



# MAPLE LEAF FOODS INC.

## ANNUAL INFORMATION FORM

March 8, 2023

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Unless otherwise indicated, the information in this Annual Information Form is given as of December 31, 2022 and all amounts are in Canadian dollars. Unless the context otherwise requires, references herein to "Maple Leaf Foods" or the "Company" are to Maple Leaf Foods Inc. and its consolidated subsidiaries.

**FORWARD-LOOKING INFORMATION**

This document contains, and the Company's oral and written public communications often contain, "forward-looking information" within the meaning of applicable securities law. These statements are based on current expectations, estimates, projections, beliefs, judgements and assumptions based on information available at the time the applicable forward-looking statement was made and in light of the Company's experience, combined with its perception of historical trends. Such statements include, but are not limited to, statements with respect to objectives and goals, in addition to statements with respect to beliefs, plans, targets, goals, objectives, expectations, anticipations, estimates, and intentions. Forward-looking statements are typically identified by words such as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "could", "would", "believe", "plan", "intend", "design", "target", "undertake", "view", "indicate", "maintain", "explore", "entail", "schedule", "objective", "strategy", "likely", "potential", "outlook", "aim", "propose", "goal", and similar expressions suggesting future events or future performance. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes the expectations reflected in the forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon.

Specific forward-looking information in this document may include, but is not limited to, statements with respect to:

- implications of COVID-19 and post-pandemic recovery, including impact on supply chain, workforce availability and consumption patterns;
- future performance, including future financial objectives, goals and targets, category growth analysis, expected capital spend and expected SG&A expenditures, North American pork market dynamics, Japan export market margin outlook, labour markets and inflationary pressures (including the ability to price for inflation);
- the nature, cause and impact of the cybersecurity incident on the Company's systems, business and operations, as well as the ability to mitigate the financial and operational impact of the cybersecurity incident, the success of remediation and recovery efforts, the implications of data exfiltration, and ongoing risks associated with cybersecurity;
- the execution of the Company's business strategy, including the development and expected timing of business initiatives, brand expansion and repositioning, plant protein category investment and performance, market access in China and Japan, capital allocation decisions, including investment in share repurchases under the normal course issuer bid ("NCIB") and investment in potential growth opportunities and the expected returns associated therewith;
- the impact of international trade conditions and markets on the Company's business, including access to markets, implications associated with the spread of foreign animal disease (such as African Swine Fever ("ASF")) and other animal diseases such as Avian Influenza, as well as other social, economic and political factors that affect trade, including the war in Ukraine;

- competitive conditions and the Company's ability to position itself competitively in the markets in which it competes;
- capital projects, including planning, construction, estimated expenditures, schedules, approvals, expected capacity, in-service dates and anticipated benefits of construction of new facilities and expansions of existing facilities;
- the Company's dividend policy, including future levels and sustainability of cash dividends, the tax treatment thereof and future dividend payment dates;
- the impact of commodity prices and foreign exchange impacts on the Company's operations and financial performance, including the use and effectiveness of hedging instruments;
- expected future cash flows and the sufficiency thereof, sources of capital at attractive rates, future contractual obligations, future financing options, renewal of credit facilities, compliance with credit facility covenants, and availability of capital to fund growth plans, operating obligations and dividends;
- operating risks, including the execution, monitoring and continuous improvement of the Company's food safety programs, animal health initiatives, cost reduction initiatives, and service levels (including service level penalties);
- the implementation, cost and impact of environmental sustainability initiatives, the ability of the Company to achieve its sustainability objectives, changing climate and sustainability laws and regulations, changes in customer and consumer expectations related to sustainability matters, as well as the anticipated future cost of remediating environmental liabilities;
- the adoption of new accounting standards and the impact of such adoption on the financial position of the Company;
- expectations regarding pension plan performance, including future pension plan assets, liabilities and contributions; and
- developments and implications of actual or potential legal actions.

Various factors or assumptions are typically applied by the Company in drawing conclusions or making the forecasts, projections, predictions or estimations set out in the forward-looking statements. These factors and assumptions are based on information currently available to the Company, including information obtained by the Company from third-party sources and include but are not limited to the following:

- expectations regarding the ongoing impact and future implications of COVID-19 and post-pandemic recovery, including adaptations in operations, supply chain, customer and consumer behaviour, economic patterns (including but not limited to pork markets in North America and internationally), foreign exchange rates and international trade dynamics;
- the competitive environment, associated market conditions and market share metrics, category growth or contraction, the expected behaviour of competitors and customers and trends in consumer preferences;
- the success of the Company's business strategy, including execution of the strategy in the Meat Protein Group, the execution of the Adjusted EBITDA neutral strategy for the Plant Protein Group and the relationship between pricing, inflation, volume and sales of the Company's products;
- prevailing commodity prices (especially in pork and feed markets), interest rates, tax rates and exchange rates;
- the timing and complexity of recovery from the cybersecurity incident, the risks associated with data exfiltration, the availability of insurance, the effectiveness of remediation and prevention activities, third party activities, ongoing impacts, customer, consumer and supplier responses and regulatory considerations;

- the economic condition of, and the sociopolitical dynamics between Canada, the U.S., Japan and China, and the ability of the Company to access markets and source ingredients and other inputs in light of global sociopolitical disruption, and the ongoing impact of the war in the Ukraine on international relations, trade and markets;
- the spread of foreign animal disease (including ASF and Avian Influenza), preparedness strategies to manage such spread, and implications for all protein markets;
- the availability of capital to fund future capital requirements associated with existing operations, assets and projects;
- expectations regarding participation in and funding of the Company's pension plans;
- the availability of insurance coverage to manage certain liability exposures;
- the extent of future liabilities and recoveries related to legal claims;
- prevailing regulatory, tax and environmental laws; and
- future operating costs and performance, including the Company's ability to achieve operating efficiencies and maintain high sales volumes, high turnover of inventories and high turnover of accounts receivable.

Readers are cautioned that these assumptions may prove to be incorrect in whole or in part. The Company's actual results may differ materially from those anticipated in any forward-looking statements.

Factors that could cause actual results or outcomes to differ materially from the results expressed, implied, or projected in the forward-looking statements contained in this document include, among other things, risks associated with the following:

- implications of COVID-19 and post-pandemic recovery on the operations and financial performance of the Company, as well the ongoing implications for macro socio-economic trends;
- macro economic trends, including inflation, recessionary indicators, labour availability and labour market dynamics and international trade trends;
- competition, market conditions, and the activities of competitors and customers, including the expansion or contraction of key categories, pork market dynamics and Japan export margins;
- cybersecurity and maintenance and operation of the Company's information systems, processes and data, recovery, restoration and long term impacts of the cybersecurity event, the risk of future cybersecurity events, actions of third parties, risks of data exfiltration, effectiveness of business continuity planning and execution, and availability of insurance;
- the health status of livestock, including the impact of potential pandemics;
- international trade and access to markets and supplies, as well as social, political and economic dynamics, including the war in Ukraine;
- operating performance, including manufacturing operating levels, fill rates and penalties;
- availability of and access to capital, and compliance with credit facility covenants;
- decision respecting the return of capital to shareholders;
- the execution of capital projects, including cost, schedule and regulatory variables, all of which impact expected returns on investment;
- food safety, consumer liability and product recalls;
- climate change, climate regulation and the Company's sustainability performance;

- strategic risk management, including execution of the Adjusted EBITDA<sup>1</sup> neutral strategy in the plant protein segment;
- acquisitions and divestitures;
- fluctuations in the debt and equity markets;
- fluctuations in interest rates and currency exchange rates;
- pension assets and liabilities;
- cyclical nature of the cost and supply of hogs and the competitive nature of the pork market generally;
- the effectiveness of commodity and interest rate hedging strategies;
- impact of changes in the market value of the biological assets and hedging instruments;
- the supply management system for poultry in Canada;
- availability of plant protein ingredients;
- intellectual property, including product innovation, product development, brand strategy and trademark protection;
- consolidation of operations and focus on protein;
- the use of contract manufacturers;
- reputation;
- weather;
- compliance with government regulation and adapting to changes in laws;
- actual and threatened legal claims;
- consumer trends and changes in consumer tastes and buying patterns;
- environmental regulation and potential environmental liabilities;
- consolidation in the retail environment;
- employment matters, including complying with employment laws across multiple jurisdictions, the potential for work stoppages due to non-renewal of collective agreements, recruiting and retaining qualified personnel, reliance on key personnel and succession planning;
- pricing of products;
- managing the Company's supply chain;
- changes in International Financial Reporting Standards and other accounting standards that the Company is required to adhere to for regulatory purposes; and
- other factors as set out under the heading "Risk Factors" in the Company's Management Discussion and Analysis for the year ended December 31, 2022.

The Company cautions readers that the foregoing list of factors is not exhaustive.

Readers are further cautioned that some of the forward-looking information, such as statements concerning future capital expenditures, Adjusted EBITDA Margin<sup>1</sup> growth in the Meat Protein Group, and Adjusted EBITDA target in the

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<sup>1</sup> See the Company's Management Discussion and Analysis for the year ended December 31, 2022 for the definition of Adjusted EBITDA and Adjusted EBITDA Margin which is available on SEDAR and on the Company's website.

Plant Protein Group (including the timing, pace and impact of restructuring activities), may be considered to be financial outlooks for purposes of applicable securities legislation. These financial outlooks are presented to evaluate potential future earnings and anticipated future uses of cash flows and may not be appropriate for other purposes. Readers should not assume these financial outlooks will be achieved.

More information about risk factors can be found under the heading “Risk Factors” in the Company’s Annual Management’s Discussion and Analysis for the year ended December 31, 2022 that is available on SEDAR at [www.sedar.com](http://www.sedar.com). The reader should review such section in detail. Additional information concerning the Company, including the Company’s Management Discussion and Analysis for the year ended December 31, 2022, is available on SEDAR at [www.sedar.com](http://www.sedar.com).

All forward-looking statements included herein speak only as of the date hereof. Unless required by law, the Company does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. All forward-looking statements contained herein are expressly qualified by this cautionary statement.

## **CORPORATE STRUCTURE**

Maple Leaf Foods Inc. (Les Aliments Maple Leaf Inc.) is a public company that was incorporated under the *Canada Business Corporations Act*. The Company’s common shares trade on the TSX under the symbol “MFI” and its registered and principal office is located at 6985 Financial Drive, Mississauga, Ontario L5N 0A1. Copies of the Company’s constating documents, including its articles and bylaws are available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company’s website at [www.mapleleaffoods.com](http://www.mapleleaffoods.com).

Greenleaf Foods, SPC (“Greenleaf”) is an indirect wholly-owned subsidiary of the Company and is the only subsidiary that had total assets or operating revenues that constituted more than 10% of the consolidated assets or revenues of the Company. Incorporated in 2018 under the *Washington Business Corporation Act* as a social purpose corporation, Greenleaf is solely focused on executing the Company’s plant protein business.

As of December 31, 2022, none of the Company’s other subsidiaries had total assets or operating revenues that exceeded 10% of the consolidated assets and operating revenues of the Company.

## **GENERAL DEVELOPMENT OF THE BUSINESS**

### **Overview**

Maple Leaf Foods is a producer of food products under leading brands, including Maple Leaf®, Maple Leaf Prime®, Maple Leaf Natural Selections®, Schneiders®, Schneiders® Country Naturals®, Mina®, Greenfield Natural Meat Co.®, Lightlife®, and Field Roast™. The Company’s portfolio includes prepared meats, ready-to-cook and ready-to-serve meals, and valued-added fresh pork and poultry, and plant protein products.

The Company employs approximately 14,000 people, primarily in Canada and the United States. It has customers located in approximately 30 countries worldwide, with its primary markets being Canada, the U.S. and Asia.

Maple Leaf Foods is committed to growing its presence in the protein space in North America and globally. The Company has pursued a growth agenda, through organic growth, acquisitions and investments in large capital projects. The Company has been challenged in the last three years by the impact of COVID and the challenges of the post-pandemic environment, including the war in the Ukraine and geopolitical dynamics, which have impacted inflation, labour availability, pork markets, interest and exchange rates – all of which are factors that have significantly impacted its financial and operational performance, as well as its ability to tackle its sustainability agenda with the pace at which it intended.

Maple Leaf Foods continues to leverage and build upon its “food renovation” initiative, an extensive brand renovation program completed in 2018 through which the Company redefined its flagship brands to meet a spectrum of

consumer demands, including: natural and simple foods with nothing artificial; artisanal and indulgent foods with exceptional flavours; and quick-fix, convenient foods that focus on value. Strong brands are a foundational element of its growth strategy, and it continues to invest in its brand strategies.

