatory body).

The Board may make any types of amendments to the 2013 DSU Plan without seeking shareholder approval except the following types of amendments which will require shareholder approval:

- (i) amendments to the fixed maximum number of common shares issuable from treasury under the 2013 DSU Plan, including an increase to the fixed maximum number of common shares issuable

from treasury under the 2013 DSU Plan (other than as a result of customary share capital adjustments as contemplated in the 2013 DSU Plan) or a change from a fixed maximum number of common shares issuable from treasury under the 2013 DSU Plan to a fixed maximum percentage;

- (ii) any amendment expanding the categories of eligible directors entitled to participate in the 2013 DSU Plan which would have the potential of broadening or increasing insider participation;
- (iii) any amendment permitting the transfer or assignment of a DSU, except by testate or intestate succession; and
- (iv) amendments required to be approved by shareholders under applicable law (including, without limitation, the rules, regulations and policies of the TSX).

Examples of amendments that can be made to the 2013 DSU Plan without shareholder approval include

(i) those of a technical or “housekeeping” nature or (ii) those that are necessary to conform the 2013 DSU Plan to the requirements of applicable law or applicable regulatory requirements (including, without limitation, the rules, regulations and policies of the TSX) unless those amendments are required to be approved by shareholders under applicable law or such regulatory requirements.

No amendment, suspension or termination of the 2013 DSU Plan, however, may adversely affect any previously granted DSUs without the consent of the affected director. If the Board chooses to terminate or suspend the 2013 DSU Plan, no new DSUs will be issued, but previously credited DSUs will remain outstanding (but are not entitled to dividends except at the discretion of the Board) and shall be paid out in accordance with the terms of the 2013 DSU Plan.

## OTHER MATTERS

### DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Corporation provides directors' and officers' liability insurance with a policy limit of \$60,000,000. Under this insurance coverage, Maple Leaf Foods is reimbursed for payments made under corporate indemnity provisions on behalf of its directors and officers subject to a deductible of \$50,000 per occurrence. Individual directors and officers are also reimbursed for losses arising during the performance of their duties for which they are not indemnified by Maple Leaf Foods. Excluded from coverage are illegal acts and acts which result in personal profit.

The total premium paid by the Corporation for directors' and officers' liability insurance coverage for the last completed financial year was \$150,836 including taxes. No part of the premium is paid by any officer or director.

### INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed herein, none of the informed persons of the Corporation, as that term is defined in National Instrument 51-102, nor any proposed director of the Corporation, nor any associate or affiliate of any such person had any direct or indirect material interest, since January 1, 2018, in respect of any transaction or proposed transaction that has materially affected or will materially affect the Corporation or any of its subsidiaries.

### OTHER BUSINESS

Management of the Corporation is not aware of any matters to come before the meeting other than those referred to in the Notice of Meeting.

### RECEIPT OF SHAREHOLDER PROPOSALS FOR NEXT ANNUAL MEETING

Any shareholder who intends to present a proposal at our 2020 annual meeting of shareholders must send the proposal to the Corporation's Corporate Secretary at 6985 Financial Drive, Mississauga, Ontario, Canada L5N 0A1. In order for the proposal to be included in the proxy materials sent to shareholders for that meeting, the proposal must be received by the Corporation no later than December 20, 2019 and must comply with the requirements of Section 137 of the Act.

### ADDITIONAL INFORMATION

Additional documents of the Corporation including the most recent Annual Information Form; the Annual Report, including the audited financial statements of the Corporation and management's discussion and analysis for its most recently completed financial year; interim financial statements; and the Management Proxy Circular in respect of its most recent annual meeting of shareholders, are available by email at [Corporate.Secretary@mapleleaf.com](mailto:Corporate.Secretary@mapleleaf.com) or upon written request from the Corporate Secretary, Maple Leaf Foods Inc., 6985 Financial Drive, Mississauga, Ontario, Canada L5N 0A1. The above information and additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Corporation's comparative financial statements and management's discussion and analysis for its most recently completed financial year.

### DIRECTORS' APPROVAL

The directors of the Corporation have approved the contents of this Circular and its circulation.



R. Cappuccitti  
Senior Vice-President and Corporate Secretary

Mississauga, Ontario, Canada  
March 21, 2019

# APPENDIX A

## MEETING FREQUENCY AND ATTENDANCE

### ATTENDANCE BY COMMITTEE

BOARD/COMMITTEE	NUMBER OF MEETINGS	ATTENDANCE AT ALL MEETINGS	ATTENDANCE AT REGULARLY SCHEDULED MEETINGS
Board of Directors	12 meetings	94%	97%
Audit Committee ("AC")	5 meetings	94%	94%
Corporate Governance Committee ("CGC")	6 meetings	96%	92%
Safety & Sustainability Committee ("SSC")	3 meetings	92%	92%
Human Resources and Compensation Committee ("HRCC")	5 meetings	96%	100%
Average for all meetings	31 meetings	94%	96%

### ATTENDANCE BY DIRECTOR

DIRECTOR	ALL MEETINGS					REGULARLY SCHEDULED MEETINGS <sup>(1)</sup>			
	Board	AC	CGC	SSC	HRCC	Board and All Committees		Total	
W.E. Aziz	12/12	5/5			4/5	21/22	95%	19/19	100%
W.G. Beattie	11/12		6/6	1/1		18/19	95%	13/14	93%
R.G. Close	12/12	5/5	6/6			23/23	100%	18/18	100%
D.L. Emerson	12/12		5/6	1/1	4/4	22/23	96%	16/17	94%
J.M. Fraser	11/12		6/6		5/5	22/23	96%	17/17	100%
J.A. Lederer	10/12			3/3	5/5	18/20	90%	17/17	100%
K.N. Lemon	7/7	3/3		2/2		12/12	100%	11/11	100%
M.H. McCain	12/12					12/12	100%	10/10	100%
J.W.F. McCain	7/7			2/2		9/9	100%	8/8	100%
J.P. Olson <sup>(2)</sup>	3/6	1/2		0/1		4/9	44%	4/8	50%
C.M. Stephenson	12/12	2/2		2/2	5/5	21/21	100%	18/18	100%
	109/116	16/17	23/24	11/12	23/24	182/193	94%	151/157	96%
	94%	94%	96%	92%	96%	94%		96%	

#### Notes:

- (1) Dates for regularly scheduled meetings of the Board and each committee are set more than a year in advance. Nevertheless, in addition to these, some meetings are scheduled on short notice. The attendance record for "all meetings" includes these short notice meetings of the Board and each committee, while the attendance record for "regularly scheduled meetings" does not.
- (2) Mr. Olson passed away and ceased to be a director on May 2, 2018.

