



**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS OF  
DATA COMMUNICATIONS MANAGEMENT CORP.**

**TO BE HELD ON MAY 29, 2019**

**and**

**MANAGEMENT INFORMATION CIRCULAR**

April 18, 2019

This booklet contains important information and requires your immediate attention. If you are in doubt as to how to deal with these materials or the matters they describe, please consult your professional advisor.



April 18, 2019

Dear Shareholder,

On behalf of the Board of Directors and management of DATA Communications Management Corp. (“**DCM**”), we are pleased to invite you to attend the annual meeting of the common shareholders. The meeting will be held at 10:00 a.m. (Toronto time) on Wednesday, May 29, 2019 at the offices of McCarthy Tétrault LLP, Suite 5300, Toronto Dominion Bank Tower, 66 Wellington Street West, Toronto, Ontario.

The enclosed Management Information Circular contains important information about the business to be conducted at the meeting, voting instructions, the nominated directors recommended by the Board of Directors, DCM’s corporate governance practices and how DCM compensates its directors and officers.

At the meeting, we will discuss DCM’s financial performance and business accomplishments in 2018 and our plans for 2019 and beyond.

Your participation in the affairs of DCM is important to us. Please take the time to review the information enclosed and exercise your vote.

We thank you for your support and look forward to welcoming you to this year’s annual shareholders meeting.

*“J.R. Kingsley Ward”*

J.R. Kingsley Ward

Chair of the Board

*“Gregory J. Cochrane”*

Gregory J. Cochrane

Chief Executive Officer

**DATA COMMUNICATIONS MANAGEMENT CORP.**  
**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON MAY 29, 2019**

Notice is hereby given that an annual meeting (the “**Meeting**”) of the common shareholders of DATA Communications Management Corp. (the “**Corporation**”) will be held at the offices of McCarthy Tétrault LLP, Suite 5300, Toronto Dominion Bank Tower, 66 Wellington Street West, Toronto, Ontario, at 10:00 a.m. (Toronto time) on May 29, 2019. At the Meeting, shareholders will be asked to:

- receive the consolidated financial statements for the year ended December 31, 2018, together with the report of the auditors thereon;
- appoint auditors and authorize the directors to fix the remuneration to be paid to the auditors;
- elect directors for the coming year; and
- transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

This notice is accompanied by the management information circular (the “**Circular**”) of the Corporation for the Meeting, a form of proxy, and a financial statement request form.

Only common shareholders of record at the close of business on April 18, 2019 will be entitled to vote at the Meeting, or any adjournment or postponement thereof.

Registered shareholders who are unable to attend the Meeting in person are encouraged to complete, date and sign the enclosed form of proxy and return it in the enclosed envelope. To be effective, proxies must be sent by mail, facsimile or personal delivery to the attention of DATA Communications Management Corp. c/o Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, Attention: Proxy Department, or by facsimile to 1-866-249-7775 or 416-263-9524, no later than 10:00 a.m. (Toronto time) on May 27, 2019 or, if the Meeting is adjourned, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays in Toronto, Ontario) before the time set for the adjourned Meeting. The deadline for the deposit of proxies may be waived or extended by the chair of the Meeting at the Chair’s sole discretion without notice. If you are a non-registered shareholder of the Corporation and received this Notice and accompanying materials through an intermediary, such as a broker, a financial institution, a participant, a trustee or administrator of a self-administered retirement savings plan, retirement income fund, education savings plan or other similar self-administered savings or investment plan registered under the *Income Tax Act* (Canada), or a nominee of any of the foregoing that holds your security on your behalf, please read the instructions regarding how to vote at or attend the Meeting under “General Proxy Matters – Non-Registered (Beneficial) Shareholders” in the Circular.

DATED April 18, 2019.

By Order of the Board of Directors



J.R. Kingsley Ward  
Chair of the Board of Directors  
DATA Communications Management Corp.

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## GENERAL PROXY MATTERS

### General

**This management information circular, or Circular, of DATA Communications Management Corp. dated April 18, 2019 is furnished in connection with the solicitation of proxies by and on behalf of management of DATA Communications Management Corp. for use at the annual meeting of our common shareholders, or the Meeting, to be held on May 29, 2019 and any adjournment or postponement of the Meeting.**

We have not authorized anyone to give any information or make any representation in connection with any matters to be considered at the Meeting other than those contained in this Circular and, if given or made, any such information or representation must not be relied upon as having been authorized.

Unless otherwise indicated or the context otherwise requires, in this Circular the terms “**Corporation**”, “**we**”, “**us**” and “**our**” refer to DATA Communications Management Corp.; “**DCM**” refers to DATA Communications Management Corp. and its wholly-owned subsidiaries, DATA Communications Management (US) Corp. and Perennial Inc.; “**Common Shares**” refers to common shares of DATA Communications Management Corp.; “**shareholders**” refers to holders of Common Shares; and “**Board**” refers to our Board of Directors.

Information contained in this Circular is given as of April 18, 2019, unless otherwise specifically stated.

### Notice and Access

We are using notice and access to deliver this Circular to both our registered and non-registered shareholders. This means that the Corporation will post the Circular on line for our shareholders to access electronically. You will receive a package in the mail with a notice, or the Notice, outlining the matters to be addressed at the Meeting and explaining how to access and review the Circular electronically, and how to request a paper copy at no charge. You will also receive a form of proxy or a voting instruction form in the mail so you can vote your Common Shares. All applicable Meeting related materials will be indirectly forwarded to non-registered shareholders at the Corporation’s expense.

Both registered and non-registered shareholders can request a paper copy of the Circular for up to one year from the date it is filed on SEDAR ([www.sedar.com](http://www.sedar.com)). The Circular will be sent to you at no charge. If you would like to receive a paper copy of the Circular, please follow the instructions provided in the Notice. If you request a paper copy of the Circular, you will not receive a new form of proxy or voting instruction form, so you should keep the original form sent to you in order to vote.

### Solicitation of Proxies

It is expected that the solicitation of proxies will be primarily by mail, but proxies may also be solicited personally, by advertisement or by telephone by our regular employees without special compensation, or by our transfer agent, Computershare Investor Services Inc., at nominal cost. We will bear the cost of solicitation.

### Appointment of Proxies

Enclosed with the Notice being sent to our shareholders is a form of proxy. The persons designated in the form of proxy are Gregory J. Cochrane, the Chief Executive Officer of the Corporation, and James E. Lorimer, the Chief Financial Officer of the Corporation. **Each shareholder has the right to appoint some other person or entity (who need not be a shareholder) to attend, vote and act on their behalf at the Meeting other than the persons named in the enclosed instrument of proxy. This right may be exercised by inserting the person’s name in the blank space provided in the form of proxy or by completing another proper instrument of proxy naming such other person as proxyholder. The instrument appointing a new proxyholder must be in writing and must be signed by the shareholder or his or her attorney therefor duly authorized in writing.**

Only registered shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. You are a registered shareholder if you have a share certificate for Common Shares and they are registered in your name or if you

hold Common Shares through direct registration. Shareholders who hold their Common Shares through a bank, broker or other intermediary should read the instructions under the heading below, “Non-Registered Shareholders”.

In order to be valid, the completed and signed proxies must be delivered:

- by fax to Computershare Investor Services Inc., Attention: Proxy Department at 1-866-249-7775 or 416-263-9524 outside of Canada and the United States;
- by mail to Computershare Investor Services Inc., Attention: Proxy Department, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1; or
- by personal delivery to Computershare Investor Services Inc. at the address set out above,

in each case so as to be deposited with the Corporation no later than 10:00 a.m. (Toronto time) on May 27, 2019 or, if the Meeting is adjourned, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays in Toronto, Ontario) before the time set for the adjourned Meeting. The deadline for the deposit of proxies may be waived or extended by the Chair of the Meeting at the Chair’s discretion without notice.

### **Non-Registered (Beneficial) Shareholders**

The information in this section is of significant importance to shareholders who do not hold their Common Shares in their own name. Only registered shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting.

You are a non-registered shareholder if you hold Common Shares through an intermediary (such as banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSP’s, RRIF’s, RESP’s and similar plans) that the non-registered holder deals with in respect of the Common Shares, or a clearing agency (such as the Canadian Depository for Securities Limited) of which the intermediary is a participant. In accordance with the requirements of the Canadian Securities Administrators, we will have distributed copies of the Notice, a form of proxy and a financial statement request form to the clearing agencies and intermediaries for onward distribution to non-registered shareholders. Typically, intermediaries will use a service company to forward such materials to non-registered shareholders. The majority of intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications Corporation in Canada and its counterpart in the United States, or Broadridge.

If you are a non-registered shareholder, you may vote in person, by proxy or by internet only by the following procedures outlined below. If you wish to vote by internet, please see the enclosed voting instruction form for details on protocol.

#### *To Vote in Person*

If you are able to attend the Meeting in person, and wish to vote your Common Shares in person you may do so by either (i) inserting your own name in the space provided on the voting instruction form or form of proxy accompanying the Notice; or (ii) submitting any other document in writing to your intermediary that requests that the non-registered shareholder or nominees thereof should be appointed as proxy. Then, follow the signing and return instructions provided by your intermediary. If you do not properly follow the return instructions provided by your intermediary, you may not be able to vote such Common Shares. Before the official start of the Meeting on May 29, 2019, please register with the representatives(s) from Computershare Investor Services Inc., who will be situated at a welcome table just outside the Meeting room. Once you are registered with Computershare Investor Services Inc., and, provided the instructions you provided to your intermediary have been forwarded by your intermediary to Computershare Investor Services Inc., your vote will be requested and counted at the Meeting.