Consistent with its focus on protein, over the last three years the Company advanced multiple significant investments in its meat protein business. Two of these major investments include the construction of the Bacon Centre of Excellence at its existing Lagimodiere facility in Winnipeg, Manitoba, and the state-of-the-art poultry facility in London, Ontario ("London Poultry").

The Bacon Centre of Excellence, a 73,000 square-foot, \$182 million project, significantly increases the Company's bacon production capacity with new in-house capacity for pre-cooked, microwaveable bacon. Construction was completed in 2021 and the Company continued to ramp up commercial production in 2022. Investment in this project is intended to drive further margin expansion, increase its capacity in the category, and create further competitive advantage, all of which are consistent with the Company's capital investment strategy.

Construction of the 660,000 square-foot, \$772 million London Poultry facility was completed in the fall of 2022, allowing commissioning to start ahead of schedule. Operations are continuing to ramp up, and the Company has started moving supply from its older, legacy plants to the new facility. Not only is London Poultry expected to generate attractive returns, it also features some of the most technologically advanced processing equipment available, including industry-leading food safety, environmental and animal care technologies. Investment in this project will allow the Company to efficiently deliver a premium mix of value-add poultry products to meet steadily growing consumer demand for chicken, achieve efficiencies in its poultry network and advance its animal care commitment.

Between 2017 and 2018, Maple Leaf Foods entered into the plant protein business, with the acquisition of Lightlife® and Field Roast™ brands. The Company's move into the plant protein market was a natural extension of its portfolio and aligned with its objective to be a leader in sustainable protein. From 2019 through 2021, the Company pursued an ambitious growth strategy within its plant protein business, expanding its capacity and investing in its brands, marketing and product innovation. This strategy was based on expectations that the category overall had very high growth potential.

In late 2021, the Company announced that it was re-evaluating its outlook for its plant protein business and launching a comprehensive review of the category. This decision was driven by a pronounced slowdown in growth rates in the category, particularly in the second half of the year, which fueled the Company's imperative to identify and thoroughly assess the causes, near and long-term trends, and overall implications. Based on this review, the Company concluded that category growth potential was more modest, but still attractive. Accordingly, the Company has pivoted its strategy and investment thesis for the Plant Protein Group and set a new goal to deliver neutral or better Adjusted EBITDA in the latter half of 2023.

Maple Leaf Foods has continued to advance its sustainability goals related to sustainable food production, animal care, communities and reducing its environmental footprint. As part of its shared value model, the Company has adopted science-based emissions targets as part of its sustainability commitments, and in 2019 became the world's first major food company to become carbon neutral. The Company has committed to reducing absolute scope 1 and 2 greenhouse gas emissions by 30% by 2030 from a 2018 base year and has committed to reducing scope 3 greenhouse gas emissions by 30% per tonne of product produced by 2030 from a 2018 base year.

Within this context, and building on its deeply embedded purpose "To Raise the Good in Food", the Company's vision to become the most sustainable protein company on earth has taken root. Embracing this vision, the Company has demonstrated a track record of making meaningful investments in its meat and plant protein businesses and advancing its sustainability strategy. It has implemented short- and long-term initiatives aimed at building significant and sustainable stakeholder value and is continuing to advance longer-term initiatives, including strategic capital investments.



An overview of Maple Leaf Foods' vision and strategy, as well as the key developments and milestones for the Company over the last three years, are described below.

## Vision and Strategy

With a vision to become the most sustainable protein company on earth, Maple Leaf Foods is committed to creating shared value by driving commercial and financial results and enhancing competitive advantage through addressing some of society's most pressing issues. The Company believes that the pursuit of its purpose to 'Raise the Good in Food' is a significant differentiator that will build trust and confidence among stakeholders.

Maple Leaf Foods is committed to making better food for consumers, reducing its environmental impact, caring for animals responsibly and strengthening communities, while achieving business targets, delivering operational and financial performance and long-term value creation.

Maple Leaf Foods has constructed a multi-faceted blueprint to articulate its purpose and guide the journey to achieving its vision. The Company measures its progress towards becoming the most sustainable protein company on earth across four pillars:

- **Better Food** - Maple Leaf Foods is actively addressing the most pressing diet-related health issues faced by society, including reducing artificial ingredients, antibiotics use and sodium levels, and continually advancing leadership in food safety.
- **Better Planet** - The Company embraces a culture that focuses on reducing its environmental impact to sustainable levels by eliminating waste in any resource it consumes, including food, energy, water, packaging and time.
- **Better Care** - Maple Leaf Foods extends its strong values-based culture to how it treats animals, both those raised and sourced, and strives to be a leader in animal welfare.
- **Better Communities** - Through the Maple Leaf Centre for Action on Food Security, the Company works collaboratively with external organizations to reduce food insecurity, while fostering a work environment that keeps people safe, rewards excellence and empowers everyone to contribute their best.

The Company has created a blueprint to guide its drive for long-term value creation based on the following foundational strategies:

Strategy	Key Developments
<i>Leveraging leadership in sustainability</i>	<p>Maple Leaf Foods has advanced its sustainability commitment in a number of ways, including by prioritizing: the transitioning of key brands to 100% "raised without antibiotics"; advancing animal care initiatives and making investments that support food security.</p> <p>Over the last three years, the Company reached several important milestones:</p> <ul style="list-style-type: none"> <li>• continued executing against Science-Based Targets for greenhouse gas emissions reductions,</li> <li>• maintained its carbon neutral status,</li> <li>• became a party to the first Sustainability-Linked Loan in Canada, which was renewed and amended in 2022, meaning that interest rates on the Company's borrowings can go up or down depending on the achievement of certain sustainability targets and maintaining carbon neutrality,</li> <li>• conducted a physical climate risk assessment and climate scenario analysis, working with an independent third-party consultant to better understand the</li> </ul>

	<p>climate-related risks and potential impacts to its livestock, assets, supply chain and operations, the results of which are being used to inform the Company's overall strategy,</p> <ul style="list-style-type: none"> <li>• converted its owned sow barns to gestation crate free in 2022 and developed a plan to convert newly acquired barns to gestation crate free in 2023,</li> <li>• continued to minimize use of antibiotics which helped to drive strong double-digit sales growth in sustainable meats in 2022,</li> <li>• amplified the commitment to carbon neutrality through its brand marketing and packaging, and</li> <li>• advanced its initiatives in regenerative agriculture and anaerobic digestion.</li> </ul>
<i>Eliminating waste and improving efficiency</i>	<p>Maple Leaf Foods has a history of executing initiatives designed to improve efficiencies and contribute to profitability. Looking back, the Company successfully completed the transformation of its prepared meats business, which included a major network consolidation.</p> <p>The Company also continues to pursue operating efficiencies in its plants and supply chain, including through the following projects:</p> <ul style="list-style-type: none"> <li>• In 2021, the Company completed construction of its Bacon Centre of Excellence in Winnipeg, Manitoba, and continued to ramp up operations in 2022. This state-of-the-art facility will improve efficiency by adding in-house capacity for pre-cooked, microwavable bacon to meet growing consumer demand.</li> <li>• In 2022, the Company completed construction of its world-class London Poultry facility in Ontario, allowing commissioning to start ahead of schedule. Commercial production has started, and the Company has started the process of moving production from its old legacy facilities to the new plant. This is a critical step forward in executing its plans to create more efficiencies in its poultry network and to generate incremental Adjusted EBITDA.</li> </ul> <p>In addition, the Company has continued to focus on cost and efficiency, with zero-based budgeting as a foundational element of that culture. Maple Leaf Foods targets continuous improvement throughout the Company as a means of sustaining ongoing efficiencies.</p>
<i>Broadening reach into new geographies, channels and protein alternatives</i>	<p>The Company has continued to grow its presence in a number of foreign markets, in spite of restrictions imposed by China on pork imports.</p> <p>In its meat protein business, the Company has seen sustained sales momentum in the U.S. market, led by strong growth in sustainable meats, particularly of its Greenfield Natural Meat Co. brand, and continued exports into Asian markets.</p> <p>Since the acquisition of Lightlife Foods, Inc. and the Field Roast Grain Meat Company, SPC in 2017 and 2018, Maple Leaf Foods has emerged as a strong player in the plant protein space and has launched several new innovative plant-based products. The Company invested in the construction of a world-class tempeh facility to deliver</p>

	<p>greater efficiencies and meet market demand for this product. Currently, the Company is looking to deliver innovation that appeals to consumers within the framework of achieving its Adjusted EBITDA neutral target within the Plant Protein Group by the end of 2023.</p>
<i>Embracing a digital future across the business</i>	<p>Maple Leaf Foods continues to introduce mobile-first consumer grade digitized experiences and automated processes in an effort to improve productivity and enable more meaningful and creative work.</p> <p>The last three years have marked a step change on deploying and leveraging collaboration technology across the Company. For example, the Company has extended mobility solutions to the Asset Reliability group with state-of-the-art solutions to enable their work on the plant floor, co-developed with SAP an Intelligent Trade Claims Management platform to improve trade claims processing, and implemented Integrated Business Planning to enhance supply chain systems and processes.</p>
<i>Investing in brands to build demand and consumer loyalty</i>	<p>Maple Leaf Foods completed a comprehensive brand renovation for its flagship brands in 2018. Building on this work, the Company has focused on executing its strategy to connect with consumers through authentic advertising that speaks to consumer needs and delivering quality products.</p> <p>The Company also launched significant rebranding efforts for its Lightlife® and Field Roast™ brands as part of its investment in the plant protein business in 2020, repositioning its Lightlife® brand to focus on delivering simple and recognizable ingredients and reinforcing the commitment of its Field Roast™ brands to deliver bold and adventurous taste. Over the last year it has further evolved its brand strategy for Lightlife®.</p>
<i>Investing in people so talent thrives</i>	<p>Developing people and enabling them to maximize their contributions has continued over the last three years as the Company leverages relationships with universities, offering important courses to rising leaders. The Company has also been advancing multiple initiatives to foster a diverse and progressive workforce and in 2019 it hired its first Director of Diversity and Inclusion. Having previously set a target of achieving 50% gender diversity at the manager level and above, in 2020 the Company adopted functional gender action plans and enhanced internal reporting to provide greater visibility into its progress. While the Company did not meet its gender goal, it has made significant progress, and, through the work of its Diversity and Inclusion Council, is working on a set of “next generation” goals.</p> <p>In addition, over the course of the last three years, the Company increased its efforts to promote a diverse and inclusive workplace, through unconscious bias training and anti-racism training for all salaried employees, and by initiating a self-identification program to better understand the demographics of the Company. It has also increased its focus on supporting mental health and wellness amongst its team members and continues to support a number of Employee Resource Groups which play an important role in fostering the Company’s shared value culture.</p> <p>Over the last year the Company was also actively engaged in a number of initiatives to support its talent, including rolling out its updated people strategy and implementing a comprehensive leadership values training program to team members.</p>

## **Safety and Business Continuity During the COVID-19 Pandemic**

As the global COVID-19 pandemic swept the world in 2020, the Company took immediate steps to implement aggressive new health and safety measures to protect its people and communities, while continuing to safely deliver nutritious food and offering support to those who needed it most.

As an essential service, Maple Leaf Foods Inc. is focused on protecting the health and well-being of its people, maintaining business continuity and broadening its social outreach. To manage through this unprecedented environment, the Company has taken a number of measures in its business and operating practices that include heightened safety policies and procedures, adopting a vaccination mandate for all employees and contractors, and close communication and collaboration with public health authorities, including hosting on-site vaccination clinics in 2021 and influenza clinics in 2022.

Overall, the Company believes its proactive and comprehensive efforts have, and should continue to mitigate adverse operational impacts. As the post-pandemic situation evolves, Maple Leaf Foods will continue to adapt and adopt best practices that prioritize the health and safety of its employees and the stability of the food supply. As part of Maple Leaf Foods' broader social responsibility since the pandemic began, the Company has provided extensive support to front-line staff, emergency food relief efforts and health care providers.

Refer to the Company's Management Discussion and Analysis for the year ending December 31, 2022 available on SEDAR and on the Company's website for further information on the Company's COVID-19 response, expenditures, business continuity and risk factors.

## **Cybersecurity Incident**

On November 6, 2022 the Company confirmed that it experienced a system outage stemming from a cybersecurity incident. Upon learning of the incident, Maple Leaf Foods took immediate action and engaged cybersecurity and recovery experts. The Company executed its business continuity plans as it restored the impacted systems and worked with customers and suppliers to minimize service disruptions. While the Company was able to maintain operations throughout the event, normal business activities were interrupted. The estimated direct and indirect economic impact of the incident was at least \$23 million.