## APPENDIX B

### COMMONLY USED DEFINITIONS AND ACRONYMS

Term	Acronym
Audit Committee of the Board of Directors of Maple Leaf Foods Inc.	“AC”
Canada Business Corporations Act	“Act”
Board of Directors of Maple Leaf Foods Inc.	“Board”
Chief Executive Officer	“CEO”
Chief Financial Officer	“CFO”
Chief Operating Officer	“COO”
Corporate Governance Committee of the Board of Directors of Maple Leaf Foods Inc.	“CGC”
Deferred Share Unit(s)	“DSU(s)”
Earnings Before Interest, Taxes, Depreciation and Amortization	“EBITDA”
Earnings Before Tax	“EBT”
Human Resources and Compensation Committee of the Board of Directors of Maple Leaf Foods Inc.	“HRCC”
Long Term Incentive Plan	“LTIP”
Management Proxy Circular	“Circular”
Maple Leaf Foods Inc.	“Maple Leaf Foods”, “MLF” or the “Corporation”
McCain Capital Corporation	“MCC”
McCain Capital Inc.	“MCI”
Named Executive Officers as set out in the Compensation Disclosure and Analysis portion of this Circular	“NEO(s)”
Performance Share Unit(s)	“PSU(s)”
Restricted Share Unit(s)	“RSU(s)”
Safety and Sustainability Committee of the Board of Directors of Maple Leaf Foods Inc.	“SSC”
Senior Leadership Team	“SLT”
Short Term Incentive Plan	“STIP”
System for Electronic Document Analysis and Retrieval	“SEDAR”
Toronto Stock Exchange	“TSX”

## APPENDIX C

### MAPLE LEAF FOODS INC. 2016 Share Option Plan

Amended to February 27, 2019

#### ARTICLE 1 INTRODUCTION

##### 1.1 Purpose

The purpose of the Plan is to advance the interests of the Company by assisting the Company in attracting, retaining and motivating key employees and officers through performance related incentives.

##### 1.2 Definitions

When used herein, unless the context otherwise requires, the following terms have the indicated meanings, respectively:

“**Affiliated Company**” has the meaning set forth in the *Securities Act* (Ontario), as amended from time to time;

“**Board**” means the board of directors of the Company;

“**Business Day**” means a day, other than a Saturday or Sunday, on which the principal commercial banks in the City of Toronto are open for commercial business during normal banking hours;

“**Cause**” means, with respect to a particular Employee:

- (a) “cause” as such term is defined in the employment or other written agreement between the Company, an Affiliated Company or a Partnership and the Employee as described in Section 3.8; or
- (b) in the event there is no written or other applicable employment agreement between the Company, an Affiliated Company or a Partnership as described in Section 3.8 or “cause” is not defined in such agreement, “cause” as such term is defined in the Option Agreement; or
- (c) in the event neither (a) nor (b) apply, then “cause” as such term is defined by applicable law or, if not so defined, such term shall refer to circumstances where an employer can terminate an individual’s employment without notice or pay in lieu thereof;

“**CEO**” means Chief Executive Officer;

“**Change in Control**” means the occurrence of any one or more of the following events:

- (a) any transaction at any time and by whatever means pursuant to which any Person or any group of two or more Persons acting jointly or in concert (other than the Company, a wholly-owned subsidiary of the Company, or an employee benefit plan of the Company or of any of its wholly-owned subsidiaries, including the trustee of any such plan acting as trustee) hereafter acquires the direct or indirect “beneficial ownership” (as defined in the *Securities Act* (Ontario)) of, or acquires the right to exercise control or direction over, securities of the Company representing more than 50% of the aggregate of the then issued and outstanding voting securities of the Company in any manner whatsoever, including, without limitation, as a result of a take-over bid, an exchange of securities, an amalgamation of the Company with any other entity, an arrangement, a capital reorganization or any other business combination or reorganization;
- (b) the sale, assignment or other transfer of all or substantially all of the assets of the Company to a Person other than a wholly-owned subsidiary of the Company;
- (c) the dissolution or liquidation of the Company, except in connection with the distribution of assets of the Company to one or more Persons which were wholly-owned subsidiaries of the Company prior to such event;

- (d) the occurrence of a transaction requiring approval of the Company's shareholders whereby the Company is acquired through consolidation, merger, exchange of securities, purchase of assets, amalgamation, statutory arrangement or otherwise by any other Person (other than a short form amalgamation or exchange of securities with a wholly-owned subsidiary of the Company);
- (e) the Board passes a resolution to the effect that, for the purposes of some or all of the Option Agreements, a Change in Control shall be deemed to have occurred in such circumstances as the Board shall determine;

provided that, notwithstanding clause (a), (b), (c) and (d) above, a Change in Control shall be deemed not to have occurred if immediately following the transaction set forth in clause (a), (b), (c) or (d) above: (A) the holders of securities of the Company that immediately prior to the consummation of such transaction represented more than 50% of the combined voting power of the then outstanding securities eligible to vote for the election of directors of the Company hold (x) securities of the entity resulting from such transaction (the "**Surviving Entity**") that represent more than 50% of the combined voting power of the then outstanding securities eligible to vote for the election of directors or trustees ("**voting power**") of the Surviving Entity, or (y) if applicable, securities of the entity that directly or indirectly has beneficial ownership of 100% of the securities eligible to elect directors or trustees of the Surviving Entity (the "**Parent Entity**") that represent more than 50% of the combined voting power of the then outstanding securities eligible to vote for the election of directors or trustees of the Parent Entity, and (B) no Person or group of two or more Persons acting jointly or in concert, is the beneficial owner, directly or indirectly, of more than 50% of the voting power of the Parent Entity (or, if there is no Parent Entity, the Surviving Entity) (any such transaction which satisfies all of the criteria specified in clauses (A) and (B) above being referred to as a "**Non-Qualifying Transaction**" and, following the Non-Qualifying Transaction, references in this definition of "Change in Control" to the "Company" shall mean and refer to the Parent Entity (or, if there is no Parent Entity, the Surviving Entity) and, if such entity is a company or a trust, references to the "Board" shall mean and refer to the board of directors or trustees, as applicable, of such entity).