### *To Vote by Proxy, Online or by Telephone*

Intermediaries are required to forward the Notice and other Meeting materials to non-registered shareholders and often use service companies for this purpose. Generally, non-registered shareholders will either:

- be given a voting instruction form which is not signed by the intermediary and which, when properly completed and signed by the non-registered shareholder and returned to the intermediary or its service company, will constitute authority and instructions (often called a proxy authorization form) which the intermediary must follow (and which may, in some cases, permit the completion of the voting instruction form by telephone or internet); or
- less typically, be given a form of proxy which has already been signed by the intermediary (typically by a facsimile stamped signature), which is restricted as to the number of Common Shares beneficially owned by the non-registered shareholder, but which is otherwise not completed. This form of proxy need not be signed by the non-registered shareholder. In this case, the non-registered shareholder who wishes to submit a proxy should properly complete the applicable form of proxy and submit it to DATA Communications Management Corp., c/o Computershare Investor Services Inc., 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1, Attention: Proxy Department, with respect to the Common Shares beneficially owned by such non-registered shareholder, in accordance with the instructions elsewhere in this Circular.

To vote online: visit [www.investorvote.com](http://www.investorvote.com) and enter the control number listed on the voting instruction form.

Telephone voting may be completed at 1-866-732-8683 (North America).

In either case, the purpose of this procedure is to permit the non-registered shareholder to direct the voting of the Common Shares they beneficially own.

Additionally, there are two kinds of non-registered shareholders: (i) those who object to their name being made known to the issuers of securities which they own, known as objecting beneficial owners or "OBOs"; and (ii) those who do not object to their name being made known to the issuers of securities which they own, known as non-objecting beneficial owners or "NOBOs". Additionally, the Corporation may use the Broadridge QuickVote™ service to assist Non-Registered Shareholders with voting their Common Shares.

### *Revocation of Proxies*

A registered shareholder who has given a proxy may revoke the proxy:

- by completing and signing a proxy bearing a later date and depositing it as previously described;
- by depositing an instrument in writing executed by him or her or by his or her attorney authorized in writing (i) at our registered office at any time up to and including the second last business day (being a day other than a Saturday, Sunday or statutory holiday, when banks are generally open for business in Toronto, Ontario for the transaction of banking business) preceding the day of the Meeting or any adjournment thereof, or (ii) with the chair of the Meeting prior to the commencement of the Meeting on the day of the Meeting or any adjournment thereof; or
- in any other manner permitted by law.

A non-registered shareholder may revoke a voting instruction form or a waiver of the right to receive Meeting materials and to vote given to an intermediary at any time by written notice to the intermediary, except that an intermediary is not required to act on a revocation of proxy instruction form (voting instructions) or of a waiver of the right to receive materials and to vote that is not received by the intermediary at least seven days prior to the Meeting.



## **Voting of Proxies**

On any ballot that may be called for, Common Shares represented by properly executed proxies in favour of the persons specified in the enclosed form of proxy will be voted for or against or withheld from voting in accordance with the specifications made therein. **If a specification is not made with respect to any matter to be voted on at the Meeting, Common Shares will be voted in FAVOUR of those matters set out in the form of proxy accompanying the Notice.** That form of proxy confers discretionary authority upon the persons specified therein with respect to amendments or variations to matters identified in the accompanying notice of Meeting, and with respect to other matters which may properly come before the Meeting. As of the date of this Circular, we are not aware of any such amendment, variation or other matter to come before the Meeting.

## **Record Date, Voting of Common Shares**

As at April 18, 2019, we had 21,523,515 Common Shares issued and outstanding. Shareholders of record at the close of business on April 18, 2019 are entitled to receive notice of and to attend the Meeting in person or by proxy and are entitled to one vote per Common Share held on all matters to come before the Meeting.

Only those shareholders of record on the record date with the right to vote will be entitled to vote the Common Shares owned by the shareholder at the Meeting or any adjournment(s) or postponement thereof, in person or by proxy.

Two or more persons present in person either holding personally or representing as proxies in the aggregate at least 25% of the votes attached to all of our outstanding Common Shares will constitute a quorum for the transaction of business at the Meeting.

Under normal conditions, confidentiality of voting is maintained by virtue of the fact that proxies and votes are tabulated by our transfer agent. However, such confidentiality may be lost as to any proxy or ballot if a question arises as to its validity or revocation or any other like matter. Loss of confidentiality may also occur if our Board of Directors decides that disclosure is in the interest of the Corporation or its shareholders.

## **Principal Shareholders**

To the knowledge of our Board of Directors and executive officers, as at April 18, 2019, no person beneficially owns, or controls or directs, directly or indirectly, voting securities carrying 10 per cent or more of the voting rights attached to any class of our voting securities.

## **FORWARD-LOOKING STATEMENTS**

This Circular contains “forward-looking information” within the meaning of applicable Canadian securities legislation. Often, but not always, forward-looking information and statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “estimates”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of DCM to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Circular. The principal factors, assumptions and risks that we made or took into account in the preparation of the forward-looking statements in this Circular include, among other things, the factors described in this Circular or in our most recent annual information form. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described in this Circular as intended, planned, anticipated, believed estimated or expected. You are cautioned not to place undue reliance on forward-looking information or statements.

## MATTERS TO BE ACTED UPON AT THE MEETING

### Receipt of Financial Statements

Our audited consolidated financial statements for the fiscal year ended December 31, 2018 and the report of the auditors thereon will be presented at the Meeting.

### Appointment of Auditors

At the Meeting, shareholders will be requested to appoint PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of the Corporation, to hold office until the next annual meeting of shareholders or until their successors are appointed and to authorize the directors to fix the auditor's remuneration.

**The Board of Directors unanimously recommends that shareholders vote in favour of the appointment of PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of the Corporation. In the absence of a contrary instruction, the individuals named as proxyholders in the enclosed proxy intend to vote FOR the appointment of PricewaterhouseCoopers LLP, Chartered Accountants as auditors of the Corporation to hold office until the next annual meeting of shareholders or until their successors are appointed and FOR the resolution authorizing the directors to fix their remuneration unless specifically instructed otherwise on the form of proxy.**

### Election of Directors

The seven nominees proposed for election as directors are listed below. Directors are elected annually and, unless re-elected, retire from office at the end of the next annual meeting of shareholders. Each director elected at the Meeting will hold office until our next annual meeting or until his or her successor is elected or appointed. Pursuant to the terms of a settlement, nomination and standstill agreement between the Corporation, KST Industries Inc., or KST, and Harinder Takhar dated as of May 31, 2016, or the KST Agreement, KST was granted the right to nominate one director nominee for election at the Meeting and exercised such right to nominate James J. Murray. See "Interest of Informed Persons in Material Transactions" for further details of the KST Agreement.

**The Board of Directors unanimously recommends that shareholders vote in favour of the election as directors of DCM each of the persons whose names are set forth below. In the absence of a contrary instruction, the individuals named as proxyholders in the enclosed proxy intend to vote FOR the election as directors of the Corporation each of such nominees.** If, for any reason, at the time of the Meeting any of the nominees is unable to serve, and unless otherwise specified, it is intended that the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion.

The following table sets forth information with respect to each person proposed to be nominated for election as a director, including the number of Common Shares owned beneficially, or over which control or direction was exercised, by such person at the date of this Circular. The information as to Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised and the biographies of the proposed nominees for election as directors, not being within our knowledge, has been furnished by the respective nominees individually.

<u>Proposed Nominee</u>	<u>Principal Occupation</u>	<u>Director Since</u>	<u>Common Shares</u>
William M. Albino Ontario, Canada	Corporate director	2012 <sup>(1) (2)(3)</sup>	30,100
James J. Murray, O.Ont., SIOR Ontario, Canada	Principal and Senior Vice President of Lennard Commercial Realty Limited	2016 <sup>(1) (2)</sup>	24,764
Michael G. Sifton Ontario, Canada	Corporate director	2015	1,687,504

<u>Proposed Nominee</u>	<u>Principal Occupation</u>	<u>Director Since</u>	<u>Common Shares</u>
J.R. Kingsley Ward Ontario, Canada	Managing Partner, VRG Capital Corp.	2014 <sup>(3)</sup>	437,107
Derek J. Watchorn Ontario, Canada	Consultant	2016 <sup>(1)(2)</sup>	178,643
Gregory J. Cochrane Ontario, Canada	Chief Executive Officer of DATA Communications Management Corp.	2018 <sup>(4)</sup>	873,882
Merri L. Jones Ontario, Canada	Corporate director and advisor	2018 <sup>(3)</sup>	-

Notes:

- (1) Member of the Audit Committee<sup>(5)</sup>.
- (2) Member of the Corporate Governance Committee<sup>(5)</sup>.
- (3) Member of the Human Resources and Compensation Committee<sup>(5)</sup>.
- (4) Mr. Cochrane became Chief Executive Officer of the Corporation upon Mr. Sifton's resignation becoming effective in June 2018. Mr. Cochrane has also served as President of the Corporation from November 2016 until April 8, 2019.
- (5) Board committees will be reconstituted after the Meeting.