## **DESCRIPTION OF THE BUSINESS**

The Company has two reportable segments. These segments offer different products, with separate organizational structures, brands, financial and marketing strategies. The Company's chief operating decision makers regularly review internal reports for these businesses. Performance of the Meat Protein Group is based on revenue growth and Adjusted EBITDA margin. Performance of the Plant Protein Group is currently based predominantly on executing its strategy to achieve Adjusted EBITDA neutral or better in the latter half of 2023.

### **Meat Protein Group**

#### *Overview*

The Meat Protein Group is comprised of prepared meats, ready-to-cook and ready-to-serve meals, value-added fresh pork and poultry products that are sold to retail, foodservice and industrial channels and agricultural operations in pork and poultry. The Meat Protein Group includes leading brands such as Maple Leaf®, Maple Leaf Prime®, Schneiders®, Schneiders® Country Naturals®, Mina®, Greenfield Natural Meat Co.® and many leading regional brands. With the acquisition of Viau Food Products Inc. in 2018, the Company added the Viau®, Sila®, and Fantimo & Mondello® brands. The Meat Protein Group also includes leading regional brands such as Swift Premium®, Hygrade®, Mitchell's Gourmet™, Larsen® and Shopsy's® and supplies a number of private label brands. Key aspects of the Meat Protein Group's business are summarized below:

Principal Products: The value-added products in the Company's Meat Protein Group include bacon, hams, wieners, meat snacks, a wide variety of delicatessen products, processed chicken products such as fully cooked chicken breasts and wings, processed turkey products, specialty sausages, a complete line of

cooked meats, sliced meats, cooked sausage products, lunch kits, and canned meats. The Company also produces fresh primal and value-added pork cuts, as well as fresh, value-added chicken products and whole chicken and turkey products. The Company offers a growing selection of pork and chicken produced from animals raised without the use of antibiotics ("RWA" in Canada, commonly referred to as Antibiotic-Free or "ABF" in the U.S.).

Principal Customers: The Meat Protein Group sells products into a variety of channels including: retail (including major grocery chains, independent grocery outlets, large discount stores and retail and wholesale buying groups); foodservice restaurants and distributors; institutional buyers; other food processors; and increasingly via eCommerce platforms.

Principal Markets: While domestic sales in Canada represent the majority of the revenues in this segment, a portion of the Company's meat protein sales are into international markets, including the United States, Japan and China. In addition to its sales teams in Canada and the US, the Company also has sales offices in Korea, Japan, Philippines and China that are focused on the sale of chilled and frozen pork, by-products and value-added meat in the Asian markets. Substantially all the hogs produced by Maple Leaf Foods are transferred internally to the Company's primary hog processing plants. The Company has a negligible amount of external feed and hog sales.

Agricultural Operations: In its agricultural operations, the Company's hog production operations have approximately 200 production locations in Manitoba, Saskatchewan and Alberta, with approximately 66,700 sows under management at the end of 2022. The Company owns all of the sows in the barns which it manages and owns a number of nursery barns where weanlings are converted to feeder pigs. The Company grows additional weanlings in nursery barns leased by the Company. Most of the feeder pigs are converted to market hogs in third-party owned and operated finishing barns under contracts of up to five years. The Company also owns five feed mills in Manitoba which produce in excess of 600,000 tonnes of animal feed annually, primarily used to feed the Company's hogs.

In Canada, the poultry industry is governed by a supply management system. Maple Leaf Foods holds Canadian hatching egg producers' quota which permits it to hatch eggs and also holds plant supply quota for its chicken processing plants in Ontario which allow it to acquire live chicken for processing.

Overall, the portfolio of brands, value-added product lines, selling channels and ability to access key markets provides the Company with a diversified revenue stream in its Meat Protein Group. To deliver on its plans to deliver profitable growth, the Company's strategy for its Meat Protein Group is driven by:

- pursuing growth in sustainable meats, including further establishing the business as a leading provider of RWA pork and poultry in North America;
- continuing to leverage brand renovation strategies to accelerate volume growth and product mix shift in branded prepared meats products; and
- focusing on cost control through operational efficiencies.

#### *Recent Developments*

Key developments in the Meat Protein Group over the last three years include:

Investing through Acquisitions: On June 25, 2021, the Company completed the acquisition of a poultry processing facility and associated supply from Certm Inc. (formerly Cericola Farms Inc.), a privately held Canadian company for total consideration of \$62.1 million (cash due at closing: \$40.0 million; 2018 deposit \$20.2 million and working capital adjustments of \$1.9 million). This acquisition concluded the purchase and sale agreement dated June 27, 2018 pursuant to which the Company previously acquired two poultry plants and associated supply, with a put/call option to purchase a third processing facility.

On June 30, 2022 the Company completed the acquisition of four pig farms in central Saskatchewan from a group of companies known as Polar Pork, a privately held Canadian company. The acquisition will enhance Maple Leaf Foods' overall hog supply and substantially increase its hog production capacity in the province. The purchase included two sow barns and two nursery sites with the potential to supply approximately 140,000 hogs to Maple Leaf Foods. The security of supply that this strategic acquisition provides to Maple Leaf Foods is directly tied to its plans to continue to grow production at its flagship pork processing plant in Brandon, Manitoba in order to increase its supply of high-quality meat to key customers in domestic and international markets.

Investing in Capital Expansions: On November 26, 2018, the Company announced plans to build a value-added fresh poultry facility in London, Ontario. The new 660,000 square foot facility is one of the most technologically advanced poultry-processing plants in the world, with leading-edge food safety, environmental, and animal welfare processes and technologies. Construction commenced in 2019 and was completed in the fall 2022, when commissioning started.

In October 2021, the Company announced that it had completed construction of a \$182 million, 73,000 square foot state-of-the-art expansion to its Winnipeg, Manitoba prepared meats plant, significantly increasing its bacon production capacity with new in-house capacity for pre-cooked, microwaveable bacon. The investment in new state-of-the-art manufacturing equipment and cultivated in-house expertise represents a Bacon Centre of Excellence within Maple Leaf and positions the Company to meet the growing customer and consumer demand in the pre-cooked bacon market and drive innovation.

In the fall of 2022, the Company announced that it had completed construction of London Poultry, allowing commissioning to start ahead of schedule. Operations are continuing to ramp up, and the Company has started moving supply from its older, legacy plants to the new facility. In addition, the incremental financial contribution that the facility will generate for the Company, London Poultry also features some of the most technologically advanced processing equipment available, including industry-leading food safety, environmental and animal care technologies.

Consolidation and Network Optimization: The Company consistently seeks out opportunities to maximize efficiencies in its operations, including through consolidation of facilities and optimization of its network. For example, in 2018 the Company closed its 80-year old Thamesford turkey processing facility as it entered into a turkey processing agreement with a third party to process the Company's supply of live turkeys. In this way, the Company has been able to maintain its supply of fresh turkey meat for further processing.

In July 2020, the Company announced the sale of its poultry plant in Drummondville, Quebec, and associated supply, to Giannone Poultry of St. Cuthbert, Quebec. As part of the sale, the Company and Giannone entered into a three-year supply agreement that will allow the Company to maintain its supply of fresh chicken.

With London Poultry completed and production starting to ramp up, volumes currently processed at four of its legacy facilities are being transitioned to the new plant. Three of the legacy plants will be shutdown, while the Bradford, Ontario plant will continue to operate with a new focus on value-added opportunities.

In December 2022, the Company announced that production had commenced at the London Poultry facility.

Sustainable Meat: Maple Leaf Food's sustainable meat products deliver the key attributes consumers are seeking: meat and poultry raised humanely and without antibiotics (RWA) and produced and processed in ways that minimize environmental impact. The Company is continuing to invest in sustainable meat, including through investments in animal housing and the infrastructure and techniques necessary to raise RWA animals. At the end of 2021, the Company completed the conversion all its owned sow barns to a new advanced open sow housing system. It has also developed a plan to convert the sow barns it acquired in 2022 to advanced open sow housing in 2023.

### *Competitive Environment and Market Conditions*

The number of competitors and the degree of competition varies by product and region. The meat industry in Canada is highly competitive and includes competition from foreign manufacturers. Major competitors include several multinational food companies, and national and regional manufacturers. The markets for fresh pork are international, and the Company competes with large pork processors located in the United States and throughout the world. The Company is a significant purchaser of live hogs in Canada and competes with both Canadian and United States processors for hog supply. In the fresh pork and poultry operations, the Company's financial results are influenced by market prices for live hogs, chickens and turkeys. The hog growing operations face competition from other hog production systems for nursery and finishing barn spaces.

The Company's strategy for pork production is to supply pork for the Company's prepared meats operations. In 2022, the Brandon, Manitoba and Lethbridge, Alberta plants processed an aggregate of approximately 76,000 hogs per week, slightly down from 2021 and up from the 73,000 hogs per week processed in 2019. The poultry business is subject to Canada's system of supply management. The supply management system can create some challenges for the industry in terms achieving a balance between the supply management quotas, available processing capacity and the demand for meat.

The Company is continuing in its efforts to minimize the influence of underlying commodity prices by focusing on sustainability and value-added products, and by increasing operating efficiencies to improve its competitive position. The Company also attempts to minimize the overall impact of these commodity prices through its balanced portfolio of production and processing operations throughout the pork and poultry value chains. In 2022, there was significant disruption in pork markets, and in aggregate the impact of market pricing for hog and pork prices was unfavourable compared to the five-year average primarily as a result of weaker pork processing margins. Additional information about market influences in the pork value chain can be found in the Company's Management Discussion and Analysis for the year ending December 31, 2022 which is available on SEDAR and the Company's website.

The Company is sufficiently large and diversified, with a balanced portfolio, that seasonal factors within various parts of its operations tend to offset each other; therefore, in isolation, they do not have a material impact on the Company's consolidated earnings. For example, in general, margins on fresh pork products tend to be higher in the last half of the year when hog prices historically decline which in turn depresses earnings from raising hogs, maintaining balance within the Company's pork complex. Strong demand for grilled meat products positively affects categories such as wieners and fresh sausages in the summer, while back-to-school promotions tend to support increased sales of sliced meats and lunch items in the fall. Higher demand for ham products occurs in the spring and fourth quarter holiday seasons.

In 2020, the COVID-19 pandemic impacted the Company's sales mix, with significant growth in demand in retail channels, and significant decline in demand in foodservice channels due to restrictions on restaurant dining. The disruption in consumption patterns experienced during the pandemic, have been returning to a more normalized sales mix.

From an international trade perspective, in August 2020 the Company was restricted from shipping pork from its Brandon facility to China. This restriction was finally lifted effective January 2023, allowing access for the Company to an important market for pork. The Company's performance during 2022 was significantly impacted by labour and supply chain disruptions, inflationary cost increases, volume declines, and pork market headwinds, including challenges in the Japanese market. These factors are largely driven by the volatility of the post-pandemic environment, as well as the impact of the war in the Ukraine and geopolitical dynamics.

### *Raw Material Supply*

The majority of the hogs procured by the Company are sourced through direct contracts with producers with terms from one to five years with varying pricing mechanisms and premiums for livestock with specific quality characteristics. The availability of hogs is limited by the size of the herds in the general location of the primary processing plants. In 2022, the Company effectively owned 40% of the hogs that it processed in its hog slaughter

facilities, a decrease of 1% from 2021. Under its contracts with producers, producers gain access to risk management tools managed by the Company.

Poultry processing operations in Canada function within a highly regulated environment where live supply is controlled by marketing boards and other government agencies. The Company's live chicken supply for its processing operation is purchased through supply marketing boards that regulate both the supply and the cost of the Company's primary raw material. The Company's other raw material requirements (other than the significant amount of fresh pork produced in its own plants) are purchased as commodities on the open market, either directly from suppliers or through brokers in Canada or the United States, with prices fluctuating based on demand and available supply.

Most of the Meat Protein Group's raw materials for further processing are sourced internally for pork and poultry with the balance of supplies required to meet demand purchased externally at market prices. Some finished products are purchased through co-manufacturing agreements with outside suppliers. Subject to the comments above regarding live hog and poultry supply, the raw materials necessary for the production of the Company's primal and prepared meats products are readily available.

The Company purchases breeding stock, feeds and medication, each of which is readily available at competitive prices. The Company owns five feed mills in Manitoba which are used primarily to service the internal animal feed requirements of the hog operations. The mills purchase grains and pre-mixes to manufacture finished feed rations. There has been a significant increase in feed costs due to the inflationary pressures associated with the post-pandemic environment and the war in the Ukraine.