Notwithstanding the foregoing, for purposes of any Option that constitutes "deferred compensation" (within the meaning of Section 409A of the Code), the payment of which would be accelerated upon a Change in Control, a transaction will not be deemed a Change in Control for Options granted to any Optionee who is a U.S. Taxpayer unless the transaction qualifies as "a change in control event" within the meaning of Section 409A of the Code.

Further and for the avoidance of doubt, a transaction will not constitute a Change in Control if: (x) its sole purpose is to change the state or jurisdiction of the Company's incorporation, or (y) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction;

"**Code**" means the United States Internal Revenue Code of 1986, as amended from time to time;

"**Committee**" has the meaning set forth in Section 2.2;

"**Company**" means Maple Leaf Foods Inc.;

"**Date of Grant**" means, for any Option, the date specified by the Plan Administrator at the time it grants the Option (which, for greater certainty, shall be no earlier than the date on which the Board meets or otherwise acts for the purpose of granting such Option) or if no such date is specified, the date upon which the Option was granted;

"**Early Retirement**" means retirement from active employment with the Company, any Affiliated Company or any Partnership, where such individual has attained age 55 with at least 10 years of service or at or after such lesser age and/or service thresholds as the Board may determine, all in accordance with such conditions as may be determined by the Board;

"**Effective Date**" means the effective date of the Plan, being January 25, 2016;

**“Employee”** means (i) a part-time or full-time employee of the Company, Affiliated Company or Partnership (as the case may be) and includes an officer of the Company, Affiliated Company or Partnership (as the case may be) or (ii) a consultant, meaning a Person other than a Person as referred to in (i) that (A) is engaged to provide services to the Company, Affiliated Company or Partnership (as the case may be), (B) provides services under a written contract with the Company, Affiliated Company or Partnership (as the case may be) and (C) spends a significant amount of time and attention on the affairs and business of the Company, Affiliated Company or Partnership (as the case may be), but shall not include a member of the Board who is not a Person referred to in (i);

**“Exercise Notice”** means a notice in writing, in the form specified by the Company, signed or otherwise acknowledged by an Optionee and stating the Optionee’s intention to exercise a particular Option;

**“Exercise Price”** means the price at which a Share subject to an Option may be purchased pursuant to the exercise of an Option, which for greater certainty, shall not be less than the Market Price on the Date of Grant;

**“Expiry Date”** means the expiry date specified in the Option Agreement (which shall not be later than the tenth (10<sup>th</sup>) anniversary of the Date of Grant) or, if not so specified, means the tenth (10<sup>th</sup>) anniversary of the Date of Grant;

**“Insider”** means an “insider” as defined by the TSX from time to time in its rules and regulations governing Security Based Compensation Arrangements and other related matter;

**“Market Price”** at any date in respect of the Shares shall be the value represented by the weighted average trading price of such Shares on the TSX for the last five (5) trading days prior to such date (or if such Shares did not trade on the TSX on such days, the average of the bid and ask prices of such Shares at the close of trading on such days). In the event that such Shares are not listed and posted for trading on any TSX, the Market Price shall be the fair market value of such Shares as determined by the Plan Administrator in its sole discretion;

**“Normal Retirement”** means retirement from active employment with the Company, any Affiliated Company or any Partnership, where such individual has attained age 60 with at least 10 years of service or at or after such lesser age and/or service thresholds as the Board may determine, all in accordance with such conditions as may be determined by the Board;

**“Option”** means a right to purchase Shares under the Plan that is non-assignable and non-transferable unless otherwise approved by the Plan Administrator;

**“Option Agreement”** means a written agreement between an Optionee and the Company signed or otherwise acknowledged by the Optionee, in a form approved by the Plan Administrator, evidencing the terms and conditions on which an Option has been granted under the Plan and which need not be identical to any other such agreements;

**“Optionee”** means an Employee to whom an Option has been granted under the Plan and their Permitted Assigns;

**“Optionee’s Employer”** means with respect to an Optionee that is or was an Employee, the Company or such Affiliated Company or such Partnership as is or, if the Optionee has ceased to be employed by the Company or such Affiliated Company or such Partnership, was the Optionee’s Employer;

**“Partnership”** means a partnership of which the Company or an Affiliated Company is a partner;

**“Permitted Assign”** has the meaning assigned to that term in National Instrument 45-106 Prospectus and Registration Exemptions of the Canadian Securities Administrators, as amended from time to time;

**“Person”** includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, and a natural person in his or her capacity as trustee, executor, administrator or other legal representative;

“**Plan**” means this Share Option Plan, as may be amended or amended and restated from time to time;

“**Plan Administrator**” means the Board, or if the administration of the Plan has been delegated by the Board to the Committee pursuant to Section 2.2, the Committee;

“**Securities Laws**” means securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders in force from time to time that govern or are applicable to the Company or to which it is subject;

“**Security Based Compensation Arrangement**” has the meaning given to that term in the Company Manual of the TSX, as amended from time to time;

“**Share**” means one (1) common share in the capital of the Company;

“**Termination Date**” means, in the case of an Employee whose employment with the Company, an Affiliated Company or a Partnership terminates in the circumstances set out in Subsection 3.8(a), (b) or (c), (i) the date designated by the Employee and the Company, an Affiliated Company or a Partnership in a written employment agreement, or other written agreement between the Employee and the Company, an Affiliated Company or a Partnership, or (ii) if no written employment agreement exists, the date designated by the Company, an Affiliated Company or a Partnership, as the case may be, on which an Employee ceases to be an employee of the Company, an Affiliated Company or a Partnership, as the case may be, provided that, in the case of termination of employment by voluntary resignation by the Optionee, such date shall not be earlier than the date notice of resignation was given, and “Termination Date” specifically does not mean the date of termination of any period of reasonable notice that the Company, an Affiliated Company or a Partnership (as the case may be) may be required by law to provide to the Optionee;

“**TSX**” means the Toronto Stock Exchange;

“**U.S.**” means the United States of America; and

“**U.S. Taxpayer**” shall mean an Optionee who, with respect to an Option, is subject to taxation under the applicable U.S. tax laws.