The principal occupation of each person proposed to be nominated for election as a director for the past five years preceding the date hereof and additional biographical information is described below:

*William M. Albino.* Mr. Albino has been a director of the Corporation since August 8, 2012. He is currently Chairman of the Audit Committee of our Board of Directors and is a member of the Corporate Governance Committee and the Human Resources & Compensation Committee. Prior to his retirement in 2011, Mr. Albino was Chief Executive Officer of Smart Systems for Health, an agency of the Ontario Government charged with developing and implementing electronic health records for all Ontarians. Before that assignment, Mr. Albino was an Executive Vice President of EDS Canada, responsible, at various times, for EDS business in the Telecommunications, Government, and Manufacturing sectors. He spent two years as head of his own consulting company while acting as an independent investor in start-up technology companies. Mr. Albino's longest employment - 25 years - was with Xerox Corporation where he held numerous positions, in both Canada and the US, culminating in his assignment as Vice-President and General Manager of the company's largest division. Mr. Albino has a Bachelor of Arts degree from the University of Toronto and a Masters of Business Administration from The Richard Ivey School of Business at Western University. He is presently a director of The Aurora Historical Society and the Big Brother and Sisters Council of Champions.

*James J. Murray, O.Ont., SIOR.* Mr. Murray joined the Corporation's Board in June 2016 and is currently a member of the Audit Committee and the Corporate Governance Committee. Mr. Murray's career spans 50 years in the commercial brokerage industry and he is currently a Principal and Senior Vice President of Lennard Commercial Realty Limited in its Mississauga office. Until early March 2018, Mr. Murray was the Senior Vice-President and Director of Business Development of Cushman & Wakefield Ltd. Brokerage, where he held the role of team leader on major assignments including the Mississauga & Oakville Campuses of Sheridan College, Movati Health Clubs, the TPCL Head Office in Calgary, Alberta, the sale of Imperial Oil tank farm in Mississauga, the Community Door in Mississauga and Brampton and the sale of Kingsway Financial's primary office building to the Region of Peel. Prior to joining Cushman & Wakefield, Mr. Murray was the Managing Director and Partner of J.J. Barnicke. Mr. Murray is a member of the Society of Industrial & Office Realtors and is President and Chair for the Hazel McCallion Foundation for Arts, Heritage and Culture. He has also served two six-year terms as a Board Member and Vice Chair of the Peel Regional Police Services Board, as well as serving a 12-year term on the Board of Governors of the Credit Valley Hospital. Mr. Murray was named "Business Person of the Year" by the Mississauga Board of Trade in 2009 and has also been awarded the Queen's Silver Jubilee medal and the Queen's Diamond Jubilee medal. In 2015, Mr. Murray was awarded the highly prestigious Order of Ontario.

*Michael G. Sifton.* Mr. Sifton has served as a director of DCM since April 2015, was President and CEO of the company from April 2015 until November 2016, and continued as CEO of the company until his retirement in June 2018. He is a past director of Yellow Pages Limited. Mr. Sifton was previously a Managing Director at Beringer Capital, a private

equity firm based in Toronto. Mr. Sifton has had a long and successful career in the newspaper publishing business with extensive experience managing print operations. He was President and Chief Executive Officer of Sun Media, Canada's largest newspaper publisher by household penetration and reach. Prior to that he led the formation and eventual public offering of Osprey Media Group guiding its acquisition by Sun in 2007. Mr. Sifton was President of Hollinger Canadian Newspapers G.P. and President and Chief Executive Officer of family-owned Armadale Communications. Mr. Sifton is a former Chairman of the Board of Governors of St. Andrew's College in Aurora, Ontario. Mr. Sifton holds a Bachelor of Commerce (Honours) from the Smith School of Business at Queen's University.

*J.R. Kingsley Ward.* Mr. Ward joined DCM's Board in 2014 and has served as Chairman of the Board since June 2016. He also serves as Chairman of the Human Resources and Compensation Committee of our Board. Mr. Ward has more than 25 years of experience initiating, structuring and monetizing private equity investments. Mr. Ward is both Chairman of his family holding company, the Vimy Ridge Group and Managing Partner at VRG Capital, a private equity firm. He also serves as: Chairman of Clarus Securities, an institutional focused investment dealer; Founders Advantage Capital Corp. (TSX Venture: FCF), a public private equity firm; and Nucro Technics, a privately held pharmaceutical contract support organization. Mr. Ward is also a Co-Founder and Director of Globalive Technology Inc., a publicly listed (TSX Venture: LIVE) AI and blockchain technology company and is former Chairman of Jones Brown Inc. He currently is, and has been, a director of numerous public and private companies. Mr. Ward has been actively involved in YPO (Young Presidents' Organization) since 1999, holding a number of executive positions.

*Derek J. Watchorn.* Mr. Watchorn joined the DCM Board in June 2016 and presently serves as Chairman of the Corporate Governance Committee and is a member of the Audit Committee. For the past nine years, Mr. Watchorn has been acting as a consultant on several projects, notably as a member of the management committee involved with the redevelopment of the Buttonville Airport land and as a member of the Advisory Committee of Graywood Developments Limited, a Toronto-based real estate developer. Mr. Watchorn, a lawyer by trade, has extensive experience in the real estate industry through a variety of senior management and director positions he has held with both public and private organizations in Ontario and abroad. Mr. Watchorn is a director of Timbercreek Financial Corporation (TSX: TF), a member of the Audit Committee and Chairman of its Corporate Governance Committee. Mr. Watchorn was the President and CEO of Revera Inc. (formerly Retirement Residences REIT) from October 2004 until June 2009. Prior to that, he served in London, England as Executive Vice President of Canary Wharf plc and as Executive Director of TrizecHahn plc. Mr. Watchorn was a senior partner of the law firm Davies Ward Phillips & Vineberg LLP, which he joined as a solicitor in 1968 and became partner of in 1970. During the period from 1987 to 2004 (excluding his tenure with TrizecHahn), Mr. Watchorn was a senior advisor to the Paul Reichmann family in Toronto and, in that capacity, during a three-year period from 1987 until 1990, served on a seconded basis as Executive Director of Olympia & York Canary Wharf plc. Mr. Watchorn was previously a director of Patheon Inc.

*Gregory J. Cochrane.* Mr. Cochrane is currently Chief Executive Officer of the Corporation, having held that position since the retirement of Mike Sifton in June 2018. He held the position of President of the Corporation from November 2016 until April 2019 and has been a director of Corporation from June 2016 until his appointment as President in November 2016 and then since June 2018. As Chief Executive Officer, Mr. Cochrane has overall operating responsibility for DCM. He's had an extensive career in marketing services, communication and event management, as well as private equity investment. He began his marketing career in product management with General Electric, then worked with S.C. Johnson. In 1981 he bought into Mariposa Communications. By 1997, when the company was sold to Mosaic Group, he and his partner had built the largest event company in Canada. In 2001 he became a lead investor in Pareto Corporation, a start-up marketing services business which became a publicly traded entity in 2004. He served as a director until 2010, when the company was sold to a private equity firm. In 2011 Mr. Cochrane joined VRG Capital, a private equity family office; there he served as lead investor and/or director in a number of public and private companies including Wheels Group, Jones Brown Insurance Brokerage, Founders Advantage Capital, and Globalive Technology. Mr. Cochrane currently serves on the advisory boards of Kensington Capital and the Smith School of Business at Queen's University. He is a founding donor of the Centre for Business Venturing at Queen's University and is on the advisory board of "Capitalize 4 Kids," Canada's premier investment conference. He has served on boards for groups and associations including Junior Achievement, The Down Syndrome Association of Toronto, The Canadian Business Hall of Fame, and St. Joseph's Health Centre. In 1992, Mr. Cochrane received Canada's 125th Commemorative Anniversary medal for volunteerism in the community. Mr. Cochrane has an MBA from the Smith School of Business, and a BBA from Bishop's University in Lennoxville, Quebec.

*Merri L. Jones, ICD.D.* Ms. Jones joined the Corporation's board in June 2018 and previously was a member of the Corporation's Advisory Committee from January 2017. She currently serves on the Human Resources & Compensation Committee of the Board. Ms. Jones has over 40 years' experience within the financial services industry with expertise across sales and marketing, finance, strategy and human resources. She was the first female to lead a schedule II bank in Canada, having been President and Chief Executive Officer of First Interstate Bancorp from 1986 to 1990. Ms. Jones has been a member of the board of directors of Canaccord Genuity Group Inc. (TSX: CF) since August 2018 and is Chairman of Starlight Capital's Independent Review Committee. She previously held senior leadership roles including Executive Vice President, Private Wealth, at Fiera Capital from 2010 to 2015; President of GBC Asset Management in 2008 and 2009; President and Chief Executive Officer of AGF Private Wealth Management from 2003 to 2007; President, Chief Operating Officer and Director of TAL Private Management from 1996 to 2003; and as President and Chief Executive Officer of CIBC Trust in 1995 and 1996. She has served on a number of advisory boards and investment review committees.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

### Overview

Our Board of Directors is committed to maintaining high standards of corporate governance and is committed to aligning, and to reviewing and updating, its corporate governance practices in light of changing practices, expectations and legal requirements.

### Board of Directors

#### *Board Mandate*

Our Board of Directors assumes stewardship of, and recognizes that it is ultimately responsible for, ensuring that our affairs are managed properly to protect and enhance shareholder value. Among its duties and responsibilities, the Board of Directors:

- oversees the formulation of our long-term strategic, financial and organizational plans and monitors performance in accordance with those plans;
- assesses the principal risks of our businesses and ensures appropriate systems are in place to manage those risks;
- oversees succession planning, including appointing, training and monitoring senior management;
- oversees the integrity of internal controls and management information systems;
- approves dividends on the Common Shares; and
- oversees our communications policy and reviews and, where necessary, approves (directly or through one of the Board of Directors' committees) our material disclosure documents, such as annual and quarterly financial statements, management's discussion and analysis, management information circulars for annual shareholders meetings and annual information forms.