## **Plant Protein Group**

### *Overview*

The Company's Plant Protein Group is primarily run through its wholly-owned subsidiary, Greenleaf Foods, SPC. The Plant Protein Group is comprised of refrigerated plant protein products, premium grain-based protein and vegan cheese products. Its leading brands include *Lightlife*®, *Field Roast*™ and *Chao*™. The principal products, customers and markets for the Plant Protein Group are summarized below.

Principal Products: The principal products produced by the Plant Protein Group include plant-based sausages, wieners, bacon, grounds, burgers, deli meat, chicken products, loaves & roasts, along with tempeh, plant-based cheeses and frozen appetizers.

Principal Customers: The Plant Protein Group markets its products to major grocery store chains, independent grocery outlets, large discount stores, retail and wholesale buying groups and eCommerce platforms. In the retail environment, the products are merchandized in the produce, natural and meat sections of the store. In addition, products are sold to food service restaurants and distributors, institutions and other food service establishments.

Principal Markets: Products are sold primarily in Canada and the U.S.

The Company's objective of for its plant protein business is driven by its plans to:

- Achieve Adjusted EBITDA neutral or better in the latter half of 2023.
- Right-size the business model to align with the growth outlook for the category;
- Leverage established expertise in brand development and effective marketing.
- Engage in strategies to deliver long-term profitable growth beyond 2024.

In late 2021, the Company announced that it was re-evaluating its outlook for the Plant Protein Group and launching a comprehensive review of the overall plant protein category. This decision was driven by a pronounced slowdown in growth rates in the category, particularly in the second half of the year, which fueled the Company's imperative to identify and thoroughly assess the causes, near and long-term trends, and overall implications. While the Company's analysis is ongoing, the results to date confirm that the very high category growth rates previously predicted by many



industry experts are unlikely to be achieved given current customer feedback, experience, buy rates and household penetration. Based on this new information, the Company believes that the category will continue to grow at more modest, but still attractive rates. Current estimates suggest that the category will grow at an average annual rate of 10% to 15%, making it a \$6 billion to \$10 billion market by 2030. Accordingly, the Company has pivoted its strategy and investment thesis for the Plant Protein Group and has set a new goal to deliver neutral or better Adjusted EBITDA in the latter half of 2023. Work is ongoing to implement this strategy.

#### *Recent Developments*

Strategic Pivot from Investing for Growth to Delivering Profitable Growth: As part of the Company's shift in its investment thesis for its plant protein business, throughout 2022 it began implementing its new strategy to achieve Adjusted EBITDA neutral or better in the latter half of 2023. By the end of 2022, it had reduced its selling, general and administrative expenses, engaged in supply chain optimization, reduced head count, and implemented pricing actions to manage for inflation. Ongoing initiatives as part of this strategy include: product cost savings and formula optimization, redesigning its distribution model, further revenue management alignment to manage inflation and continued ramp up of the Indiana tempeh facility.

#### *Competitive Environment and Market Conditions*

In its plant protein business, the Company competes in the meat alternatives market (particularly in the refrigerated meat alternatives category), as well as the frozen meat alternatives, meals and entrees, and plant-based cheese categories. There is also competition with traditional meat protein, as some consumers look to incorporate both meat and plant protein into their diets.

As the growth potential of the category has contracted significantly in the last year, the competitive landscape is changing, with companies exiting the category and/or change their strategies. With this dynamic at play, there continues to be intense competitive pressure, as the remaining market participants compete for market share in this rapidly evolving space.

The Company has re-evaluated its outlook for the plant protein business driven by the pronounced slowdown in growth rates in the category, and has changed its strategy from one of investing for high growth to a new strategy of delivering profitable growth, with a near term goal of delivering neutral or better Adjusted EBITDA in the latter half of 2023.

Demand for the Company's plant protein products can be somewhat seasonal as demand increases certain sub-categories in the summer grilling season, and other categories in the winter holidays season. The Company also competes with other meat alternative companies when purchasing key raw materials.

#### *Raw Material Supply*

The Company's plant protein products are made primarily from textured soy, soybeans and soy isolates, wheat gluten and textured pea protein sourced from a global network of suppliers which are subject to stringent product specifications. Historically, input prices have been generally stable and not highly susceptible to commodity price swings; however, since 2021, there has been a notable increase in input commodity prices which is affecting the Company's supply chain, sourcing strategy and pricing strategy. Further, as demand for these raw materials increases, risk of shortages or increased raw materials prices may also increase.

The Company primarily processes finished products internally, however some finished products are purchased through co-manufacturing agreements with outside suppliers. The Company has multi-year supply agreements with these suppliers.

## OTHER INFORMATION ABOUT MAPLE LEAF FOODS

### Foreign Operations

Revenues earned outside of Canada for the year ended December 31, 2022, were \$1,204.3 million (2021: \$1,196.8 million). Of the total amount earned outside of Canada, \$608.0 million (2021: \$565.8 million) was earned in the U.S. and \$385.7 million (2021: \$415.1 million) was earned in Japan. Revenue by geographic area is determined based on the ship-to location.

The Company operates an international export business through a network of offices located in Canada, Japan, Korea, Philippines and China that are focused on the sale of chilled and frozen pork and value-added prepared meats and meals and on serving the needs of the Company's strategic international customers. The Company markets a number of products that are produced in Canada to customers outside of Canada, including value-added prepared meats, pork and poultry products. There are significant sales of pork products in Japan, the United States, Mexico, China and Korea. The majority of the Company's plant protein production facilities and sales are in the United States.

Overall, the Company's performance is affected by global market demand, prices and foreign exchange fluctuations as well as trade barriers. For more information on these risk factors refer to the "Risk Factors" section of the Company's Management Discussion and Analysis for the year ended December 31, 2022.

### Intellectual Property: Trademarks, Brands and Innovation

As a food products company, Maple Leaf Foods relies heavily on brand recognition and loyalty, and places a great deal of emphasis on its established range of trademarks. The Company believes its brands are recognized by consumers for quality and reliability.

The Company's key brands in its meat protein and plant protein product lines include, but are not limited to:

Maple Leaf®	Cappola™	Juicy Jumbos®	Olympic®
Maple Leaf® Natural	Chao Creamery™	Kam®	Olympic Craft Meats™
Maple Leaf® Natural Top	Deli Express®	Klik®	Parma®
Maple Leaf Prime®	Fantino & Mondello®	Larsen®	Pepperettes®
Ready Crisp®	Field Roast™	Lightlife®	Red Hots®
Schneiders®	Grab 'N Snack™	Lunch Mate®	Shopsy's®
Schneiders® Blue Ribbon®	Greenfield Natural Meat Co.®	Main Street Deli®	Sila®
Schneiders® Country	Holiday®	Mère Michel®	Sunrise®
Schneiders Deli Best®	Hot Rod®	Mina®	Swift Premium®
Big Stick!®	Hygrade®	Mitchell's™	Viau®
Bittner's®	Cappola™	Oh Nature!!®	
Burns®	Chao Creamery™	Oktoberfest®	

The Company routinely introduces new products for consumers and customers under its brands. The new products are derived from plant protein, chicken, pork, turkey and beef, and include fresh and frozen meat offerings, ready-to-heat refrigerated entrees, family-size deli offerings, ethnic offerings, lunch kits and fresh protein snacks.

Other Intellectual Property of the Company includes domain names, packaging designs, patents and product formulations and specifications.

### Employees and Labour Relations

As of December 31, 2022, the Company employed approximately 14,000 people of which about 8,000 were covered by some 21 collective agreements. These agreements are normally negotiated for varying terms, and in any given year, a number of these agreements expire and are renegotiated; most renew without significant issues. However, if a

collective agreement covering a significant number of employees or involving certain key employees were to expire and lead to a work stoppage, there can be no assurance that such work stoppage would not have a material adverse effect on the Company's financial condition and results of operations.

Key collective agreements to be negotiated in 2023 include: a poultry facility in Edmonton (Edmonton Poultry) and three prepared meats facilities in Saskatoon (Mid West DC), in Hamilton (Heritage Engineers) and in Burlington (Burlington Tool Shop).

## **Safety**

Occupational Health and Safety (OHS) is a top priority for the Company. The OHS mandate remains clear – a goal of zero occupational injuries in the workplace, driven by the commitment to employee safety. Through the Company's Safety Promise and continuous improvement in safety protocols, in 2022, a 93.6% improvement in Total Recordable Incident Rate (TRIR) was realized since the 2012 baseline reporting year. The Company's 2022 TRIR was 0.40 and 30 sites had zero recordable injuries in 2022. The Company has achieved world-class OHS performance for the past six years across manufacturing in North America compared to the United States Bureau of Labor Statistics.

## **Currency**

A portion of the Company's revenues and costs are either denominated in or directly linked to other currencies (primarily U.S. dollars and Japanese yen). In periods when the Canadian dollar has appreciated both rapidly and materially against these foreign currencies, revenues linked to U.S. dollars or Japanese yen are immediately reduced, while the Company's ability to change prices or realize natural hedges may lag the immediate currency change. The effect of such sudden changes in exchange rates can have a significant immediate impact on the Company's earnings. Due to the diversity of the Company's operations, normal fluctuations in other currencies do not generally have a material impact on the Company's profitability in the short term due to either natural hedges and offsetting currency exposures (for example, when revenues and costs are both linked to other currencies) or the ability in the near term to change prices of its products to offset adverse currency movements. However, as the Company competes in international markets, and faces competition in its domestic markets from U.S. competitors, significant changes in the Canadian to U.S. dollar exchange rate can have, and have had, significant effects on the Company's relative competitiveness in its domestic and international markets, as well as on its financial condition and results of operations.

During 2022, the U.S. dollar, on average strengthened relative to the Canadian dollar by 3.8%. In general, a stronger U.S. dollar increases the value of the Company's U.S. dollar denominated sales and the sales prices achieved by the Company's primary pork processing and hog production operations. Conversely, it increases the cost of raw materials and ingredients across the business. Over the longer-term, a stronger U.S. dollar increases the relative competitiveness of the domestic Canadian packaged goods operation, as imports of competing products from the U.S. become less competitive while exporting into the U.S. market becomes more attractive to the Company.

During 2022, the Japanese yen, on average weakened relative to the Canadian dollar by 13.2%. In general, a weaker Japanese yen reduces export margins to Japan in the Company's fresh pork business.

The Company ultimately seeks to manage currency fluctuations through pricing, cost reduction, or investment in value-added products. The Company uses derivatives and other non-derivative financial instruments to manage its exposures to fluctuations in foreign exchange rates.

## **Pricing**

The Company's profitability is dependent, in large part, on the Company's ability to make pricing decisions regarding its products that, on one hand encourage consumers to buy, yet on the other hand recoup development and other costs associated with those products. Products that are priced too high will not sell and products priced too low will not generate an adequate return. Accordingly, any failure by the Company to properly price its products could have a material adverse effect on the Company's financial condition and results of operations. (See "Risk Factors" in the Company's Management Discussion and Analysis for the year ending December 31, 2022).

## Reliance on Key Customers

For the year ended December 31, 2022, the Company reported Meat and Plant Protein sales to two customers representing 11.7% and 11.4% (2021: 12.2% and 11.3%) of total sales. No other sales were made to any one customer that represented in excess of 10.0% of total sales.

## ENVIRONMENTAL SUSTAINABILITY

Maple Leaf Foods is committed to maintaining high standards of environmental responsibility and positive relationships in the communities where it operates. It operates within the framework of a policy entitled "Our Environmental Sustainability Commitment" that is approved by the Board of Directors' Safety and Sustainability Committee (the "Committee"). The Environmental Sustainability Commitment can be found on the Company's website.

The Company's environmental program is monitored on a regular basis by the Committee, including compliance with regulatory requirements and the use of internal environmental specialists and independent, external environmental experts. The Company continues to invest in environmental infrastructure related to water, waste, and air emissions to ensure that environmental standards continue to be met or exceeded, while implementing procedures to reduce the impact of operations on the environment.

On June 29, 2022, the Company renewed its syndicated sustainability-linked credit facility – a partnership with nine global banks to encourage maintenance of carbon neutrality and reductions in greenhouse gas emissions. The Credit Facility consists of a \$1,300.0 million unsecured committed revolving line of credit maturing June 29, 2027 and two unsecured committed term credit facilities for US\$265.0 million and \$350.0 million maturing June 29, 2027 and June 29, 2026, respectively. This Sustainability-Linked Credit Facility is intended to meet the Company's funding requirements for capital investments and for general corporate purposes. The interest rate on the sustainability-linked credit facility may be adjusted up or down based on the Company's performance compared to specific sustainability targets. The Company has benefited from lower interest rates under this Credit Facility since 2021.