### **1.3 Interpretation**

- (a) Whenever the Board, the Committee or the Plan Administrator exercises discretion in the administration of this Plan, the term “discretion” means the sole and absolute discretion of the Board, Committee or Plan Administrator, as the case may be.
- (b) As used herein, the terms “Article”, “Section”, “Subsection” and “clause” mean and refer to the specified Article, Section, Subsection and clause of the Plan, respectively.
- (c) Words importing the singular include the plural and vice versa and words importing any gender include any other gender.
- (d) Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period begins, including the day on which the period ends, and abridging the period to the immediately preceding Business Day in the event that the last day of the period is not a Business Day. In the event an action is required to be taken or a payment is required to be made on a day which is not a Business Day such action shall be taken or such payment shall be made by the immediately preceding Business Day.
- (e) In this Plan, a Person is considered to be a “subsidiary entity” of another Person if:
  - (i) it is controlled by,
    - (A) that other, or
    - (B) that other and one or more Persons, each of which is controlled by that other, or

- (C) two or more Persons, each of which is controlled by that other; or
- (ii) it is a subsidiary entity of a Person that is that other's subsidiary entity.
- (f) In this Plan, a Person is considered to be "controlled" by another person or company if the first person or company provides, directly or indirectly, the principal direction or influence over the business and affairs of the second person or company by virtue of :
  - (i) ownership or direction of voting securities in the second person or company,
  - (ii) a written agreement or indenture,
  - (iii) being or controlling the general partner of a limited partnership, or
  - (iv) being a trustee of a trust.
- (g) Unless otherwise specified, all references to money amounts are to Canadian currency.
- (h) The headings used herein are for convenience only and are not to affect the interpretation of the Plan.

## **ARTICLE 2 PLAN ADMINISTRATION**

### **2.1 Plan Administration**

Subject to Section 2.2, the Plan will be administered by the Plan Administrator and the Plan Administrator has sole and complete authority, in its discretion, to:

- (a) determine the individuals to whom grants under the Plan may be made;
- (b) make grants of Options under the Plan to such Persons and, subject to the provisions of the Plan, on such terms and conditions as it determines including without limitation:
  - (i) the time or times at which Options may be granted;
  - (ii) the Exercise Price at which Shares subject to each option may be purchased;
  - (iii) the time or times when each Option become exercisable and the Expiry Date;
- (c) whether restrictions or limitations are to be imposed on the Shares issuable pursuant to grants of any Option, and the nature of such restrictions or limitations, if any; and
- (d) any acceleration of exercisability or waiver of termination regarding any Option, based on such factors as the Plan Administrator may determine;
- (e) establish the form or forms of Option Agreements;
- (f) cancel, amend, adjust or otherwise change any Option under such circumstances as the Plan Administrator may consider appropriate in accordance with the provisions of the Plan;
- (g) construe and interpret the Plan and all Option Agreements;
- (h) adopt, amend, prescribe and rescind administrative guidelines and other rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of satisfying applicable foreign laws or for qualifying for favorable tax treatment under applicable foreign laws; and
- (i) make all other determinations and take all other actions necessary or advisable for the implementation and administration of the Plan.

### **2.2 Delegation of Plan Administration**

- (a) The initial Plan Administrator shall be the Board.
- (b) To the extent permitted by applicable law, the Board may, from time to time, delegate to a committee of the Board (the "**Committee**") all or any of the powers conferred on the Plan

Administrator pursuant to the Plan, including the power to sub-delegate to any specified officer(s) of the Company or its subsidiaries all or any of the powers delegated by the Board. In such event, the Committee or any sub-delegate will exercise the powers delegated to it in the manner and on the terms authorized by the delegating party. Any decision made or action taken by the Committee or sub-delegate arising out of or in connection with the administration or interpretation of the Plan in this context is final and conclusive and binding on the Company and any Affiliated Company or Partnership, all Optionees and all other Persons.

### **2.3 Determinations Binding**

Any decision made or action taken by the Board, the Committee or any officers or employees to whom authority has been delegated pursuant to Subsection 2.2 arising out of or in connection with the administration or interpretation of the Plan is final, conclusive and binding on the Company, the affected Optionee(s), their legal and personal representatives and all other Persons.

### **2.4 Eligibility**

All Employees are eligible to participate in the Plan, subject to Subsection 3.8(d). Eligibility to participate does not confer upon any Employee any right to receive any grant of an Option pursuant to the Plan. The extent to which any Employee is entitled to receive a grant of an Option pursuant to the Plan will be determined in the sole and absolute discretion of the Plan Administrator.

### **2.5 Compliance with Securities Laws**

Any Option granted under the Plan shall be subject to the requirement that, if at any time the Company shall determine that the listing, registration or qualification of the Shares issuable pursuant to such Option upon any securities exchange or under any Securities Laws of any jurisdiction, or the consent or approval of the TSX and any securities commissions or similar securities regulatory bodies having jurisdiction over the Company is necessary as a condition of, or in connection with, the grant or exercise of such Option or the issuance or purchase of Shares thereunder, such Option may not be accepted or exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained on conditions acceptable to the Plan Administrator. Nothing herein shall be deemed to require the Company to apply for or to obtain such listing, registration, qualification, consent or approval. Optionees shall, to the extent applicable, cooperate with the Company in complying with such legislation, rules, regulations and policies.

### **2.6 Total Shares Subject to Options**

- (a) Subject to any subsequent amendment to the Plan, the aggregate number of Shares reserved for issuance pursuant to Options granted under the Plan shall not exceed ~~2,500,000~~ 5,500,000 Shares.
- (b) To the extent any Options (or portion(s) thereof) under the Plan terminate or are cancelled for any reason prior to exercise in full, or are surrendered to the Company by the Optionee, except surrenders relating to the payment of the purchase price of any such Option or the satisfaction of the tax withholding obligations related to any such Option, the Shares subject to such awards (or portion(s) thereof) shall be added back to the number of Shares reserved for issuance under the Plan and will again become available for issuance pursuant to the exercise of Options granted under the Plan.
- (c) Any Shares issued by the Company through the assumption or substitution of outstanding stock options or other equity-based awards from an acquired company shall not reduce the number of Shares available for issuance pursuant to the exercise of Options granted under the Plan.