For the year ended December 31, 2018, our Board of Directors discharged its responsibilities directly and through the Audit Committee, the Human Resources and Compensation Committee and the Corporate Governance Committee. In 2019, the Board will discharge its responsibilities directly and through those committees.

#### *Board of Directors Composition and Independence*

During 2018, our Board of Directors was comprised of seven directors. Six (or approximately 85%) of those directors were considered independent under National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, or NI 58-101, adopted by the Canadian Securities Administrators, namely William M. Albino, James J. Murray, Michael G. Sifton (following his retirement as an officer of the Corporation in June 2018), J.R. Kingsley Ward, Derek J. Watchorn and Merri L. Jones.

Our Board of Directors has adopted a written Charter, a copy of which is attached as Appendix “A” to this Circular.

The remaining director, Mr. Cochrane, was not independent under NI 58-101 by virtue of his relationship with the Corporation as its President and Chief Executive Officer.

Our Board of Directors elects from its ranks a chairperson to preside at all meetings of the Board of Directors. Sessions of the committees of the Board are presided over by the independent chairs of the respective committees. Sessions of the Board of Directors have been presided over by J.R. Kingsley Ward, the Corporation’s independent Board chair, since he assumed that role following the 2016 annual and special meeting of Shareholders.

Our Board of Directors has established procedures to enable it to facilitate open and candid discussion among the independent directors and is satisfied that it can exercise independent judgment in carrying out its responsibilities. These include:

- the Chair of our Board of Directors is an independent director and has, as a primary function, the facilitation of the operations and deliberations of the Board and the satisfaction of the Board’s responsibilities under its Charter; and
- our Board of Directors meets on a regular basis with the Chief Executive Officer and without other management of the Corporation present, and it also meets from time to time without our Chief Executive Officer. At each meeting of the Board held in 2018, the independent members of the Board met without our management present.

#### *Outside Directorships*

We do not limit the number of public company boards on which a director of the Corporation may serve. However, none of our directors are considered to be “over-boarded” as currently defined by the guidelines established by either Institutional Shareholder Services, Inc. or Glass, Lewis & Co.

A board “interlock” occurs when two or more of our directors serve as directors of another public company. None of our directors currently have a board interlock. The following proposed nominees for election as directors of the Corporation also hold other reporting issuer trusteeships or directorships as set out below:

#### **Director**

Merri L. Jones  
J. R. Kingsley Ward  
  
Derek J. Watchorn

#### **Reporting Issuer**<sup>(1)</sup>

Canaccord Genuity Group Inc.  
Founders Advantage Capital Corp.  
Globalive Technology Inc.  
Timbercreek Financial Corporation

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Note:

(1) The common shares of Canaccord Genuity Group Inc. are listed on the Toronto Stock Exchange or TSX. The common shares of Founders Advantage Capital Corp. and Globalive Technology Inc. are listed on the TSX Venture Exchange. The common shares of Timbercreek Financial Corporation are listed on the TSX.

### *Board Meeting Attendance*

During 2018, our directors attended meetings of the Board of Directors and meetings of committees of the Board as set out below:

<b>Director</b>	<b>Board Meetings Attended<sup>(1)</sup></b>	<b>Meeting Attendance Percentage</b>	<b>Committee Meetings Attended</b>	<b>Eligible Committee Meeting Attendance Percentage</b>
William Albino	10	91%	6	86%
James J. Murray	11	100%	5	100%
Michael G. Sifton	11	100%	N/A <sup>(2)</sup>	N/A <sup>(2)</sup>
J.R. Kingsley Ward	11	100%	2	100%
Derek J. Watchorn	11	100%	6	100%
Gregory J. Cochrane <sup>(3)</sup>	6	100%	N/A	N/A
Merri L. Jones <sup>(4)</sup>	6	100%	1	100%

Notes:

- (1) In 2018, the Board of Directors held a total of 11 meetings.
- (2) Mr. Sifton was an executive officer of the Corporation for the period from January 1, 2018 until his retirement in June 2018, and during this time did not formally sit on our committees.
- (3) Mr. Cochrane joined the Board on June 7, 2018 and as an executive officer of the Corporation during 2018 did not formally sit on our committees.
- (4) Ms. Jones joined the Board on June 7, 2018.

### **Committees of our Board of Directors**

Our Board of Directors discharges its responsibilities directly, on the advice and recommendations of its committees. The Board has established three standing committees and delegates certain of its responsibilities to those committees. In each case, the committee is mandated to report to the Board of Directors and to carry out certain responsibilities. However, all decisions, recommendations and proposals require full board acceptance. Our Board of Directors has approved charters that govern the respective committees of the Board.

The three standing committees of our Board of Directors are the Audit Committee, the Human Resources and Compensation Committee and the Corporate Governance Committee. A brief summary of each committee's mandate is set out below.

#### *Audit Committee*

The members of the Audit Committee are William M. Albino (Chair), James J. Murray and Derek J. Watchorn, each of whom is independent within the meaning of Multilateral Instrument 52-110 - *Audit Committees* adopted by the Canadian Securities Administrators. The Audit Committee is responsible for monitoring our financial reporting, accounting systems, internal controls and liaising with external auditors.

The Audit Committee's responsibilities include:

- reviewing and discussing with our management and our external auditors, where appropriate, the annual and interim financial statements and management's discussion and analysis and earnings press releases with respect to our annual and interim financial results;

- considering the scope and extent of the annual audit and evaluating the external auditors' performance for the preceding fiscal year, reviewing their fees and making recommendations to the Board of Directors;
- reviewing the independence and performance of our external auditors and annually recommending to the Board of Directors the independent external auditors to be proposed for appointment at the next annual meeting of shareholders;
- examining the presentation and impact of significant risks and key management estimates and judgements which may have a material impact on our financial reporting; and
- examining the adequacy of internal accounting and control procedures and systems.

During 2018, the Audit Committee met four times.

For additional information concerning the Audit Committee, see the section entitled "Management of DCM—Committees of the Board of Directors of the DCM Audit Committee" contained in our annual information form dated March 29, 2019.

#### *Corporate Governance Committee*

The members of the Corporate Governance Committee are Derek J. Watchorn (Chair), William M. Albino and James J. Murray. All of the members of the Corporate Governance Committee are independent within the meaning of NI 58-101. The Corporate Governance Committee is responsible for, among other things:

- developing our approach to corporate governance issues and compliance with applicable laws, regulations, rules, policies and orders with respect to such issues;
- reviewing our annual report on corporate governance for inclusion in our public disclosure documents;
- advising the directors in filling vacancies on the Board of Directors;
- periodically reviewing the composition and effectiveness of the Board of Directors and committees of the Board of Directors and the contribution of individual directors; and
- reviewing director compensation and our directors' and officers' liability insurance and indemnification procedures.

The process the Corporate Governance Committee undergoes to fill any vacancies on the Board of Directors includes identifying new nominees who have expertise in an area of strategic importance to us, a willingness to serve on our Board of Directors and any of its committees, and the ability to devote sufficient time to Board of Directors service.

In determining director compensation, the Corporate Governance Committee takes into account directors' time commitment, director compensation offered by other corporations of similar size, operations and market capitalization, and the risks and responsibilities that the directors assume in fulfilling their duties on the Board of Directors and any committee of our Board of Directors.

The Corporate Governance Committee is also responsible for adopting and periodically reviewing and updating our written disclosure policy. This policy, among other things:

- articulates our legal obligations, and those of our directors, with respect to confidential corporate information;



- identifies spokespersons who are the only persons authorized to communicate on our behalf with third parties such as analysts, media and investors;
- provides guidelines regarding the disclosure of forward-looking information;
- requires advance review by the directors (or, where considered appropriate, the Audit Committee) of any disclosure of financial information, and ensures that selective disclosure of material information is not permitted and that, if it occurs, a news release is issued immediately; and
- establishes “black-out” periods, immediately prior to and following the disclosure of quarterly and annual financial results and immediately prior to the disclosure of certain material changes during which we, our affiliated entities and our respective directors, officers, employees and consultants may not purchase or sell Common Shares.

Each year, the Corporate Governance Committee recommends to our Board of Directors the compensation to be paid to the directors for the year. Our Board of Directors, based on this recommendation, then establishes the annual compensation for the directors. In making its recommendation, the Corporate Governance Committee reviews each element of director compensation, including the annual retainer, the committee chair retainer, meeting fees and equity awards, to determine whether the amounts are reasonable for the services provided by the directors.

During 2018, the Corporate Governance Committee met once.

#### *Human Resources and Compensation Committee*

The members of the Human Resources and Compensation Committee are J.R. Kingsley Ward (Chair), William M. Albino and Merri L. Jones. All members of the Human Resources and Compensation Committee are independent within the meaning of NI 58-101.

The Human Resources and Compensation Committee establishes the compensation levels for our Chief Executive Officer, or CEO, our President and our Chief Financial Officer, or CFO. This includes setting, in consultation with the CEO, President and CFO on an annual basis, corporate goals and objectives relevant to the compensation of the CEO, President and CFO, and reviewing and assessing their performance against those goals and objectives. In addition, this Committee is responsible for administering our equity compensation plans.

The Human Resources and Compensation Committee’s responsibilities also include:

- overseeing succession planning and making recommendations to the Board of Directors regarding the appointment of our officers and executive compensation;
- reviewing with the CEO our salary scales and general salary structure, overall compensation strategy, objectives and policies;
- reviewing and approving any compensation report required by applicable securities regulatory authorities for disclosure in annual proxy materials;
- reviewing a code of ethics for our directors, officers and employees and submitting the same to the Board of Directors for its consideration and approval; and
- assisting the Board of Directors in fulfilling its responsibilities relating to our retirement pension plans.