Expenditures related to current environmental requirements are not expected to have a material effect on the financial position or earnings of the Company. However, it is possible that events could occur causing environmental expenditure to be significant and have a material adverse effect on the Company's financial condition or results of operations. Such events could include, but not be limited to, additional environmental regulation or the occurrence of an adverse event at one of the Company's locations. The Company currently has a provision of \$2.4 million related to expected environmental remediation costs. Please refer to Note 14 of the consolidated financial statements. As a large food company there are health, environmental, and social issues that go beyond short-term profitability that the Company believes must shape its business if it is to realize a sustainable future. Increasingly, moving beyond compliance to materially reducing the Company's environmental footprint is critical to addressing mounting environmental issues and realizing increased operating efficiencies and cost reductions.

Previously the Company had stated a target of reducing its environmental footprint by 50% by 2025 (against a 2014 baseline), encompassing the five areas where Maple Leaf Foods has the largest environmental impact: electricity, natural gas, water, solid waste and food waste. In 2022, the Company's environmental footprint reductions largely plateaued. Although the Company has shown good initial reductions from the 2014 base year, annual progress in achieving its targets has slowed. The slower pace of achieving reductions is due to a combination of factors, many of which have been exacerbated by the post-pandemic environment. Recognizing that the 2025 target may not be achievable at the current pace of reductions, the Company is deploying an operational excellence team that is focused on near-term reduction and optimization opportunities, and is also exploring high-impact greenhouse gas reduction technologies, such as anaerobic digestion and regenerative agriculture, that have the potential to significantly accelerate progress towards its goals.

### *Science-Based Target (SBTs)*

Science-Based Targets ("SBT"s) provide companies with a clearly defined pathway to future-proof growth by specifying how much and how quickly companies need to reduce greenhouse gas emissions to meet the requirements of the global Paris Climate Accord. On September 9, 2019, the Science- Based Target initiative ("SBTi") approved Maple Leaf Foods' SBTs for greenhouse gas emissions reduction. The SBTi verified the Company's' comprehensive carbon inventory that was developed in accordance with the internationally accepted Greenhouse Gas Protocol which was developed by the World Resources Institute and World Business Council for Sustainable Development. Maple Leaf Foods committed to reduce its absolute Scope 1 and 2 greenhouse gas emissions by 30% and its Scope 3 greenhouse gas emissions by 30% per 1,000kg of production by 2030 against a 2018 baseline.

By setting SBTs in 2019, Maple Leaf Foods has re-prioritized its approach to environmental sustainability to be in line with the best available climate science. The Company understands that it is critical now more than ever to reduce greenhouse gas emissions in order to avoid future negative impacts of climate change. Environmental footprint reduction roadmaps will continue to encompass the five areas where Maple Leaf Foods has the largest environmental impact: electricity, natural gas, water, solid waste and food waste. The Company will continue to implement its environmental sustainability action plans and track and report its environmental performance.

### *Carbon Neutral*

Maple Leaf Foods achieved carbon neutrality by avoiding intensive emissions activities, reducing emissions by implementing energy efficiency projects and replacing carbon intensive energy with lower carbon or renewable sources. Lastly, for all remaining emissions that cannot be reduced or are currently unavoidable, the Company has invested in certified offset projects to bring its net greenhouse gas emissions to zero. Using the carbon inventory that was validated by the SBTi, Maple Leaf Foods reviewed every aspect of its business and identified opportunities to avoid and reduce emissions associated with its operations. The Company's utility audit program identifies energy, water and waste reduction opportunities that have a high return on investment and positive impact on reducing its environmental footprint. The Company has implemented key projects across its facilities, including a national LED lighting retrofit program, heat recovery projects, water conservation/reuse opportunities, and organics diversion and recycling programs. The Company is investigating anaerobic digestion as a scalable solution to further reduce greenhouse gas emissions arising from its operations and is investing in regenerative agriculture to reduce the greenhouse gas emissions of its supply chain. Most of these projects drive capital investment at each facility to sustain the Company's environmental performance into the future.

Details on the Company's environmental performance and carbon strategy can be found in the Company's 2021 Sustainability Report that is available on the Company's website.

## **RISK FACTORS**

In carrying out its business and operations, the Company faces many risks. Further, through the normal course of business the Company is exposed to financial and market risks that have the potential to affect its operating results.

These risk factors, along with other risks and uncertainties not currently known to the Company, or that the Company currently considers immaterial, could materially and adversely affect the Company's performance, operating results and ability to pay dividends or return capital to shareholders. Such risks could cause actual events to differ materially from those described in any forward-looking statements, including any financial outlooks, targets or goals. Many of the risks are beyond the Company's control and, in spite of any efforts the Company may make to manage or mitigate its risk exposure, there is no guarantee that such risk management or mitigation activities will be successful. Readers should carefully consider the risk factors set out below, along with the other information contained in this document and the Company's other public filings before making an investment decision. The identified risks and uncertainties are described under the headings "Financial Instruments and Risk Management Activities" and "Risk Factors" in the Company's Management's Discussion and Analysis for the fiscal year ended December 31, 2022 which is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website.

## DESCRIPTION OF CAPITAL STRUCTURE

The authorized share capital consists of an unlimited number of common shares, an unlimited number of non-voting common shares (the “non-voting securities”) and an unlimited number of preferred shares issuable in series.

As of March 2, 2023, the issued capital of the Company consisted of 122,278,702 common shares. There are no non-voting securities and no preferred shares issued and outstanding. The key features of each of these classes of securities is included below. Full details of the rights, privileges and restrictions are contained in the articles of the Company which are available on SEDAR at [www.sedar.com](http://www.sedar.com).

### Common Shares

The rights, privileges, restrictions and conditions attaching to the common shares are as follows:

- **Voting:** Holders of common shares are entitled to one vote per share at all meetings of shareholders.
- **Dividends:** Holders of common shares are entitled to dividends if, as and when declared by the board of directors of the Company (subject to any preference accorded to the holders of shares ranking senior to the common shares).
- **Liquidation, Dissolution or Wind-Up:** In the event of the liquidation, dissolution or winding-up of its affairs, holders of common shares are entitled to a pro rata share of the assets of the Company after payment of all liabilities and obligations of the Company (subject to any preference accorded to the holders of shares ranking senior to the common shares).
- **Other:** There are no pre-emptive, conversion or redemption rights attaching to the common shares.

As of the date hereof, the common shares are the only class of shares issued and outstanding and there are no shares issued and outstanding ranking senior to the common shares.

### Non-Voting Securities

As of the date hereof, no non-voting securities are issued and outstanding. The non-voting securities carry rights identical to those of the common shares except as described below:

- Except as required by law, the holders of the non-voting securities as a class are not entitled as such to vote at any meeting of the shareholders of the Company.
- Holders of the non-voting securities are not entitled to vote separately as a class, and are not entitled to dissent, upon a proposal to amend the articles to (a) increase or decrease any maximum number of authorized non-voting securities resulting from a subdivision or consolidation respectively; (b) increase any maximum number of authorized shares of a class or series of a class having rights or privileges equal or superior to the non-voting securities; (c) effect an exchange, reclassification or cancellation of the non-voting securities; or (d) create a new class or series of a class of shares equal or superior to the non-voting securities, unless the holders of non-voting securities are being affected by such amendment in a manner differently from the holders of common shares.
- The non-voting securities may be converted at any time by the holder or holders thereof into fully-paid common shares on the basis of one common share for one non-voting security.
- If at any time, a current holder of non-voting securities transfers all or a portion of the non-voting securities held by such holder to another person, the shares being transferred shall be automatically converted upon such transfer into fully-paid common shares of the Company on the basis of one common share for each non-voting security.
- The conversion will occur simultaneously upon the completion of such transfer, without any further action by the Company or any other person, so that the transferee will be a holder of common shares equal in number to the non-voting securities transferred by the transferor.

- The holders of the non-voting securities have no express right to participate in a take-over bid made for the common shares of the Company. Such holders, however, may convert their non-voting securities into common shares and participate in a take-over bid in that manner.

These non-voting securities may be considered “restricted securities” under National Instrument 51-102 - Continuous Disclosure Obligations, as the common shares of the Company which are publicly traded carry a greater vote per security relative to the non-voting securities.

### **Preferred Shares**

The preferred shares are issuable in one or more series. As of the date hereof, no series of preferred shares has been created and no preferred shares have been issued. The key features of the preferred shares are described below:

- Each series of preferred shares is to rank equally with any other series of preferred shares in respect of redemption, the payment of dividends, the return of capital and the distribution of assets in the event of the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary.
- Each series of preferred shares shall have priority over the common shares, the non-voting securities and any other class of shares of the Company ranking junior to the preferred shares with respect to redemption, the payment of dividends, the return of capital and the distribution of assets in the event of the liquidation, dissolution or winding up of the Company.
- The preferred shares of any series may also be given such preferences, not inconsistent with the general provisions of the class, over the common shares, the non-voting securities and over any other class of shares of the Company ranking junior to the preferred shares, as may be determined by the board of directors of the Company.
- The holders of each series of preferred shares shall be entitled to receive cumulative dividends as and when declared by the board of directors of the Company at a rate per share per annum as determined by the board of directors of the Company, acting in good faith, provided such rate per annum does not exceed by more than 2.0% the yield to maturity of an unsecured bond with a comparable credit rating issued by a “comparable issuer” on the date the rights, privileges, restrictions and conditions attaching to the shares of such series of preferred shares are determined or such other date as close as practicable to such date, such bond having the same or as close as possible term to maturity as is equal to the period until the series of preferred shares are first redeemable in whole or in part. A “comparable issuer” refers to an issuer selected by the board of directors of the Company as being comparable to the Company in terms of industry focus and whose outstanding unsecured long-term debt securities have a comparable credit rating (being a credit rating that is the same or that is the closest as possible to the credit rating of the outstanding long-term debt securities of the Company).
- No series of preferred shares shall be convertible into any other class of shares of the Company. Each series of preferred shares shall be redeemable by the Company on such terms as determined by the board of directors of the Company.
- Holders of preferred shares shall not be entitled to receive notice of, to attend or to vote at any shareholders’ meeting of the Company except as provided by law, or upon an event of default by the Company where the board of directors of the Company has not declared the whole dividend on the particular series of preferred shares in any period and in that event, such holders shall be entitled to receive notice of, to attend and to vote at the shareholders’ meetings (with one vote for each share held), which voting rights shall cease upon payment by the Company of the dividend to which holders are entitled.
- Whenever a share of any series of preferred shares is to be issued, the total number of such series of preferred shares to be issued shall be limited such that the aggregate value of all preferred shares of all series issued and outstanding, including the value of the preferred shares of such series to be issued (based

on the issuance price per share of each preferred share) shall not exceed 25% of the market capitalization of the common shares (the aggregate value of the common shares and non-voting securities issued and outstanding calculated based on the volume weighted average trading price of the common shares on the TSX for the five (5) trading days immediately preceding 5:00 p.m. on the date on which the board of directors of the Company determines the issuance price per share of the series of preferred shares to be issued).

- The holders of preferred shares may not have an express right to participate in a take-over bid made for the common shares of the Company.

### **Governance Agreement**

On February 21, 2017, the Company entered into an amended and restated governance agreement with McCain Capital Inc. and Michael H. McCain (the "Governance Agreement") which amended and restated the original governance agreement entered into on July 28, 2011, in order to:

- allow the Company's rights plan to expire in accordance with its terms and to eliminate impediments to the accumulation of shares by third parties,
- regulate (in a similar manner to the shareholder rights plan that had been in place since 2011) dispositions by Michael H. McCain and McCain Capital Inc. of their shares and establish a limit on ownership by the McCain Holders of shares and rights and entitlements to acquire shares to 45%,
- ensure that the Company's Board of Directors would consist of a majority of independent directors nominated by the Corporate Governance Committee,
- give the Board flexibility with respect to share issuances and repurchases and generally with respect to capital allocation decisions, and
- address potential intergenerational transfers of the McCain family shareholdings.

A complete copy of the Governance Agreement is available on SEDAR at [www.sedar.com](http://www.sedar.com) and a summary of the key features is provided below:

- The McCain Holders (which includes Michael H. McCain, McCain Capital Inc. and certain other parties, all as defined in the Governance Agreement) will continue to have the right to nominate that number of directors of the Company proportionate to their ownership interest, however, the Governance Agreement now caps the number of nominees of the McCain Holders so that, regardless of the McCain Holder's ownership interest, the Corporate Governance Committee of the Board will continue to have the right to nominate the majority of directors..
- All directors nominated by the Corporate Governance Committee will be independent of the Corporation and unrelated to the McCain Holders, except in certain circumstances where the Board determines it would be in the best interests of the Corporation to nominate a director that is not independent..
- The McCain Holders are prohibited from acquiring beneficial ownership of, or control or direction over, more than 45% of the outstanding common shares of the Company (calculated on a modified fully diluted basis) except as a result of the exercise of rights to acquire shares granted under the Company's equity compensation plans, actions taken by the Company 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 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 rights plan) will not constitute a permitted take-over bid for purposes of the Governance Agreement.
- 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



Company or pursuant to certain permitted estate planning transactions. Eligible transferees under these estate planning transactions can become parties to the Governance Agreement and succeed to the rights and obligations of the McCain Holders under the Governance Agreement.