### **2.7 Limits on Grants of Options**

Notwithstanding anything in the Plan, the aggregate number of Shares:

- (a) issuable to Insiders at any time, under all of the Company's Security Based Compensation Arrangements, shall not exceed ten (10%) percent of the issued and outstanding Shares; and

- (b) issued to Insiders within any one-year period, under all of the Company's Security Based Compensation Arrangements, shall not exceed ten (10%) percent of the issued and outstanding Shares,

provided that the acquisition of Shares by the Company for cancellation shall not constitute non-compliance with this Section 2.6 for any Options outstanding prior to such purchase of Shares for cancellation.

## **2.8 Option Agreements**

Each Option under the Plan will be evidenced by an Option Agreement. Each Option Agreement will be subject to the applicable provisions of the Plan and will contain such provisions as are required by the Plan and any other provisions that the Plan Administrator may direct. Any one officer of the Company is authorized and empowered to execute and deliver, for and on behalf of the Company, an Option Agreement to each Optionee granted an Option pursuant to the Plan.

## **ARTICLE 3 GRANT OF OPTIONS**

### **3.1 Grant of Options**

The Plan Administrator may, from time to time, subject to the provisions of the Plan and such other terms and conditions as the Plan Administrator may prescribe, grant Options to any Optionee. The terms and conditions of each Option grant shall be evidenced by an Option Agreement.

### **3.2 Exercise Price**

The Plan Administrator will establish the Exercise Price at the time each Option is granted, which Exercise Price must in all cases be not less than the Market Price of a Share on the Date of Grant.

### **3.3 Term of Options**

Subject to any accelerated termination as set forth in the Plan, each Option expires on its Expiry Date.

### **3.4 Black-out Period**

If an Option expires during, or within five Business Days after, a routine or special trading black-out period imposed by the Company to restrict trades in the Company's securities, then, notwithstanding any other provision of the Plan, unless the delayed expiration would result in tax penalties, the Option shall expire ten Business Days after the trading black-out period is lifted by the Company.

### **3.5 Vesting and Exercisability**

Except as otherwise provided in the Plan, each Option will vest and be exercisable in accordance with such provisions, if any, as may be specified by the Plan Administrator at the time of granting an Option.

Once an instalment becomes vested, it shall remain vested and shall be exercisable until expiration or termination of the Option, unless otherwise specified by the Plan Administrator, or as may be otherwise set forth in any written employment agreement, or other written agreement between the Company, an Affiliated Company or a Partnership and the Optionee. Each Option or instalment may be exercised at any time or from time to time, in whole or in part, for up to the total number of Shares subject to Options with respect to which it is then exercisable. The Plan Administrator has the right to accelerate the date upon which any instalment of any Option becomes exercisable.

Subject to the provisions of the Plan and any Option Agreement, Options shall be exercised by means of a fully completed Exercise Notice delivered to the Company.

The Plan Administrator may provide at the time of granting an Option that the exercise of that Option is subject to restrictions, in addition to those specified in Section 3.5, such as performance-based vesting conditions.

### 3.6 Payment of Exercise Price

Unless otherwise specified by the Plan Administrator at the time of granting an Option, the Exercise Notice must be accompanied by payment in full of the purchase price for the Shares to be purchased. The Exercise Price must be fully paid by certified cheque, bank draft or money order payable to the Company or by such other means as might be specified from time to time by the Plan Administrator, which may include (i) through an arrangement with a broker approved by the Company (or through an arrangement directly with the Company) whereby payment of the Exercise Price is accomplished with the proceeds of the sale of Shares deliverable upon the exercise of the Option, (ii) through any cashless exercise process as may be approved by the Plan Administrator, or (iii) such other consideration and method of payment for the issuance of Shares to the extent permitted by the Securities Laws, or any combination of the foregoing methods of payment.

No Shares will be issued or transferred until full payment therefor has been received by the Company.

### 3.7 Surrender of Options

An Optionee may, in lieu of exercising vested Options, choose to surrender such Options to the Company in exchange for Shares with an aggregate fair market value equal to the In-the-Money Value of such Options. The “**In-the-Money Value**” of a vested Option as of any day is the amount, if any, by which the closing trading price of a Share on the last trading day immediately preceding the date of exercise exceeds the Exercise Price of the Option. Following the surrender of Options, the Company shall issue to the Optionee a number of Shares (such number of Shares being rounded down to the nearest whole number) which, valued at such closing trading price on the last trading day immediately preceding the date of exercise, have an aggregate value equivalent to the In-the-Money Value.

### 3.8 Termination of Employment or Services

Subject to Section 3.9, unless otherwise specified by the Plan Administrator at the time of granting an Option:

- (a) where an Employee’s employment is terminated (i) by the Company, an Affiliated Company or a Partnership without Cause (whether such termination occurs with or without any or adequate reasonable notice, or with or without any or adequate compensation in lieu of such reasonable notice) (ii) for Early Retirement, (iii) by reason of voluntary resignation or (iv) for any other reason other than as set out in Subsections 3.8(b) or 3.8(c), then each Option held by the Optionee that has vested as of the Termination Date continues to be exercisable by the Optionee until the earlier of (A) its Expiry Date and (B) the date that is 90 days after the Termination Date, and any Option or other Option held by the Optionee that has not vested as of the Termination Date is immediately forfeited and cancelled as of the Termination Date;
- (b) if an Employee’s employment of the Company, an Affiliated Company or a Partnership is terminated for Normal Retirement, then each Option held by the Optionee that has vested as of the Termination Date continues to be exercisable by the Optionee until its Expiry Date, and any Option or other Option held by the Optionee that has not vested as of the Termination Date is immediately forfeited and cancelled as of the Termination Date;
- (c) where an Employee’s employment terminates by reason of termination by the Company, an Affiliated Company or a Partnership for Cause, then any Option or other Option held by the Optionee, whether or not it has vested as of the Termination Date, is immediately forfeited and cancelled as of the Termination Date;
- (d) an Optionee’s eligibility to receive further grants of Options under the Plan ceases as of the date that the Company, an Affiliated Company or a Partnership, as the case may be, provides the Optionee with written notification that the Optionee’s employment or consulting agreement or arrangement, as the case may be, is terminated in the circumstances contemplated by this Section 3.8, notwithstanding that such date may be prior to the Termination Date; and
- (e) notwithstanding Subsection 3.8(a), unless the Plan Administrator, in its discretion, otherwise determines, at any time and from time to time, Options are not affected by a change of employment arrangement within or among the Company, an Affiliated Company or a Partnership for so long as the Optionee continues to be an Employee of the Company, an Affiliated Company or a Partnership.