During 2018, the Human Resources and Compensation Committee met two times.

## **Position Descriptions**

Our Board of Directors has developed written position descriptions for the Chair of the Board of Directors and for the Chair of each committee of the Board of Directors.

### *Chair of the Board of Directors*

The Chair of our Board of Directors is responsible for the efficient organization and operation of the Board of Directors and its committees in order to facilitate the operations and deliberations of the Board of Directors and the satisfaction of the Board of Directors' responsibilities under its charter; ensuring the effective communication between the Board of Directors and management and that the Board of Directors effectively carries out its mandate; and reviewing the agenda for each meeting of the Board of Directors and for all meetings of the committees of the Board of Directors.

### *Chief Executive Officer*

Our Board of Directors and our CEO have a written position description for the CEO. The objectives of the CEO include the general mandate to manage DCM and its businesses, including financial and human resources, and to maximize shareholder value. The CEO's objectives are discussed annually with the Human Resources and Compensation Committee.

## **Tenure Policies**

Our Board's goal is to maintain a balanced board of directors comprised of members with diverse experience, characteristics and tenure. The Board has determined that it will not impose term limits on its members, as it believes that its regular Board evaluation process is an effective mechanism for achieving that goal and an appropriate level of renewal of the membership of the Board. A director of the Corporation is expected to submit their resignation to the Chair of the Board for consideration by the Board of Directors upon a recommendation of the Corporate Governance Committee in the following circumstances:

- the credentials underlying the director's appointment have changed;
- the director fails to receive a majority of votes for election at a shareholders meeting; or
- the director is no longer qualified under the OBCA, or applicable laws to serve as a director of the Corporation.

## **Board and Senior Management Diversity**

Our Board of Directors recognizes the value of diversity at both the Board of Directors level and at an executive officer level. The Corporation is of the view that Board member and executive officer nominations should be based on merit and remains committed to selecting the best person to fulfill these roles. In addition, the Corporation recognizes that a diverse Board of Directors and executive management team will result in a diversity of perspectives, which it believes can enhance the Corporation's leadership, competitive edge and effectiveness. The Board of Directors also recognizes that gender diversity is a significant aspect of diversity and acknowledges the important role that women, with appropriate and relevant skills and experience, can play in contributing to the diversity of perspectives on the Board of Directors and at the executive officer level. Diversity is an important factor considered by the Corporate Governance Committee in assessing candidates and nominees for the Board of Directors.

Our Board of Directors adopted a diversity policy, or the Diversity Policy. In the Diversity Policy, the term "diversity" refers to all the criteria that make individuals different from one another. It includes, but is not limited to, criteria such as gender, geographical representation, education, background, regional and industry experience, ethnicity, age, disability and other distinctions. The term "executive officer" in the Diversity Policy has the meaning attributed to it in NI 58-101.

The Board of Directors remains committed to basing Board member and executive officer nominations and appointments on merit and selecting the best persons to fulfill these roles. Within this framework, to support the Corporation's director and executive officer diversity objectives, the Board of Directors, the Corporate Governance Committee, the Chair and

the Chief Executive Officer will, as applicable, when identifying and considering the selection of candidates for director and senior leadership positions:

- consider the benefits of all aspects of diversity, including, but not limited to, those described above;
- consider the level of representation of women on the Board of Directors and in executive officer positions, respectively; and
- in addition to its own searches, if necessary, engage independent external advisors to conduct a search for candidates who meet the Board of Directors' and the Corporation's expertise, skills and diversity criteria to achieve the Corporation's diversity goals.

Our Board of Directors is committed to ensuring that gender diversity is actively pursued. We consider different aspects of diversity, including gender, when making executive officer appointments. The representation of women in those roles is an important element of our desire to build a diverse leadership team. However, the Board of Directors does not believe that quotas or measurable targets would necessarily result in the identification or selection of the best candidates. Accordingly, the Corporation has not established fixed targets regarding the representation of women on the Board of Directors or in executive officer positions. Assuming Merri L. Jones is re-elected to the Board of Directors at the Meeting, one of the members of our Board of Directors will be a woman. Currently, 20% (or one of five) of our executive officers are women.

The Corporate Governance Committee reviews the Diversity Policy annually, which includes an assessment of the effectiveness of the Diversity Policy. The Corporate Governance Committee also discusses any revisions that may be required and recommends any such revisions to the Board of Directors for approval.

### **Board and Committee Assessments**

The Chair of our Board of Directors is responsible for the effective operation of the Board of Directors and its committees. These duties include ensuring that issues regarding quality of information and the performance of our Board of Directors have been reviewed at meetings of the Board of Directors and that the Chair has made himself or herself available at all times for discussions with individual members of the Board of Directors regarding the Board of Directors' performance. In carrying out his or her responsibilities, the Chair also reviews the contributions of individual directors and considers whether the current composition of the Board of Directors promotes effectiveness and efficiency in its decision-making. The Audit Committee, Human Resources and Compensation Committee and Corporate Governance Committee each regularly assesses its effectiveness by requesting and collecting information from respective members of each committee in connection with formal and informal assessments of the Board of Directors. As a result of this process, our Board of Directors believes that the Board of Directors and each of its committees are operating effectively, with highly capable, informed individuals carrying out their responsibilities in a professional manner. Our Board of Directors and the Audit Committee, Human Resources and Compensation Committee and Corporate Governance Committee typically each conduct self-assessments every two years. The Board of Directors completed self-assessments in March 2018.

### **Orientation and Continuing Education**

We provide new directors with access to our CEO and all other senior management to provide each director with an understanding of DCM. The Chair of our Board of Directors reviews with new directors the role of the Board of Directors, its committees and its directors and the expectations of each member, including the rules and regulations with regard to the trading of our securities. Updates on our businesses and activities are provided to directors on a regular basis to ensure that directors have the necessary knowledge concerning DCM to meet their obligations as directors. All directors are also encouraged to visit our facilities with a view to enabling them to better understand our businesses.

### **Ethical Business Conduct**

As part of our commitment to effective corporate governance, all directors, officers and employees of DCM must act in accordance with our Business Conduct Guidelines, or the Guidelines. The Guidelines, which have been adopted by our

Board of Directors, require every director, officer, and employee of DCM to observe high standards of business and personal ethics as they carry out their duties and responsibilities. The Guidelines set forth policies and procedures which comprise the core principles applicable to all, and address ethical conduct, conflicts of interest and compliance with the law. The Guidelines are administered by the Human Resources and Compensation Committee. The Human Resources and Compensation Committee oversees and monitors the Guidelines and reports to our Board of Directors on the implementation and monitoring of the Guidelines and all matters that arise related to their provisions, including any departures or waivers that are granted. Any person may obtain a copy of the Guidelines by visiting [www.datacm.com](http://www.datacm.com) under Governance; by written request to the Secretary of the Corporation, 9195 Torbram Road, Brampton, Ontario, Canada, L6S 6H2, or by calling (905) 791-3151. Our Board of Directors also ensures that directors exercise independent judgment in consideration of transactions in respect of which a director or executive officer, as applicable, has a material interest by requiring all directors and executive officers to adhere to the declaration of conflict of interest requirements mandated by applicable law.

### **Majority Voting Policy**

Our Board of Directors has adopted a majority voting policy in director elections that will apply at any meeting of our shareholders where an uncontested election of directors is held. For the purposes of this policy, an “uncontested election” of directors of the Corporation means an election where the number of nominees for directors is equal to the number of directors to be elected. Pursuant to this policy, if the number of proxy votes withheld for a particular director nominee is greater than the votes in favour of such director, the director nominee must submit his or her resignation to the Board of Directors forthwith following the applicable shareholders’ meeting, effective on acceptance by the Board of Directors. Following receipt of the resignation, the Board of Directors will refer the resignation to the Corporate Governance Committee for consideration. The Committee will consider whether or not to accept the offer of resignation and make a recommendation to the Board of Directors as to whether to accept or reject the resignation. Except in special circumstances that would warrant the continued service of the applicable director on our Board of Directors, the Committee will be expected to accept, and recommend that the Board accept, the resignation. In considering whether or not to accept the resignation of that director, the Committee will consider all factors deemed relevant by members of the Committee, including the stated reasons why shareholders withheld votes from the election of that director, the composition of our Board of Directors, the length of service and the qualifications of that director, that director’s contributions to the Corporation and our governance guidelines.

Within 90 days following the applicable shareholders’ meeting, the Board of Directors will determine whether to accept or reject the director’s resignation offer that has been submitted, on the recommendation of the Committee. In considering the Committee’s recommendation, the Board will consider the factors considered by the Committee and such additional information and factors as the Board considers to be relevant. Following the Board of Directors’ decision on the resignation, the Board will publicly disclose its decision whether to accept the applicable director’s resignation, and fully state the reasons for rejecting the resignation. If a resignation is accepted, the Board may, subject to any applicable corporate law restrictions, leave a vacancy on the Board unfilled until the next annual meeting of shareholders, fill the vacancy by appointing a new director whom the Board considers to merit the confidence of the shareholders, or call a special meeting of shareholders to consider a new nominee to fill the vacant position.

A director who tenders his or her resignation pursuant to this policy will not be permitted to participate in any meeting of the Board of Directors or of the Corporate Governance Committee at which the resignation is considered, subject to certain exceptions in the event of a lack of quorum. A copy of the majority voting policy may be found on our website at [www.datacm.com](http://www.datacm.com).