- 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.
- The Company agreed that it would not put the rights plan of the Company to shareholders for reconfirmation at the Company's annual meeting in 2017. As a result, the rights plan expired on April 27, 2017 (the date of the Company's annual meeting in 2017) as it was not submitted to the shareholders for reconfirmation pursuant to the provisions of the Governance Agreement described above. The Corporation further 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 Governance Agreement except in certain circumstances.

As a result of entering into Governance Agreement and changes in securities law, the shareholder rights plan agreement that had been in place since 2011 (as amended and restated, the "rights plan") was allowed to expire in accordance with its terms at the termination of the Company's annual meeting in 2017.

### **Credit Facilities**

On June 29, 2022, the Company renewed its syndicated sustainability-linked credit facility (the "Credit Facility") and subsequently amended the covenants in February of 2023 to reflect the extended effect of the post-pandemic economy. The Company extended the maturity date of the \$1,300.0 million unsecured committed revolving line of credit to June 29, 2027, and extended the maturity dates of the US\$265.0 million and \$350.0 million unsecured committed term credit facilities to June 29, 2027 and June 29, 2026, respectively.

The Credit Facility can be drawn in Canadian or U.S. dollars and bears interest payable monthly, based on Banker's Acceptance and Prime rates for Canadian dollar loans and based on the Secured Overnight Financing Rate ("SOFR") for U.S. dollar loans. The Credit Facility is intended to meet the Company's funding requirements for capital investments in addition to providing appropriate levels of liquidity for general corporate purposes. The interest rate on the Credit Facility may be adjusted up or down based on the Company's performance compared to specified sustainability targets.

In addition to the drawings on the revolving facility and the term credit, as at December 31, 2022 the Company had drawn letters of credit of \$8.9 million on the Credit Facility (2021: \$8.2 million).

The Credit Facility requires the maintenance of certain covenants. As at December 31, 2022, the Company was in compliance with all of these covenants. The primary financial covenant requires that the Company maintain a total debt to capitalization ratio below a specified threshold.

The Company has additional uncommitted credit facilities for issuing letters of credit up to a maximum of \$125.0 million (2021: \$125.0 million). As at December 31, 2022, \$58.9 million in letters of credit had been issued thereon (2021: \$66.8 million).

The Company has various government loans on specific projects. As at December 31, 2022, these loans are non-interest bearing facilities (2021: 0% to 2.9%). These specific facilities are repayable over various terms and are maturing from 2024 to 2032. As at December 31, 2022, \$7.0 million (2021: \$12.2 million) was outstanding. All of these facilities are committed.

On June 24, 2022, the Company amended its accounts receivable securitization facility (the "Securitization Facility") by extending the maturity to June 24, 2024. The maximum cash advance available to the Company under the Securitization Facility is \$135.0 million. The Securitization Facility provides cash funding with a proportion of the Company's receivables being sold, and provides the Company with competitively priced financing and further

diversifies its funding sources. Under the Securitization Facility, the Company has sold certain of its trade accounts receivable, with very limited recourse, to an unconsolidated third-party trust financed by an international financial institution with a long-term AA- debt rating, for cash and short-term notes back to the Company. The receivables are sold at a discount to face value based on prevailing money market rates. The Company retains servicing responsibilities for these receivables.

## **DIVIDENDS**

### **Dividend Policy**

The amount of dividends declared on the common shares, if any, is subject to the discretion of the Board of Directors and may vary depending on a variety of factors, including but not limited to current and expected cash flows, capital expenditures, borrowings and debt repayments and working capital requirements.

The Board of Directors of the Company intends to maintain a stable dividend and, where appropriate, change the dividend on the basis of the stability of the Company's earnings and stock price appreciation. Maple Leaf Foods' general practice has been to pay quarterly cash dividends on its common shares. Typically, these dividends are payable on the last business day of the month to shareholders as of the record date established by the Board of Directors.

It is currently anticipated that the full amount of the dividends to be paid in 2023 will be considered eligible dividends for the purposes of the "Enhanced Dividend Tax Credit System".

In addition to the standard legislated solvency and liquidity tests that must be met, Maple Leaf Foods' ability to declare and pay dividends is also dependent on its compliance with the covenants under its credit facility.

### **Dividend History**

On February 26, 2020, the Board of Directors increased the quarterly dividend to \$0.16 per common share (\$0.64 per annum) commencing with the dividend payable on March 31, 2020.

On February 24, 2021, the Board of Directors increased the quarterly dividend to \$0.18 per common share (\$0.72 per annum) commencing with the dividend payable on March 31, 2021.

On February 23, 2022 the Board of Directors increased the quarterly dividend to \$0.20 per common share (\$0.80 per annum) commencing with the dividend payable on March 31, 2022.

On March 8, 2023 the Board of Directors increased the quarterly dividend to \$0.21 per common share (\$0.84 per annum) commencing with the dividend payable on March 31, 2023.

The following table sets out the dividends declared per common share for the most recently completed financial years:

<b>Declaration Month</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
February	0.20	0.18	0.16
May	0.20	0.18	0.16
July	0.20	0.18	0.16
October	0.20	0.18	0.16
<b>Total</b>	<b>\$0.80</b>	<b>\$0.72</b>	<b>\$0.64</b>

## MARKET FOR SECURITIES

The Company's common shares are listed on the TSX under the stock market symbol "MFI" and also trade on alternative Canadian marketplaces. The greatest trading volume is on the TSX. The following table outlines the price range and trading volume of the common shares for each month of the last fiscal year on the TSX.

Month (2022)	High	Low	Volume Traded
December	25.60	22.86	5,898,285
November	25.45	18.85	6,543,982
October	21.7	19.61	4,173,415
September	23.71	20.18	3,824,567
August	27.2	21.6	6,648,976
July	27.5	25.11	2,022,974
June	28.18	24.84	3,952,995
May	28.3	26.3	4,251,062
April	30.64	27.34	5,330,385
March	31.05	26.6	7,344,677
February	32.6	26.63	6,803,739
January	31.01	28.39	4,816,716

### *Normal Course Issuer Bids*

On May 20, 2022 the Toronto Stock Exchange ("TSX") accepted the Company's notice of intention to commence a Normal Course Issuer Bid ("NCIB"), allowing the Company to repurchase, at its discretion, up to 7.5 million common shares in the open market or as otherwise permitted by the TSX, subject to the normal terms and limitations of such bids. Common shares purchased by the Company are cancelled. The program commenced on May 25, 2022 and will terminate on May 24, 2023, or on such earlier date as the Company completes its purchases pursuant to the notice of intention. Under this bid, during the year ended December 31, 2022, 2.5 million shares at an average price of \$23.51 per share were repurchased for cancellation.

On May 20, 2021 the accepted the Company's notice of intention to commence a NCIB , allowing the Company to repurchase, at its discretion, up to 7.5 million common shares in the open market or as otherwise permitted by the TSX, subject to the normal terms and limitations of such bids. Common shares purchased by the Company are cancelled. The program commenced on May 25, 2021 and was terminated on May 24, 2022, as the Company completed its purchases pursuant to the notice of intention. Under this bid, no shares were repurchased for cancellation.

On May 21, 2020 the TSX accepted the Company's notice of intention to commence a NCIB, allowing the Company to repurchase, at its discretion, up to 7.5 million common shares in the open market or as otherwise permitted by the TSX, subject to the normal terms and limitations of such bids. Common shares purchased by the Company are cancelled. The program commenced on May 25, 2020 and was terminated on May 24, 2021, as the Company completed its purchases pursuant to the notice of intention. Under this bid, no shares were purchased for cancellation.

## DIRECTORS AND OFFICERS

The following table sets forth each director's name and municipality of residence, the year in which he or she became a director, and their principal occupation for the last five years. Directors are elected to hold office until the next annual meeting of the shareholders or until a successor is elected or appointed.:

Name and Municipality of Residence	Director Since	Principal Occupation
William E. Aziz <sup>(1)(3)</sup> Oakville, Ontario, Canada	2014	President & Chief Executive Officer BlueTree Advisors Inc.
W. Geoffrey Beattie <sup>(1)(2)(5)</sup> Toronto, Ontario, Canada	2008	Chief Executive Officer Generation Capital
Ronald G. Close <sup>(2)(3)(4)</sup> Toronto, Ontario, Canada	2015	President RGC & Associates Inc.
Jean M. Fraser <sup>(2)(4)</sup> Toronto, Ontario, Canada	2014	Corporate Director
Thomas P. Hayes <sup>(2)(4)</sup> Boston, Massachusetts, U.S.A.	2021	Chief Executive Officer Ocean Spray
Timothy D. Hockey <sup>(1)(4)</sup> Toronto, Ontario, Canada	2020	Past-President & CEO TD Ameritrade Corporation
Katherine N. Lemon <sup>(1)(3)</sup> Holliston, Massachusetts, U.S.A.	2018	Professor Carroll School of Management, Boston College
Michael H. McCain Toronto, Ontario, Canada	1995	Executive Chair and CEO Maple Leaf Foods Inc.
Jonathan W.F. McCain <sup>(3)</sup> Toronto, Ontario, Canada	2018	President McCain Capital Inc.
Carol M. Stephenson <sup>(2)(4)</sup> London, Ontario, Canada	2016	Corporate Director

**Notes:**

- (1) Member of the Audit Committee. Mr. Aziz is the Committee Chair.
- (2) Member of the Corporate Governance Committee. Ms. Stephenson is the Committee Chair.
- (3) Member of the Safety and Sustainability Committee. Mr. Close is the Committee Chair.
- (4) Member of the Human Resources and Compensation Committee. Mr. Hockey is the Committee Chair.
- (5) Mr. Beattie is the Lead Independent Director.

### Committees of the Board

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

<b>Audit Committee</b>	<b>Member Since</b>	<b>Safety and Sustainability Committee</b>	<b>Member Since</b>
W.E. Aziz (Chair since 2015)	2014	R.G. Close (Chair since 2019)	2019
W.G. Beattie	2018	W.E. Aziz	2020
T.D. Hockey	2020	K.N. Lemon	2018
K.N. Lemon	2018	J.W.F. McCain	2018
<b>Corporate Governance Committee</b>	<b>Member Since</b>	<b>Human Resources and Compensation Committee</b>	<b>Member Since</b>
C.M. Stephenson (Chair since 2019)	2019	T.D. Hockey (Chair since 2022)	2020
W.G. Beattie	2020	R.G. Close	2021
R.G. Close	2015	J.M. Fraser	2021
J.M. Fraser	2015	T.P. Hayes	2022
T.P. Hayes	2021	C.M. Stephenson	2016

### Executive Officers

The names, municipalities of residence and principal occupations (for the preceding five years) of the executive officers of the Company and its principal subsidiaries are as follows:

<b>Name and Municipality of Residence</b>	<b>Position Held with the Company</b>	<b>Principal Occupation (last 5 years)</b>
Michael H. McCain Toronto, Ontario	Executive Chair and Chief Executive Officer	Executive Chair and Chief Executive Officer (May 2022 to date); President and Chief Executive Officer (January 1999 to May 2022)
Bentley A. Brooks Toronto, Ontario	Senior Vice President and General Manager, Poultry	Senior Vice President and General Manager, Poultry (April 2015 to date)
Stephane Dubreuil Toronto, Ontario	Senior Vice President, Strategy and Corporate Development	Senior Vice President, Strategy and Corporate Development (February 27, 2019 to date); EVP Strategy and Customer Service, Great West Life Assurance (November 2016 to November 2018)
Stephen L. Elmer Newmarket, Ontario	Vice President and Corporate Controller	Vice President and Corporate Controller, (May 2013 to date)
Jumoke Fagbemi Oakville, Ontario	Senior Vice President, People	Senior Vice President, People (January 2023 to date); SVP, Talent & Culture, Airbus (January 2020 to December 2022); Head of Talent Development, British American Tobacco (May 2014 to December 2019)
Curtis E. Frank Carlisle, Ontario	President and Chief Operating Officer	President and Chief Operating Officer (February 2019 to date); Chief Operating Officer (October 2018 to February 2019); Senior Vice President, Retail Sales (May 2014 to September 2018)