Notwithstanding the subsections specified above, the Plan Administrator may, in its discretion, at any time prior to, or following the events contemplated in the subsections above, or in an employment agreement or other written agreement between the Company, an Affiliated Company or a Partnership (as the case may be) and the Optionee, (i) extend the period that the Options continue to be exercisable by the Optionee following the Termination Date up to the original Expiry Date or (ii) permit Options that are not vested as at the Termination Date to continue to vest after the Termination Date, all in the manner and on the terms as may be authorized by the Plan Administrator.

### **3.9 Discretion to Permit Acceleration**

Notwithstanding the provisions of Section 3.8, the Plan Administrator may, in its discretion, at any time prior to, or following the events contemplated in such Sections, or in an employment agreement or other written agreement between the Company, an Affiliated Company or a Partnership and the Optionee, permit the acceleration of vesting of any or all Options, all in the manner and on the terms as may be authorized by the Plan Administrator.

### **3.10 Change in Control**

Except as may be set forth in an employment agreement, or other written agreement between the Company, an Affiliated Company or a Partnership and the Optionee:

- (a) Notwithstanding anything else in the Plan or any Option Agreement, the Plan Administrator may, without the consent of any Optionee, take such steps as it deems necessary or desirable, including to cause (i) the conversion or exchange of any outstanding Options into or for, rights or other securities of substantially equivalent value (or greater value), as determined by the Plan Administrator in its discretion, in any entity participating in or resulting from a Change in Control; (ii) outstanding Options to vest and become exercisable, realizable, or payable, or restrictions applicable to an Option to lapse, in whole or in part prior to or upon consummation of such merger or Change in Control, and, to the extent the Plan Administrator determines, terminate upon or immediately prior to the effectiveness of such merger or Change in Control; (iii) the termination of an Option in exchange for an amount of cash and/or property, if any, equal to the amount that would have been attained upon the exercise of such Option or realization of the Optionee's rights as of the date of the occurrence of the transaction (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction the Plan Administrator determines in good faith that no amount would have been attained upon the exercise of such Option or realization of the Optionee's rights, then such Option may be terminated by the Company without payment); (iv) the replacement of such Option with other rights or property selected by the Board in its sole discretion; or (v) any combination of the foregoing. In taking any of the actions permitted under this subparagraph (a), the Plan Administrator will not be required to treat all Options similarly.
- (b) Notwithstanding Section 4.1, and unless otherwise determined by the Plan Administrator, if, as a result of a Change in Control, the Shares will cease trading on the TSX, then the Company may terminate all of the Options granted under the Plan at the time of and subject to the completion of the Change in Control transaction by paying to each holder at or within a reasonable period of time following completion of such Change in Control transaction an amount for each Options equal to the fair market value of such Option held by such Optionee as determined by the Plan Administrator, acting reasonably.

### **3.11 Permitted Assigns**

Options may be transferred by Employees to a Permitted Assign of an Employee as applicable, or as may otherwise be approved by the Plan Administrator. In any such case, the provisions of Article 3 shall apply to the Option as if the Option was held by the Employee rather than such person's Permitted Assign.

In the event of the death of the Permitted Assign, the Option shall be automatically transferred to the Employee who effected the transfer of the Option to the deceased Permitted Assign. If any Optionee has transferred Options to a corporation pursuant to this Section 3.11, such Options will terminate and be of no further force or effect if at any time the transferor should cease to own all of the issued shares of such corporation.

### **3.12 Recoupment**

Notwithstanding any other terms of the Plan, Options may be subject to potential cancellation, recoupment, rescission, payback or other action in accordance with the terms of any clawback, recoupment or similar policy adopted by the Company, an Affiliated Company or a Partnership and in effect at the Date of Grant of the Option, or as otherwise required by law or the rules of the TSX. The Committee may at any time waive the application of this Section 3.12 to any Optionee or category of Optionees.

## **ARTICLE 4 SHARE CAPITAL ADJUSTMENTS**

### **4.1 General**

The existence of any Options does not affect in any way the right or power of the Company or its shareholders to make, authorize or determine any adjustment, recapitalization, reorganization or any other change in the Company's capital structure or its business, or any amalgamation, combination, arrangement, merger or consolidation involving the Company, to create or issue any bonds, debentures, Shares or other securities of the Company or to determine the rights and conditions attaching thereto, to effect the dissolution or liquidation of the Company or any sale or transfer of all or any part of its assets or business, or to effect any other corporate act or proceeding, whether of a similar character or otherwise, whether or not any such action referred to in this Section 4.1 would have an adverse effect on the Plan or on any Option granted hereunder.

### **4.2 Reorganization of Company's Capital**

Should the Company effect a subdivision or consolidation of Shares or any similar capital reorganization or a payment of a stock dividend (other than a stock dividend that is in lieu of a cash dividend), or should any other change be made in the capitalization of the Company that does not constitute a Change in Control and would warrant the amendment or replacement of any existing Options in order to adjust the number of Shares that may be acquired on the vesting of outstanding Options and/or the terms of any Option in order to preserve proportionately the rights and obligations of the Optionees holding such Options, the Plan Administrator will authorize such steps to be taken as it may consider to be equitable and appropriate to that end.

### **4.3 Other Events Affecting the Company**

In the event of an amalgamation, combination, arrangement, merger or other transaction or reorganization involving the Company and occurring by exchange of Shares, by sale or lease of assets or otherwise, that does not constitute a Change in Control and that warrants the amendment or replacement of any existing Options in order to adjust the number of Shares that may be acquired on the vesting of outstanding Options and/or the terms of any Option in order to preserve proportionately the rights and obligations of the Optionees holding such Options, the Plan Administrator will, subject to the prior approval of the TSX (if then listed on the TSX), authorize such steps to be taken as it may consider to be equitable and appropriate to that end.

### **4.4 Immediate Acceleration of Options**

Where the Plan Administrator determines that the steps provided in Sections 4.2 and 4.3 would not preserve proportionately the rights, value and obligations of the Optionees holding such Options in the circumstances or otherwise determines that it is appropriate, the Plan Administrator may, but is not required, to permit the immediate vesting of any unvested Options.