### **Advance Notice By-Law**

By-Law No. 2 of the Corporation is an advance notice by-law and applies to nominations of directors at the Meeting. Among other things, By-Law No. 2 fixes a deadline by which shareholders must submit a notice of director nominations to the Corporation prior to any annual or special meeting of shareholders where directors are to be elected and sets forth the information that a shareholder must include in the notice for it to be valid. By-law No. 2 requires advance notice to the Corporation in circumstances where nominations of persons for election as a director of the Corporation are made by shareholders other than pursuant to (i) a requisition of a meeting of shareholders made pursuant to the provisions of the *Business Corporations Act* (Ontario), or the OBCA, or (ii) a shareholder proposal made in accordance with the provisions of the OBCA.

By-Law No. 2 enables the Corporation to receive adequate prior notice of director nominations as well as sufficient information on the nominees. Consequently, the Corporation will be able to evaluate the proposed nominees' qualifications to act as directors of the Corporation. No person will be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of By-Law No. 2. In the case of an annual meeting of shareholders, notice to the Secretary of the Corporation must be given not less than 30 nor more than 65 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice by the nominating shareholder may be given not later than the close of business on the tenth day following the notice date. In the case of a special meeting of shareholders (which is not also an annual meeting) called for the purpose of electing directors (whether or not called for other purposes), notice to the Secretary of the Corporation must be given not later than the close of business on the fifteenth day following the day on which the first public announcement of the date of the special meeting was made. In no event will any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of a nominating shareholder's notice.

Our Board of Directors may, in its sole discretion, waive any requirement of By-Law No. 2. A copy of By-Law No. 2 may be found on our website at [www.datacm.com](http://www.datacm.com).

## **COMPENSATION DISCUSSION AND ANALYSIS**

The following section of this Circular and the section below entitled "Executive Compensation" discuss our executive compensation policies and practices, including information regarding all significant elements of compensation awarded to, earned by, paid to, or payable to each of our executive officers named in the Summary Compensation Table below (our CEO until his resignation in June 2018, Michael G. Sifton; our current CEO, Gregory J. Cochrane, who was appointed CEO upon the retirement of Mr. Sifton; our CFO, James E. Lorimer; and our three other most highly compensated executive officers in 2018). We refer to these individuals in this Circular as the Named Executive Officers.

### **Compensation Philosophy and Objectives**

Our executive officer compensation program is designed to:

- provide motivation and incentives to our executives with a view to enhancing shareholder value and successfully implementing our business plans;
- attract and retain key employees;
- recognize the scope and level of responsibility of each position;
- provide a competitive level of total compensation to all of our executives; and
- reward superior performance and achievement.

We evaluate both performance and compensation to ensure that our compensation philosophy and objectives are met. We periodically review our executive officer compensation philosophy and program to ensure that they are consistent with our goal of attracting, retaining and motivating executive officers to enhance shareholder value. In 2018, those responsibilities were discharged by the Human Resources and Compensation Committee and the Board of Directors in the manner described above under the heading "Statement of Corporate Governance Practices – Committees of Our Board of Directors – Human Resources and Compensation Committee".

### **Executive Compensation Process and Components**

#### *Process*

In establishing the compensation of our CEO, President and CFO, the Human Resources and Compensation Committee takes the following approach:

- identify on a frequent basis the competitive market values of total compensation and the separate components of pay (including base salary, annual cash incentive awards and long-term compensation awards) for the CEO, President and CFO using benchmarking data;
- consider the strategic value of the role of the CEO, President and CFO to our company and retention risk to determine the target positioning of the respective roles of the CEO, President and CFO relative to competitive market value; and
- perform an evaluation of the performance of the CEO, President and CFO.

In evaluating the performance of the CEO, President and CFO, the Human Resources and Compensation Committee takes into account the following factors:

- performance relative to job responsibilities, which, in the case of the CEO, include contributions to strategic planning and execution, financial acumen in running the business, board relations, management development, and management of operations;
- key financial and non-financial achievements based on our annual financial results and the executive officer's personal performance objectives; and
- self-evaluations of the performance of the CEO, President and CFO with respect to achieving non-financial objectives, contributions to the leadership team and overall leadership.

Decisions regarding the compensation of our other executive officers are made by the CEO and President, who annually review the performance of each member of our executive team during the year against our annual financial results as well as achievements of personal performance objectives detailing accomplishments, areas of strength and areas of development. The CEO and President base their evaluations on their knowledge of each executive officer's individual performance and achievements relative to their job responsibilities. The weight ascribed to any one of the components of executive compensation varies from individual to individual. The CEO and President determine the total compensation for each of the executive officers and those decisions are then implemented. The Human Resources and Compensation Committee reviews and approves the CEO and President's determination as to the total compensation for each of the executive officers.

In 2018, Mr. Sifton served as our CEO and Mr. Cochrane served as our President until June 30, 2018. Following Mr. Sifton's retirement as an officer of the Corporation at that time, Mr. Cochrane served as our President and CEO for the balance of 2018.

In determining the compensation of the CEO, President and CFO, the Board of Directors may exercise its discretion to award compensation absent attainment of the relevant performance goal or similar condition or to reduce or increase the size of any award or payout. The CEO and President may exercise similar discretion in determining the compensation of the other executive officers.

The Human Resources and Compensation Committee met in March 2019 to review DCM's financial results for 2018 and determine the basis on which to evaluate the performance in 2018 of the CEO, President and CFO.

### **Role of the Compensation Consultant**

The Human Resources and Compensation Committee may engage compensation consultants or other advisors to provide information and advice to the Human Resources and Compensation Committee. We pay for the costs of those engagements.

Decisions made by the Human Resources and Compensation Committee are the responsibility of the Human Resources and Compensation Committee and may reflect factors and considerations other than the information and recommendations provided by third party, independent compensation consultants as required.

Neither the Human Resources and Compensation Committee nor our Board of Directors engaged an external compensation consultant or advisor in 2017 or 2018 to advise on executive compensation. However, the Corporate Governance Committee engaged an external compensation consultant in 2019 to advise it on director compensation. See “Director Compensation”.

### ***All Other Fees***

We paid \$370,056 and \$328,762 to Mercer and its affiliates for consulting, actuarial, and defined benefit pension administration services in respect of our employee benefits plans in 2018 and 2017, respectively.

### **Components of Executive Compensation**

During the year ended December 31, 2018, the components of compensation for our executive officers were:

- base salary;
- performance-based annual cash bonuses;
- performance-based grants under our long-term incentive plan in the form of restricted share units, or RSUs;
- non-performance-based RSUs granted under our long-term incentive plan;
- pension plans; and
- personal benefits and perquisites such as car allowances and healthcare insurance.

The mix of these components in any given year is primarily influenced by the individual performance of the executive officer, the financial performance of DCM and competitive market levels of compensation.

### **Base Salary**

We provide our executive officers with base salary to compensate them for services rendered during the fiscal year and to aid in attracting and retaining quality employees. The base salary for each of our executive officers is reviewed annually or upon a promotion or other change in job responsibility, based on the individual’s level of responsibility, the importance of the position to us and the individual’s contribution to our performance.

### **Performance-Based Short-Term Incentive Compensation**

The objective of including performance-based incentive compensation as part of the total compensation paid to our executive officers is to encourage and reward those individuals’ contributions in producing strong financial and operational results and to focus our senior management to work as a team on our overall corporate results and strategic initiatives.

Our executive officers each have the opportunity to earn annual performance-based cash bonuses, which are awarded primarily on the basis of our consolidated financial objectives tied to target financial results of DCM for the relevant year. Those objectives are established by our Board of Directors, with the recommendation of the Human Resources and Compensation Committee. Executive officers are also awarded annual cash bonuses based on the executive’s achievement of established personal performance objectives.

The weighting of financial objectives to personal objectives for each of the CEO, President and CFO is 70% and 30%.

Under the terms of their employment agreements, in 2018 Mr. Sifton and Mr. Cochrane were eligible to receive an annual performance bonus in an amount of up to 112.5% (with an annual bonus equal to 75% of annual base salary should the applicable performance metrics be achieved at target) and Mr. Lorimer was eligible to receive an annual

performance bonus in an amount of up to 90% (with an annual bonus equal to 60% of annual base salary should the applicable performance metrics be achieved at target), respectively, of their base salary upon the achievement of performance metrics established by the Human Resources and Compensation Committee. In 2018, Mr. Sifton's eligible annual performance bonus was pro-rated for six months of the year, given his retirement at the end of June 2018.

In 2018, Alan Roberts, Michael Coté and Christopher Lund were each eligible to receive an annual performance bonus in an amount of up to 90% (with an annual bonus equal to 60% of annual base salary should the applicable performance metrics be achieved at target) of their base salary upon the achievement of corporate and individual objectives established by the President. The weighting of financial objectives to personal objectives for each of Mr. Roberts, Mr. Coté and Mr. Lund is also 70% and 30%.

#### *Performance-Based Financial Objectives*

Payment of performance-based annual cash bonuses for the achievement of financial objectives for all of our executive officers is contingent upon the Corporation achieving a threshold amount of "Adjusted EBITDA" (being earnings before interest, taxes, depreciation and amortization, as adjusted for extraordinary or unusual items, including restructuring costs, goodwill impairment, one-time business reorganization and acquisition-related costs, and the incremental expected Adjusted EBITDA to be contributed by acquisitions completed during the fiscal year). Failure to achieve the target Adjusted EBITDA in the relevant year will result in a greater decline in the executive's cash bonus for that year, while exceeding the target will generate a greater increase in the amount of the bonus.