<b>Name and Municipality of Residence</b>	<b>Position Held with the Company</b>	<b>Principal Occupation (last 5 years)</b>
Michelle A. Garraway Mississauga, Ontario	Assistant Corporate Secretary	Assistant Corporate Secretary (December 2019 to date); Corporate Affairs Specialist, Redknee Solutions Inc. (2010 to 2014)
Adam Grogan Toronto, Ontario	President, Alternative Proteins President, Greenleaf Foods, SPC	President, Alternative Proteins (December 2022 to date); President, Greenleaf Foods, SPC (January 2022 to date); Chief Operating Officer, Greenleaf Foods, SPC (September 2019 to January 2022); Senior Vice President, Marketing and Innovation (May 2014 to September 2019)
Suzanne Hathaway Toronto, Ontario	Senior Vice President, General Counsel, Communications and Corporate Secretary	Senior Vice President, General Counsel, Communications & Corporate Secretary (December 2022 to date); Senior Vice President, General Counsel and Corporate Secretary (March 2019 to December 2022); Senior Vice President, General Counsel and Corporate Secretary, Keyera Corp. (June 2017 to February 2019)
Randall D. Huffman Toronto, Ontario	Chief Food Safety and Sustainability Officer	Chief Food Safety and Sustainability Officer (June 2017 to date)
Joshua H. Kuehnbaum Burlington, Ontario	Senior Vice President, Foodservice and International	Senior Vice President, Foodservice and International (December 2022 to date); Senior Vice President, Foodservice Sales and Marketing (September 2018 to December 2022); Vice President and General Manager, U.S. and Multinational Business Teams (February 2016 to September 2018)
Lynda J. Kuhn Acton, Ontario	Senior Vice President, Global Government and Industry Relations & Chair, Maple Leaf Centre for Food Security	Senior Vice President, Global Government and Industry Relations (August 2022 to date); Chair, Maple Leaf Centre for Food Security (December 2016 to date); Senior Vice President (February 27, 2019 to August 2022)
Andreas Liris Toronto, Ontario	Chief Information and Technology Officer	Chief Information and Technology Officer (December 2022 to date); Chief Information Officer (February 2015 to December 2022)
Robert S. Lorimer Burlington, Ontario	Senior Vice President, Retail Sales	Senior Vice President, Retail Sales (October 2018 to date); Vice President and General Manager, Sobeys Customer Business Team (June 2016 to September 2018)
Patrick Lutfy Toronto, Ontario	Senior Vice President, Marketing	Senior Vice President, Marketing (December 2022 to date); Vice President, Marketing & General Manager - Prepared Meats International (June 2021 to December 2022); Vice President, Marketing, Prepared Meats (August 2016 to June 2021)
René R. McLean Toronto, Ontario	Vice President, Business Finance	Vice President, Business Finance (January 2003 to date)

<b>Name and Municipality of Residence</b>	<b>Position Held with the Company</b>	<b>Principal Occupation (last 5 years)</b>
Dennis Organ Toronto, Ontario	President, Pork Complex	President, Pork Complex (March 1, 2023 to date); Chief Executive Officer, Smithfield Foods, November 2020 to July 2021); Chief Operating Officer, Smithfield Foods (January 2019 to November 2020); and Chief Supply Chain Officer, Smithfield Foods (April 2015 to January 2019)
Michael R. Rawle Toronto, Ontario	Vice President, Investor Relations and Treasury	Vice President, Investor Relations and Treasury (July 20, 2020 to date); Vice President, Finance and Treasurer (December 2015 to July 20, 2020)
Casey Richards Burlington, Ontario	President and Chief Growth Officer	President and Chief Growth Officer (December 2022 to date); Senior Vice President, Marketing and Innovation (September 2019 to December 2022); Vice-President and General Manager, Pastry (November 2017 to September 2019)
Jonathan Sawatzky Winnipeg, Manitoba	Vice President, Maple Leaf Agri-Farms	Vice President, Maple Leaf Agri-Farms (August 2019 to date); Director, Finance, Maple Leaf Agri-Farms (October 2014 to August 2019)
Iain W. Stewart Toronto, Ontario	Chief Supply Chain Officer	Chief Supply Chain Officer (December 2022 to date); Senior Vice President, Operations, Supply Chain and Purchasing (October 2019 to December 2022); was Senior Vice President and General Manager, Pork Complex (June 2017 to September 2019)
Geert Verellen Burlington, Ontario	Chief Financial Officer	Chief Financial Officer (January 2020 to date); Regional Chief Financial Officer, Walmart Canada, India and Japan (February 2018 to December 2019), Chief Financial Officer, Walmart Canada (October 2015 to February 2018)

#### *Ownership of Voting Securities by Directors and Executive Officers*

As at March 2, 2023, the directors and executive officers of the Company, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, directly or indirectly, an aggregate of 792,257 common shares, representing approximately 0.65% of the issued and outstanding common shares of the Company. The figure does not include the 48,829,165 common shares (approximately 39% of all issued common shares) of the Company reported to be held directly and indirectly by McCain Capital Inc., which the Company understands is beneficially owned or controlled by Mr. M.H. McCain.

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

Within ten years preceding the date of this AIF, Mr. W.E. 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.

## AUDIT COMMITTEE

### Composition of the Audit Committee

The Audit Committee of Maple Leaf Foods consists of W.E. Aziz (Chair), W.G. Beattie, T.D. Hockey, and K.N. Lemon. Each member of the Audit Committee is independent within the meaning of applicable securities legislation and none receives, directly or indirectly, any compensation from the Company other than for service as a member of the board of directors and its committees. Each member of the Audit Committee is financially literate as defined under National Instrument 52-110 – Audit Committees. In considering the criteria for determining financial literacy, the Board of Directors of the Company looks at the ability of a director to read and understand a balance sheet, an income statement and a cash flow statement of a company of a complexity comparable to that of the Company.

A copy of the charter of the Audit Committee is attached as Appendix A hereto.

### Relevant Education and Experience of Audit Committee Members

#### *W.E. Aziz, FCPA, FCA*

Through BlueTree Advisors, Mr. Aziz is currently providing his services as Chief Restructuring Officer to JTI Macdonald Corp. during its restructuring. Mr. Aziz is a director, Chair of the Compensation Committee and a member of the Related Party Transactions and Audit Committees of Atlantica Sustainable Infrastructure. In 2019 Mr. Aziz retired from Chair of the Investment Committee and a member of the Human Resources Committee of the Ontario Municipal Employees' Retirement System ("OMERS") and the Leadership Council at the Ihnatowycz Institute for Leadership at the Ivey Business School at Western University ("Ivey"). He is a graduate in Honors Business Administration from Ivey and 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.

#### *W.G. Beattie*

Mr. Beattie is Chief Executive Officer of Generation Capital and Chair of Relay Ventures. Mr. Beattie is a director of the Baker Hughes and Fiera Capital Corporation, and was previously a director of General Electric Company, Royal Bank of Canada and Acasta Enterprises Inc. Mr. Beattie is a 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. 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 and an honorary LL.B. in 2018.

#### *T.D. Hockey*

Mr. Hockey is a Director of Mattamy Asset Management, the largest privately-held home builder in North America and is Chair of the Board of CivicAction Foundation. Mr. Hockey was previously the President and CEO, TD Ameritrade from 2016 to 2019. Mr. Hockey also served as Group Head, Canadian Banking and Wealth Management at TD Bank Group, and as President and CEO of TD Canada Trust. Mr. Hockey holds an MBA and Ph.D (Honoris Causa) from the University of Western Ontario and sits on the Advisory Board of the Richard Ivey School of Business. He also served on the Board of Directors for the SickKids Foundation, the largest non-governmental granting agency in children's health in Canada, and was Chair of the Hospital for Sick Children's Research and Learning Tower Campaign. He is also the Chair of the Board of CivicAction Foundation. He was an Executive member of the Canadian Bankers Association and served as Chair of the organization.



*K.N. Lemon, Ph.D.*

Dr. Lemon is the Accenture Professor at Boston College, Carroll School of Management. She served as Chair and board 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 also served on its Board of Directors. Her research examines key drivers of firm growth from a consumer perspective, developing quantitative 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's Fuqua School of Business 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.

*Fees paid to Auditors – KPMG LLP*

The fees paid by the Company for the services performed by KPMG LLP for the years ended December 31, 2022 and 2021 are set out in the table below. Annually, the Audit Committee reviews a summary of the services provided by the auditors to the Company and its subsidiaries. In 2004, the Audit Committee established a policy requiring pre-approval of all non-audit services to be rendered by the external auditors. Any engagement of KPMG LLP by the Company for any non-audit services must be approved in advance by the Audit Committee. Between meetings of the Audit Committee, authority for approval is delegated to the Audit Committee Chairman. Approvals under the delegated authority are presented to the full Audit Committee at their next meeting. The policy also prohibits the engagement of KPMG LLP in a number of services that the Audit Committee 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 Company:

- (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.

Description	2022 \$	2021 \$
Audit fees <sup>(1)</sup>	1,317,170	1,164,160
Audit-related fees <sup>(2)</sup>	714,649	1,612,698
Tax fees <sup>(3)</sup>	134,596	82,593
All other fees <sup>(4)</sup>	86,500	113,450
<b>TOTAL FEES</b>	<b>2,252,915</b>	<b>2,972,901</b>

**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, audits required for regulatory purposes, translation services, accounting advisory services and financial due diligence.
- (3) For Canadian and international tax advisory and compliance services, and transfer pricing services.
- (4) Primarily for greenhouse gas verification, post-merger integration and separation advisory services.

**LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

The Company is a defendant to certain claims arising in the normal conduct of its business. Management believes that the final resolution of these claims will not have a material adverse effect on the Company's earnings or financial position. The Company is not subject to any material legal or regulatory actions other than as set out herein or in the Company's Management's Discussion and Analysis and Annual Financial Statements for the fiscal year ended December 31, 2022.

**CONFLICTS OF INTEREST**

It is possible that circumstances could arise from time to time that create a real or potential conflict of interest for a member of the Board of Directors. Each director has the statutory responsibility to disclose all actual or potential conflicts of interest, recuse himself or herself from such matters and generally to refrain from voting on matters that could affect his or her personal, business or professional interests. Maple Leaf Foods has adopted a Conflict of Interest Policy and associated procedures to ensure that all real or potential conflicts are identified and appropriate steps taken to manage all such situations with diligence and transparency.

To the best of the knowledge of the Company, no director or executive officer of Maple Leaf Foods has an existing or potential material conflicts of interest with the Company or any of its subsidiaries other than as set out herein or in the Company's Management's Discussion and Analysis for the fiscal year ended December 31, 2022.

**INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

To the best of the knowledge of the Company, except as described in this Annual Information Form, and other than the Governance Agreement described under "Material Contracts" below, no director or executive officer of the Company, nor any person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10% of any class of securities of the Company, nor any associate or affiliate of the foregoing persons or companies, has any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company or any of its subsidiaries.

**TRANSFER AGENT AND REGISTRARS**

The Company's transfer agent is Computershare Investor Services Inc., with transfer points for the common shares of the Company in Vancouver, British Columbia; Calgary, Alberta; Toronto, Ontario; and Montreal, Quebec.

**INTERESTS OF EXPERTS**

The Company's independent auditors, KPMG LLP, have delivered an audit report to the Company concerning the Consolidated Balance Sheets of the Company as at December 31, 2022 and 2021, and the Consolidated Statements of Net Earnings, Consolidated Statements of Other Comprehensive Income (Loss), Consolidated Statements of Changes in Total Equity and Consolidated Statements of Cash Flows for the years ended December 31, 2022 and 2021. KPMG LLP is an independent auditor with respect to the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada.

## **MATERIAL CONTRACTS**

The Governance Agreement is the Company's only material contract that meets the reporting requirements. The Governance Agreement is available on SEDAR at [www.sedar.com](http://www.sedar.com) and is summarized under "Capital Structure - Governance Agreement".

## **ADDITIONAL INFORMATION**

Additional information including directors' and named executive officers' remuneration and indebtedness, principal holders of the Company's common shares, securities authorized for issuance under equity compensation plans and interest of insiders in material transactions, if applicable, is contained in the Notice of Annual Meeting of Shareholders and Management Proxy Circular issued in connection with the Company's most recent annual meeting of shareholders. Additional financial information is also provided in the Company's Management's Discussion & Analysis and consolidated financial statements for the fiscal year ended December 31, 2022. Copies of the foregoing documents may be obtained free of charge, upon request, from the Corporate Secretary of Maple Leaf Foods Inc., at 6985 Financial Drive, Mississauga, Ontario L5N 0A1.