### **4.5 Issue by Company of Additional Shares**

Except as expressly provided in this Article 4, neither the issue by the Company of shares of any class or securities convertible into or exchangeable for shares of any class, nor the conversion or exchange of such shares or securities, affects, and no adjustment by reason thereof is to be made with respect to the number of Shares that may be acquired as a result of a grant of Options.

## 4.6 Fractions

No fractional Shares will be issued pursuant to an Option. Accordingly, if, as a result of any adjustment under Sections 4.2 to 4.4 inclusive, or a dividend equivalent, an Optionee would become entitled to a fractional Share, the Optionee has the right to acquire only the adjusted number of full Shares and no payment or other adjustment will be made with respect to the fractional Shares, which shall be disregarded.

## ARTICLE 5 GENERAL PROVISIONS

### 5.1 U.S. Taxpayers – Section 409A of the Code

The Plan will be construed and interpreted to be exempt from, or where not so exempt, to comply with Section 409A of the Code to the extent required to preserve the intended tax consequences of the Plan. To the extent that an Option or payment, or the settlement or deferral thereof, is subject to Section 409A of the Code, the Option will be granted, paid, settled or deferred in a manner that will meet the requirements of Section 409A of the Code, such that the grant, payment, settlement or deferral will not be subject to the additional tax or interest applicable under Section 409A of the Code. The Company reserves the right to amend the Plan to the extent it reasonably determines is necessary in order to preserve the intended tax consequences of the Plan in light of Section 409A of the Code and any regulations or guidance under that section. In no event will the Company be responsible if Options under the Plan result in adverse tax consequences to a U.S. Taxpayer under Section 409A of the Code. Notwithstanding any provisions of the Plan to the contrary, in the case of any “specified employee” within the meaning of Section 409A of the Code who is a U.S. Taxpayer, distributions of non-qualified deferred compensation under Section 409A of the Code made in connection with a “separation from service” within the meaning set forth in Section 409A of the Code may not be made prior to the date which is 6 months after the date of separation from service (or, if earlier, the date of death of the U.S. Taxpayer). Any amounts subject to a delay in payment pursuant to the preceding sentence shall be paid as soon practicable following such 6-month anniversary of such separation from service.

### 5.2 Amendment, Suspension, or Termination of the Plan

The Plan Administrator may from time to time, without notice and without approval of the holders of voting shares of the Company, amend, modify, change, suspend or terminate the Plan or any Options granted pursuant to the Plan as it, in its discretion determines appropriate, provided, however, that:

- (a) no such amendment, modification, change, suspension or termination of the Plan or any Options granted hereunder may materially impair any rights of an Optionee or materially increase any obligations of an Optionee under the Plan without the consent of the Optionee, unless the Plan Administrator determines such adjustment is required or desirable in order to comply with any applicable Securities Laws or TSX requirements; and
- (b) any amendment that would cause an Option held by a U.S. Taxpayer be subject to the additional tax penalty under Section 409A(1)(b)(i)(II) of the Code shall be null and void *ab initio*.

### 5.3 Shareholder Approval

Notwithstanding Section 5.1 approval of the holders of the voting shares of the Company shall be required for any amendment, modification or change that:

- (a) increases the number of Shares reserved for issuance under the Plan, except pursuant to the provisions in the Plan which permit the Plan Administrator to make equitable adjustments in the event of transactions affecting the Company or its capital;
- (b) increases or removes the 10% limits on Shares issuable or issued to insiders as set forth in Section 2.7;
- (c) reduces the exercise price of an Option (for this purpose, a cancellation or termination of an Option of an Optionee prior to its Expiry Date for the purpose of reissuing an Option to the same

Optionee with a lower exercise price shall be treated as an amendment to reduce the exercise price of an Option) except pursuant to the provisions in the Plan which permit the Plan Administrator to make equitable adjustments in the event of transactions affecting the Company or its capital;

- (d) extends the term of an Option beyond the original Expiry Date (except where an Expiry Date would have fallen within a blackout period applicable to the Optionee or within 5 Business Days following the expiry of such a blackout period);
- (e) permits an Option to be exercisable beyond 10 years from its Date of Grant (except where an Expiry Date would have fallen within a blackout period of the Company);
- (f) permits members of the Board who are not Employees to receive Options under the Plan;
- (g) permits Options to be transferred to a Person other than a Permitted Assign or for normal estate settlement purposes; or
- (h) deletes or reduces the range of amendments which require approval of the holders of voting shares of the Company under this Section 5.3.

#### **5.4 Permitted Amendments**

Without limiting the generality of Section 5.1, but subject to Section 5.3, the Plan Administrator may, without shareholder approval, at any time or from time to time, amend the Plan for the purposes of:

- (a) making any amendments to the general vesting provisions of each Option;
- (b) making any amendments to any of Sections 3.8, 3.9 or 5.10;
- (c) making any amendments to add covenants of the Company for the protection of Optionees, as the case may be, provided that the Plan Administrator shall be of the good faith opinion that such additions will not be prejudicial to the rights or interests of the Optionees, as the case may be;
- (d) making any amendments not inconsistent with the Plan as may be necessary or desirable with respect to matters or questions which, in the good faith opinion of the Plan Administrator, having in mind the best interests of the Optionees it may be expedient to make, including amendments that are desirable as a result of changes in law in any jurisdiction where an Optionee resides, provided that the Plan Administrator shall be of the opinion that such amendments and modifications will not be prejudicial to the interests of the Optionees; or
- (e) making such changes or corrections which, on the advice of counsel to the Company, are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error, provided that the Plan Administrator shall be of the opinion that such changes or corrections will not be prejudicial to the rights and interests of the Optionees.

#### **5.5 Legal Requirement**

The Company is not obligated to grant any Options, issue any Shares or other securities, make any payments or take any other action if, in the opinion of the Plan Administrator, in its sole discretion, such action would constitute a violation by an Optionee or the Company of any provision of any applicable statutory or regulatory enactment of any government or government agency or the requirements of any TSX upon which the Shares may then be listed.

#### **5.6 Non-transferability of Options**

Except as permitted under Section 3.11 or as otherwise permitted by the Plan Administrator, no assignment or transfer of Options, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such Options whatsoever in any assignee or transferee and immediately upon any assignment or transfer, or any attempt to make the same, such Options will terminate and be of no further force or effect.

## **5.7 No Other Benefit**

No amount will be paid to, or in respect of, an Optionee under the Plan to compensate for a downward fluctuation in the price of a Share, nor will any other form of benefit be conferred upon, or in respect of, an Optionee for such purpose.