In 2018, 70% of the total potential annual performance bonus that each of our Named Executive Officers could earn was determined by the amount of "Adjusted EBITDA" generated by our company on a consolidated basis in 2018 in relation to an incentive target Adjusted EBITDA threshold for each of the executive officers, with the amount of the bonus payable to the executive officer increasing or decreasing by a ratio based on the amount by which Adjusted EBITDA exceeded or fell short of those targets, with 100% of the target performance bonus paid at 100% achievement of the Adjusted EBITDA objective, up to the maximum amount payable to the applicable executive officer of up to 150% of target performance bonus payable at 110% or greater achievement of the Adjusted EBITDA objective, or 50% of the target performance bonus paid at 90% achievement of the Adjusted EBITDA objective, and 0% of target performance bonus payable at less than 90% of achievement of the Adjusted EBITDA objective.

In 2018, the Adjusted EBITDA threshold and related targets for the Named Executive Officers were established with consideration by the Human Resources and Compensation Committee, in each case at levels determined by reference to our confidential annual operating budget for 2018 approved by the Board of Directors in December 2017. The Adjusted EBITDA corporate financial objective for fiscal 2018 was \$25.8 million. We believe that the 2018 Adjusted EBITDA threshold and targets were a practical and realistic estimate of our financial performance for the fiscal 2018 year based upon the data, projections and analyses that we used to develop our annual operating budget, but that achievement of the targets was nevertheless difficult.

The Human Resources and Compensation Committee met in March 2019 to consider the Corporation's actual financial results in comparison to target financial results and discuss compensation for the Named Executive Officers and other participants in the Corporation's short-term incentive plan, or STIP. The Corporation achieved actual Adjusted EBITDA of \$22.2 million, or 86% of the target threshold, which was below the minimum 90% threshold for STIP payments based on achievement of financial objectives (if that minimum threshold had been achieved, at which 50% of target performance bonus would be paid out to the Named Executive Officers and all other participants in the STIP, all of whom had the same corporate financial objective target).

The Human Resources and Compensation Committee evaluated the corporate performance and compensation of management and considered a number of factors relating to the failure to meet the Adjusted EBITDA target, which was largely attributed to several rounds of exceptional paper price increases and other related input cost increases experienced during 2018. Those input cost increases negatively impacted DCM's financial performance, which, combined with constraints in many customer contracts that limited DCM's ability to pass those price increases along to customers and had an unusually adverse impact on margins and the Adjusted EBITDA target for 2018. The Committee also considered several factors related to performance and compensation, including that no salary increases are planned in 2019 for STIP participants; that STIP participants have not received payouts on achievement of financial objectives for more than five years; the challenge in attracting, retaining and motivating top talent in the market; and that the actual



financial performance of the Corporation was within the range of the financial guidance established in early 2018 for fiscal 2018 of between \$22 million to \$25 million of Adjusted EBITDA, albeit at the low end of range, together with actual financial results exceeding the high end of revenue guidance, being total revenues of \$322.8 million compared to a previously announced target range of \$295 million to \$310 million.

The Human Resources and Compensation Committee determined to recommend to the Board of Directors that, due to exceptional circumstances, payouts for the Named Executive Officers and other STIP participants be made at 50% of their target payout as if the actual Adjusted EBITDA threshold had been achieved at 90% of target. The Board of Directors accepted this recommendation and accordingly approved payouts at the 50% payout threshold of target.

For a discussion of our Adjusted EBITDA in 2018 and a reconciliation of Adjusted EBITDA to net income, refer to our management's discussion and analysis for the year ended December 31, 2018, a copy of which is available on SEDAR ([www.sedar.com](http://www.sedar.com)).

#### *Performance-Based Personal Objectives*

In 2018, the remaining 30% of the potential performance bonus awarded to each of our Named Executive Officers was based upon achievement of certain personal performance objectives which are determined on an annual basis by those individuals and the CEO or President, as the case may be, with consideration by the Human Resources and Compensation Committee in the case of the CEO, President and CFO.

In 2018, (i) Mr. Sifton's personal performance objectives for the period January 1 to June 30 consisted of: continue the Corporation's business evolution from legacy business to growth segments through organic growth and accretive strategic requirements; raise necessary equity and/or "equity-like" capital to meet maturing debt facilities and to fund accretive strategic acquisitions; and surface equity value for investors; (ii) Mr. Cochrane's personal performance objectives consisted of: exceed the Corporation's Adjusted EBITDA target for 2018; and complete a succession plan for his ultimate replacement and have in place his or her replacement; (iii) Mr. Lorimer's personal performance objectives consisted of: lead & support completion of an ERP/MRP solution across the Corporation's core business in 2018; develop and implement strategies to meet capital objectives for the year; seek and lead new acquisition opportunities and other strategic corporate development initiatives; pursue and develop capital markets relationships to support the foregoing objectives; and mentor, align and optimize the finance team as appropriate for post-ERP implementation; (iv) Mr. Roberts' personal performance objectives consisted of: develop a culture of continuous improvement for operations; develop DCM's client services team to take on more responsibility from the sales team; and achieve budgeted gross margin objectives established for DCM's operations group; (v) Mr. Coté's personal objectives consisted of: conduct a talent management review across the sales team; win one major retail customer; attend partner business reviews with the Corporation's top 20 accounts; improve the approach and desired outcomes from the partner business reviews; and partner with the head of operations and the head of customer experience on a seamless client experience; and (vi) Mr. Lund's personal performance objectives consisted of: manage a smooth transition of Perennial's client base to the Corporation; identify new business sources; lead the integration of the Corporation's sales and innovation teams; and expand the Corporation's offering into Perennial clients.

Mr. Sifton, Mr. Cochrane, Mr. Lorimer, Mr. Roberts, Mr. Coté and Mr. Lund earned 100%, 95%, 102%, 95%, 102% and 108%, respectively, of the target bonus available to each of them under this portion of the bonus program in 2018 on the basis of the achievement of their personal performance targets.

#### Long-Term Incentive Compensation

We maintain for our directors, officers and other employees an amended and restated long-term incentive plan, or LTIP, and the following is intended as a summary of the LTIP.

#### *Purpose*

The purpose of the LTIP is to provide eligible participants with compensation opportunities that will enhance our ability to attract, retain and motivate key personnel, reward key senior management for strong financial performance and align executive officers' incentives with the interests of shareholders.

### *Eligibility*

The composition of eligible participants in the LTIP from time to time is determined by the Human Resources and Compensation Committee, taking into account the recommendations of the CEO and the President and is limited to directors, officers (including officers of our affiliates), employees (including employees of our affiliates), and consultants of our affiliates, as well as consultant companies providing management or administrative services to DCM and employees of such consultant companies.

### *Administration*

The LTIP is administered by our Board of Directors or the Human Resources and Compensation Committee.

### *Awards*

Awards granted under the LTIP may consist of stock options, stock appreciation rights, or SARs, restricted Common Shares, or Restricted Shares, RSUs, and deferred share units, or DSUs. Each award will be subject to the terms and conditions set forth in the LTIP and to those other terms and conditions specified by the Human Resources and Compensation Committee. Previous awards will be taken into account when considering new awards.

### *Shares Subject to the LTIP*

Subject to adjustment in certain circumstances as discussed below, the LTIP authorizes the issuance of up to 10% of the issued and outstanding Common Shares from time to time pursuant to the terms of the plan. The maximum number of Common Shares that: (i) are issuable to insiders; and (ii) may be issued to insiders within a one-year period pursuant to awards under the LTIP and any other share-based compensation arrangement we adopt is 10% of the Common Shares outstanding from time to time. For these purposes, the term “insider” has the same meaning as “reporting insider” in National Instrument 55-104 – *Insider Reporting Requirements and Exemptions*. The number of shares subject to each award, the exercise price, the expiry time, the extent to which such award is exercisable and other terms and conditions relating to such awards is determined by the Board of Directors or the Human Resources and Compensation Committee. No participant will be granted awards in any single calendar year with respect to more than 5% of the issued and outstanding Common Shares. If, and to the extent, awards granted under the plan terminate, expire, cancel, or are forfeited without being exercised and/or delivered, Common Shares subject to such awards will again be available for grant under the LTIP. Additionally, to the extent any Common Shares subject to an award are tendered and/or withheld in settlement of any exercise price and/or any tax withholding obligation associated with that award, those Common Shares will again be available for grant under the LTIP.

In the event of any recapitalization, reorganization, amalgamation, stock split or combination, stock dividend or other similar event or transaction, substitutions or adjustments will be made by the Board of Directors or the Human Resources and Compensation Committee to: (i) the aggregate number, class and/or issuer of the securities reserved for issuance under the LTIP; (ii) the number, class and/or issuer of securities subject to outstanding awards; and (iii) the exercise price of outstanding options or SARs, in each case in a manner that reflects equitably the effects of such event or transaction.

Awards under the LTIP will be non-assignable and non-transferable although they are assignable to and may be exercisable by a participant’s legal heirs or personal representatives in certain cases.

As of the date of this Circular, awards in the form of stock options to purchase up to 2,031,957 Common Shares were outstanding.

### *Amendments*

Shareholder approval will be required for amendments to the LTIP to: (i) reduce the exercise price or purchase price of awards under the LTIP benefiting an insider of the Corporation; (ii) extend the term under an award benefiting an insider of the Corporation; (iii) remove or exceed the insider participation limit; (iv) increase the maximum number of securities

issuable, either as a fixed number or a fixed percentage of our outstanding capital represented by such securities; and (v) amend an amending provision within the LTIP.