The above information and additional information relating to Maple Leaf Foods is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## APPENDIX “A”

### CHARTER OF THE AUDIT COMMITTEE

#### (THE “COMMITTEE”) OF THE BOARD OF DIRECTORS OF MAPLE LEAF FOODS INC. (THE “CORPORATION”)

##### Nature and Scope of the Committee

The Committee is a standing committee appointed by the Board of Directors, established to fulfill applicable public company obligations respecting audit committees and to assist the Board of Directors (the “Board”) in fulfilling its oversight responsibilities in the following areas: (i) accounting policies and practices, (ii) the integrity of the Corporation’s financial statements, (iii) compliance with legal and regulatory requirements, (iv) the qualifications, independence, and performance of the external auditors, and (v) the performance of the internal audit function.

The Committee Chair and members are members of the Board, appointed to the Committee to provide broad oversight of the financial reporting, risk and control related activities of the Corporation, and are specifically not accountable or responsible for the day-to-day operation or performance of such activities.

Management is responsible for the preparation, presentation and integrity of the financial statements and for maintaining appropriate accounting and financial reporting principles and policies, systems of risk assessment and internal controls and procedures designed to provide reasonable assurance that assets are safeguarded and transactions are properly authorized, recorded and reported and to assure the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with accounting standards and applicable laws and regulations.

The internal auditor is responsible for monitoring and reporting on the adequacy and effectiveness of the system of internal controls.

The external auditors are responsible for planning and carrying out an audit of the annual consolidated financial statements in accordance with generally accepted auditing standards to provide reasonable assurance that, among other things, such financial statements are in accordance with generally accepted accounting principles. The external auditors are accountable to the Committee and the Board as the representatives of the shareholders of the Corporation and the Committee shall so instruct the external auditors and the external auditors shall report directly to the Committee.

Except as set out below, the Committee does not have decision-making authority but rather conveys its findings and recommendations to the Board for consideration and decision by the Board.

##### Procedures, Powers and Duties

In addition to the procedures and powers set out in the policy entitled “Composition, Appointment & Practices of Each Committee of the Board of Directors of Maple Leaf Foods Inc.”, as amended, or in any resolution of the Board relating to the Committee, the Committee shall have the following procedures, powers and duties:

1. *Composition* – The Committee shall be comprised of a minimum of three members. Each member of the Committee shall be both an “unrelated” director and “independent” director as such terms are defined from time to time under the requirements or guidelines for Audit Committee service under applicable securities laws and the rules of any stock exchange on which the Corporation’s securities are listed for trading.

All members of the Committee must be “financially literate” subject to any available exemption in applicable securities laws as that term is defined from time to time under the requirements or guidelines for Audit Committee service under securities laws and the rules of any stock exchange on which the Corporation’s securities are listed for trading or if it is not so defined as that term is interpreted by the Board in its business judgment.

2. *In Camera Meetings* – At least annually, the Committee shall hold in camera meetings with each of the head of the internal audit function and the external auditors to discuss any matters that the Committee or each of these

groups believes should be discussed privately and such persons shall have unrestricted access to the Committee to bring forward matters requiring its attention.

3. *Professional Assistance* – The Committee may require the external auditors and internal auditors to perform such supplemental reviews or audits as the Committee may deem desirable. In addition, the Committee may retain such special legal, accounting, financial or other consultants and determine their compensation as the Committee may determine to be necessary to carry out the Committee’s duties at the Corporation’s expense and will inform the Chair of the Corporate Governance Committee of any such retainer.
4. *Reliance* – Absent actual knowledge or belief to the contrary which shall be promptly reported to the Board, each member of the Committee shall be entitled to rely on (i) the integrity of those persons or organizations within and outside the Corporation from which it receives information, (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations and (iii) representations made by management and the external auditors as to any non-audit services provided by the external auditors to the Corporation and its subsidiaries.
5. *Reporting to the Board* – The Committee will report through the Committee Chair to the Board following meetings of the Committee on matters considered by the Committee, its activities and compliance with this Charter.

The Committee will:

1. *Internal controls* – Review and discuss with management, the external auditors and the internal auditors as it deems necessary and exercise oversight with respect to:
  - i. The adequacy and effectiveness of the system of internal accounting and financial controls and the recommendations of management, the external auditors and the internal auditors for the improvement of accounting practices and internal controls;
  - ii. Any material weaknesses in the internal control environment, including with respect to computerized information system controls and security; and
  - iii. Management’s compliance with the Corporation’s processes, procedures and internal controls.
2. *Regulatory agency reviews* – Review the findings of any examination by regulatory agencies concerning financial matters of the Corporation and make recommendations to the Board related thereto.
3. *Appointment of external auditors* – With respect to the appointment and oversight of the external auditors:
  - i. Make recommendations to the Board on the external auditors for the purpose of preparing or issuing an audit report or performing other audit, review or attest services of the Corporation to be nominated in the Corporation’s proxy circular for appointment or reappointment by shareholders;
  - ii. Make a recommendation to the Board for the approval of compensation for the external auditors; and
  - iii. Review, evaluate and approve the terms of engagement, performance, audit scope and approach to the conduct of the external auditors with respect to the annual audit.
4. *Independence of external auditors* – Review the independence of the external auditors and make recommendations to the Board on actions the Committee deems necessary to protect and enhance the independence of the external auditors. In connection with such review, the Committee:
  - i. Shall actively engage in a dialogue with the external auditors about all relationships or services that may impact the objectivity and independence of the external auditors;
  - ii. Shall require that the external auditors submit to it on a periodic basis, and at least annually, a formal written statement delineating all relationships between the Corporation including its subsidiaries, and the external auditors including their affiliates;

- iii. Shall review and approve clear policies for hiring by the Corporation of employees or former employees of the current or former external auditors;
  - iv. May approve policies and procedures for the pre-approval by a Committee member of any non-audit services to be rendered by the external auditors which the external auditors are not otherwise prohibited from providing and which policies and procedures shall include reasonable detail with respect to the services covered, provided that the pre-approval of non-audit services by a Committee member with delegated authority must be presented to the full Committee at its next scheduled meeting. For greater certainty, all non-audit services to be provided to the Corporation or any of its affiliates by the external auditors or any of their affiliates which are not covered by pre-approval policies and procedures approved by the Committee shall be subject to pre-approval by the Committee; and
  - v. Shall review and approve the disclosure in the annual information form and management proxy circular of the fees paid in the financial year to the external auditors by category.
- 5. *Internal auditors* – Review the organizational structure, independence and qualifications of the internal audit department and its resources, the internal audit plans and their implementation.
- 6. *Internal audit function* – Oversee and monitor the internal audit function including:
  - i. Meeting periodically with the internal auditors to discuss the progress of their activities and any significant findings stemming from internal audits and any difficulties or disputes that arise with management and the adequacy of management's responses in correcting audit-related deficiencies; and
  - ii. Reviewing summaries of reports to management prepared by the internal auditors and have available the full reports, communicate with the internal auditors with respect to their reports and recommendations as necessary with respect to the extent to which prior recommendations have been implemented, management's responses to such reports and any other matters that the internal auditor brings to the attention of the Committee.
- 7. *External audits* – Oversee and monitor external audits, including:
  - i. Reviewing with the external auditors, the internal auditors and management the audit function generally, the objectives, staffing, locations, co-ordination, reliance upon management and internal audit and general audit approach and scope of proposed audits of the financial statements, the overall audit plans, the responsibilities of management, the internal auditors and the external auditors, the audit procedures to be used and the timing and estimated budgets of the audits;
  - ii. Discussing with the external auditors any difficulties or disputes that arose with management or the internal auditors during the course of the audit and the adequacy of management's responses in correcting audit-related deficiencies and resolve any outstanding disputes;
  - iii. Taking such other reasonable steps as the Committee may deem necessary to satisfy itself that the audit was conducted in a manner consistent with all applicable legal requirements and auditing standards of applicable professional or regulatory bodies; and
  - iv. Reviewing and resolve any disagreements between management and the external auditors regarding financial reporting or the application of any accounting principles or practice.
- 8. *Accounting principles and policies* – Oversee, review and discuss, as the Committee deems necessary, with management, the external auditors and the internal auditors, the Corporation's accounting principles and policies, including:
  - i. Selection – the appropriateness and acceptability of the Corporation's accounting principles and practices used in its financial reporting, changes in the Corporation's accounting principles or

practices and the application of particular accounting principles and disclosure practices by management to new transactions or events;

- ii. Significant financial reporting issues – all significant financial reporting issues and judgments made in connection with the preparation of the financial statements and any “second opinions” sought by management from an independent auditor with respect to the accounting treatment of a particular item;
  - iii. Disagreements – disagreements between management and the external auditors or the internal auditors regarding the application of any accounting principles or practices;
  - iv. Material change or proposed change – any material change or proposed change to the Corporation’s accounting principles and practices;
  - v. Changes in regulatory and accounting requirements – the effect of changes in regulatory and accounting requirements;
  - vi. Legal matters, claims and contingencies – any legal matter, claim or contingency that could have a significant impact on the financial statements, the Corporation’s compliance policies and any material reports, inquiries or other correspondence received from regulators or governmental agencies and the manner in which any such legal matter, claim or contingency has been disclosed in the financial statements;
  - vii. Pro forma or adjusted information – the use of any “pro forma” or “adjusted” information not in accordance with generally accepted accounting principles; and
  - viii. Goodwill impairment – management’s determination of goodwill impairment, if any, as required by applicable accounting standards.
9. *Interim financial results* – Prior to the release of any summary of interim financial results, including any associated press release, or the filing of such reports with the applicable regulators, review with the external auditors and management the interim consolidated financial statements and related MD&A and associated press release and approve for release.
10. *Annual audited consolidated financial statements* – Review with the external auditors and management the annual audited consolidated financial statements and related MD&A and associated press release, and report on the results of such review to the full Board prior to the approval and release to shareholders of such results by the Board.
11. *Prospectuses and information circulars* – Review with the external auditors and management, financial information contained in any prospectus or information circular of the Corporation, and make recommendations regarding approval to the Board. The Committee shall also periodically assess the adequacy of the procedures in place for the review of the Corporation’s public disclosure of financial information extracted or derived from financial statements and MD&A.
12. *Communications between management, the internal and external auditors* – Provide an open avenue of communication between management, the internal auditors, the external auditors and the Board.
13. *Independent investigations* – Conduct independent investigations into any matters which come under its scope of responsibilities.
14. *Pension plans* – With respect to pension plans:
- i. Investment objectives, policies and asset investment mix – Receive the recommendation of the Pension Investment Advisory Committee (of management) investment objectives, policies and asset investment mix and make recommendations to the Board.

- ii. Engage investment managers – Receive the recommendation of the Pension Investment Advisory Committee and approve the engagement and termination of investment management suppliers.
  - iii. Pension plan performance – Receive reports from the Pension Investment Advisory Committee on pension fund performance and make reports to the Board.
  - iv. SIP&P – Receive the recommendation of the Pension Investment Advisory Committee and approve the filing of the SIP&P.
  - v. Pension Investment Advisory Committee – Oversee the activities of the Pension Investment Advisory Committee.
- 15. *Other reports of the external auditors* – Review and discuss all reports which the external auditors are required to provide to the Committee or the Board under rules, policies or practices of professional or regulatory bodies applicable to the external auditors and any other reports which the Committee may require with the external auditors.
- 16. *Complaints regarding accounting, controls or audit matters* – Establish and monitor procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or audit matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters and review periodically with management and the internal auditors these procedures and any significant complaints received.
- 17. *Financial risk exposures* – Meet periodically with management to review and discuss the Corporation's major financial risk exposures and the policy steps management has taken to monitor and control such exposures, including the use of financial derivatives and hedging activities.
- 18. *Audit committees of material subsidiaries* – Receive and review the minutes of meetings of the audit committees of material subsidiaries of the Corporation.
- 19. *Other delegated matters* – Review and/or approve any other matter specifically delegated to the Committee by the Board and undertake on behalf of the Board such other activities as may be necessary or desirable to assist the Board in fulfilling its oversight responsibilities with respect to financial matters.

#### The Charter

- 20. *Charter review* – The Committee shall review and reassess the adequacy of this Charter at least annually and otherwise as it deems appropriate and recommend changes to the Corporate Governance Committee.
- 21. *Committee performance* – Annually, the Committee shall evaluate its performance with reference to this Charter and the results of its evaluation shall be submitted to the Corporate Governance Committee.
- 22. *Disclosure of Charter* – The Committee shall ensure that this Charter is disclosed on the Corporation's website and that this Charter is disclosed in the annual information form of the Corporation in accordance with all applicable securities laws or regulatory requirements.