## **5.8 Governing Law**

The Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

## **5.9 Submission To Jurisdiction**

The Company and each Optionee irrevocably submits to the exclusive jurisdiction of the courts of competent jurisdiction in the Province of Ontario in respect of any action or proceeding relating in any way to the Plan, including with respect to the grant of Options and any issuance of Shares made in accordance with the Plan.

## **5.10 Optionees' Entitlement**

Except as otherwise provided in the Plan, or unless as otherwise determined by the board in its sole discretion, Options previously granted under the Plan are not affected by any change in the relationship between, or ownership of, the Company and an Affiliated Company. For greater certainty, and unless as otherwise determined by the board in its sole discretion, all grants of Options remain outstanding and are not affected by reason only that, at any time, an Affiliated Company ceases to be an Affiliated Company.

## **5.11 Withholding Taxes**

In addition to the other conditions on exercise set forth in the Plan, the exercise of each Option granted under the Plan is subject to the satisfaction of all applicable withholding taxes or other withholding liabilities as the Company may determine to be necessary or desirable in respect of such exercise. The Company may (a) require that an Optionee pay to the Company, in addition to, and in the same manner as, the Exercise Price, such amount as the Company is obliged to remit to the relevant taxing authority in respect of the exercise of the Option; (b) withhold such amount from any remuneration or other amount payable by the Company, an Affiliated Company or a Partnership to the Optionee; (c) require the sale of a number of Shares issued upon the exercise of the Option and the remittance to the Company of the net proceeds from such sale sufficient to satisfy such amount; or (d) enter into any other suitable arrangements for the receipt of such amount.

## **5.12 Participation in the Plan**

The participation of any Optionee in the Plan is entirely voluntary and not obligatory and shall not be interpreted as conferring upon such Optionee any rights or privileges other than those rights and privileges expressly provided in the Plan. In particular, participation in the Plan does not constitute a condition of employment or engagement nor a commitment on the part of the Company to ensure the continued employment or engagement of such Optionee. The Plan does not provide any guarantee against any loss which may result from fluctuations in the market value of the Shares. The Company does not assume responsibility for the income or other tax consequences for the Optionees and they are advised to consult with their own tax advisors.

## **5.13 Corporate Action**

Nothing contained in the Plan or in an Option shall be construed so as to prevent the Company from taking corporate action which is deemed by the Company to be appropriate or in its best interest, whether or not such action would have an adverse effect on the Plan or any Option.

## **5.14 Rights of Optionee**

No Optionee has any claim or right to be granted an Option and the granting of any Option is not to be construed as giving an Optionee a right to remain as an employee of the Company or an employee or director of an Affiliated Company. No Optionee has any rights as a shareholder of the Company in respect of Shares issuable pursuant to any Option until the allotment and issuance to such Optionee, or as such Optionee may direct, of certificates representing such Shares.

### **5.15 Conflict**

In the event of any conflict between the provisions of the Plan and an Option Agreement, the provisions of the Plan shall govern. In the event of any conflict between or among the provisions of the Plan, an Option Agreement and (i) an employment agreement or other written agreement between the Company or an Affiliated Company and an Optionee which has been approved by the CEO of the Company (or where the Optionee is the CEO, approved by a member of the Board who is not an Employee), the provisions of the employment agreement or other written agreement shall govern and (ii) any other employment agreement or other written agreement between the Company or an Affiliated Company and an Optionee, the provisions of the Plan shall govern.

### **5.16 Optionee Information**

Each Optionee shall provide the Company with all information (including personal information) required by the Company in order to administer to the Plan. Each Optionee acknowledges that information required by the Company in order to administer the Plan may be disclosed to any custodian appointed in respect of the Plan and other third parties, and may be disclosed to such persons (including persons located in jurisdictions other than the Optionee's jurisdiction of residence), in connection with the administration of the Plan. Each Optionee consents to such disclosure and authorizes the Company to make such disclosure on the Optionee's behalf.

### **5.17 International Optionees**

With respect to Optionees who reside or work outside Canada and the United States, the Plan Administrator may, in its sole discretion, amend, or otherwise modify, without shareholder approval, the terms of the Plan or Options with respect to such Optionees in order to conform such terms with the provisions of local law, and the Plan Administrator may, where appropriate, establish one or more sub-plans to reflect such amended or otherwise modified provisions.

### **5.18 Successors and Assigns**

The Plan shall be binding on all successors and assigns of the Company and any Affiliated Company.

### **5.19 General Restrictions and Assignment**

Except as required by law, the rights of an Optionee under the Plan are not capable of being assigned, transferred, alienated, sold, encumbered, pledged, mortgaged or charged and are not capable of being subject to attachment or legal process for the payment of any debts or obligations of the Optionee unless otherwise approved by the Plan Administrator.

### **5.20 Severability**

The invalidity or unenforceability of any provision of the Plan shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from the Plan.

### **5.21 Notices**

All written notices to be given by the Optionee to the Company shall be delivered personally, e-mail or mail, postage prepaid, addressed as follows:

Maple Leaf Foods Inc.  
6985 Financial Drive  
Mississauga, ON  
L5N 0A1

Attention: Corporate Secretary  
E-mail: [corporate.secretary@mapleleaf.com](mailto:corporate.secretary@mapleleaf.com)

All notices to the Optionee will be addressed to the principal address of the Optionee on file with the Company. Either the Company or the Optionee may designate a different address by written notice to the other. Such notices are deemed to be received, if delivered personally or by e-mail, on the date of delivery, and if sent by mail, on the fifth Business Day following the date of mailing. Any notice given by either the Optionee or the Company is not binding on the recipient thereof until received.

## **5.22 Electronic Delivery**

The Company or the Plan Administrator may from time to time establish procedures for (i) the electronic delivery of any documents that the Company may elect to deliver (including, but not limited to, plan documents, Option notices and agreements, and all other forms of communications) in connection with any Option made under the Plan, (ii) the receipt of electronic instructions from Optionees and/or (iii) an electronic signature system for delivery and acceptance of any such documents. Compliance with such procedures shall satisfy any requirement to provide documents in writing and/or for a document to be signed or executed.

## **5.23 Effective Date**

The Plan becomes effective on a date to be determined by the Plan Administrator, subject to the approval of the shareholders of the Company.



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