Our Board of Directors or the Human Resources and Compensation Committee may, without shareholder approval, amend the LTIP with respect to (i) amendments of a “housekeeping nature”; (ii) changes to the vesting provisions of the LTIP or any award; (iii) changes to the provisions of the LTIP relating to the expiration of awards prior to their respective expiration dates upon the occurrence of certain specified events; (iv) changes in the exercise price of an award granted to a participant who is not an insider; (v) the cancellation of an award; or (vi) any other amendment to the LTIP or an award which is approved by any applicable stock exchange on a basis which does not require shareholder approval to be obtained.

#### *Termination of Service*

Unless provided otherwise in the award agreement, the right to exercise any option or SAR will terminate 90 days following termination of the participant’s relationship with us or any of our affiliates, as applicable, for reasons other than death, disability or termination for cause (as defined in the LTIP). If the participant’s service with us or any of our affiliates terminates due to death or disability, unless provided otherwise in the award agreement or individual employment agreement, the right to exercise an option or SAR will terminate on the earlier of one year following such termination and the award’s original expiration date. If the participant’s relationship with us is terminated for cause, any option or SAR not already exercised will be automatically forfeited as of the date of such termination and any unvested RSUs will immediately expire on the date of such termination.

Unless provided otherwise in the award agreement, if a participant’s service with us or any of our affiliates terminates for any reason other than the death or disability of the participant during the period that restrictions on Restricted Shares granted to the participant remain unfulfilled or uncompleted, those Restricted Shares in respect of which restrictions remain uncompleted or unfulfilled will be forfeited to us. In the event of the death or disability of a participant, we will cause the trustee to distribute to the participant or their legal representative any Restricted Shares held by the participant subject to any restrictions specified by the Board of Directors or the Human Resources and Compensation Committee.

#### *Change of Control*

In the event of a change of control of the Corporation, the Board of Directors or the Human Resources and Compensation Committee will have discretion to, among other things, accelerate the vesting of outstanding awards, settle outstanding awards in cash or exchange outstanding awards for similar awards of a successor company. A change of control will be deemed to have taken place upon the occurrence of any of the following, in one transaction or a series of related transactions:

- the acquisition by any person or persons acting jointly or in concert, whether directly or indirectly, of beneficial ownership of voting securities of the Corporation that, together with all other voting securities of the Corporation held by such persons, constitute in the aggregate more than 50% of all of the then outstanding voting securities of the Corporation;
- an amalgamation, arrangement, consolidation, share exchange, take-over bid or other form of business combination of the Corporation with another person that results in the holders of voting securities of that other person holding, in the aggregate, more than 50% of all outstanding voting securities of the person resulting from the business combination;
- the sale, lease, exchange or other disposition of all or substantially all of the property of the Corporation or any of its affiliates to another person, other than in the ordinary course of business of the Corporation or of an affiliate of the Corporation or to the Corporation or any one or more of its affiliates;
- the adoption of a resolution to wind-up, dissolve or liquidate the Corporation;
- as a result of, or in connection with, a contested election of directors of the Corporation, or an amalgamation, arrangement, reorganization, consolidation, share exchange, take-over bid or other form of business

combination involving the Corporation or any of its affiliates and another person, the nominees named in the most recent management information circular of the Corporation for election to our Board of Directors do not constitute a majority of the board; or

- any other transaction that is deemed to be a “Change in Control” for the purposes of the LTIP by our Board of Directors in its sole and absolute discretion.

### *Stock Options*

The exercise price of any stock option granted under the LTIP will be the market price of the Common Shares, being the closing price of the Common Shares on the TSX on the date immediately before the date on which the option is granted or such other minimum price as is permitted by the TSX in accordance with its policies from time to time. Our Board of Directors or the Human Resources and Compensation Committee will be entitled to determine the option term for each option; provided, however, that the exercise period of any option may not exceed 10 years from the date of grant. It is currently anticipated that stock options granted under the LTIP will expire between five to seven years after the date of grant. Vesting for each option will also be determined by our Board of Directors or the Human Resources and Compensation Committee. In the event that the term of a stock option expires during a period, or a Blackout Period, when insiders of the Corporation are prohibited from trading in Common Shares under the terms of the Corporation’s insider trading policy in effect from time to time or within 10 business days thereafter, the option will expire on the date that is 10 business days after the Blackout Period is lifted.

### *SARs*

Our Board of Directors or the Human Resources and Compensation Committee will be authorized to grant SARs pursuant to the terms of the LTIP. Upon exercise of a SAR, the participant will be entitled to receive an amount equal to the difference between the closing price of the Common Shares underlying the SAR on the TSX on the date immediately before the date of grant and the closing price of the Common Shares underlying the SAR on the TSX on the date immediately before the date of exercise. Such amount is payable in cash or Common Shares as determined by the Board of Directors or the Human Resources and Compensation Committee. The Board of Directors has amended the LTIP to provide that, in the event that the term of a stock option expires during a Blackout Period, the option will expire on the date that is 10 business days following after the Blackout Period is lifted.

### *Restricted Shares*

Our Board of Directors or the Human Resources and Compensation Committee will be authorized to grant Restricted Shares pursuant to the terms of the LTIP. Restricted Shares may consist of either treasury Common Shares or outstanding Common Shares purchased for purposes of the LTIP. Restricted Shares will be granted subject to restrictions which will be determined by, and may be varied by, our Board of Directors or the Human Resources and Compensation Committee. Restricted Shares will generally vest over a five-year period. All Restricted Shares will be held for the benefit of participants in the name of a trustee appointed for purposes of the LTIP or, in the case of non-treasury Restricted Shares, by a custodian with whom shares are deposited by the trustee. Participants will have no custody or control of the Restricted Shares granted to them while they are held by the trustee or the custodian. Restricted Shares will only be released to the participant after the shares become free of all restrictions.

### *RSUs*

Our Board of Directors or the Human Resources and Compensation Committee will be authorized to issue RSUs subject to such terms and conditions, not inconsistent with the terms of the LTIP, as our Board of Directors may impose in its sole and absolute discretion. An RSU is a contractual promise to issue shares and/or cash in an amount equal to the fair market value (determined at the time of distribution) of the Common Shares subject to the award, at a specified future date, subject to the fulfillment of vesting conditions specified by our Board of Directors or the Human Resources and Compensation Committee. Prior to settlement, an RSU will carry no voting or dividend rights or other rights associated with share ownership. An RSU award may be settled in Common Shares, cash, or in any combination of both and it is the Corporation’s practice that RSUs are generally intended to be settled in cash. However, a determination to settle an

RSU in whole or in part in cash may be made by our Board of Directors or the Human Resources and Compensation Committee, in its sole discretion.

#### RSUs Pursuant to Employment Agreements

Under the terms of their respective employment agreements, Mr. Sifton was, and Mr. Cochrane is, entitled to receive an annual non-performance-based grant of RSUs equal to 10% of their annual base salary at the time of the grant. In each case, those RSUs are granted under the LTIP. These RSUs are subject to cliff-vesting after three years, and, in the event that the executive is no longer a participant in the Corporation's LTIP prior to vesting, would be forfeited. In connection with his appointment as President in April 2018, Mr. Coté is entitled to receive similar a non-performance-based grant of RSUs equal to 10% of his annual base salary.

Upon Mr. Sifton's retirement in June 2018, a total of nil RSUs held by him had fully vested and were unpaid. As Mr. Sifton continues to be an eligible participant in the LTIP so long as he remains a director of the Corporation, any RSUs he had been awarded prior to his retirement will continue to vest in accordance with their terms.

#### **2018 LTIP Awards of Performance Based and Non-performance Based RSUs**

In March 2018, the Human Resources and Compensation Committee recommended the award of certain performance and non-performance based RSUs, or the 2018 LTIP, to certain members of senior management of the Corporation. The 2018 LTIP was subsequently approved by our Board of Directors. Eligible participants in the 2018 LTIP received a number of RSUs, or the Awarded RSUs, based on a percentage of their base salaries, of which 75% were performance based and 25% were non-performance based. Each Awarded RSU represents the right to receive from the Corporation, as soon as reasonably practicable following the final vesting date, a distribution in an amount equal to the fair market value (on the final vesting date) of one Common Share, with vesting of Awarded RSUs as to one-third upon approval by the Board of Directors of the Corporation's audited financial statements for fiscal 2018, one-third upon the Board's approval of the Corporation's audited financial statements for fiscal 2019 and one-third upon the Board's approval of the Corporation's audited financial statements for fiscal 2020, being the final vesting date.

#### *2018 LTIP Performance-Based RSUs*

The performance based RSUs for all participants were contingent upon the Corporation achieving a threshold amount of Adjusted EBITDA in fiscal 2018. Failure to achieve the target Adjusted EBITDA in the year would result in a greater decline in the number of performance-based RSUs for that year, while exceeding the target would generate a greater increase in the number of performance-based RSUs. The number of awarded performance based RSU's is adjusted on the following basis: at less than 90% achievement of the Adjusted EBITDA objective, the performance-based RSUs are forfeited; at 90% achievement, the number of performance-based RSUs is adjusted down by 50%; if the Corporation achieves greater than 90% and up to 100% of the Adjusted EBITDA objective, the number of performance based RSUs is adjusted on a graduated scale between 50% and 100%; if the Corporation achieves greater than 100% and up to 110% of the Adjusted EBITDA objective, the number of performance based RSUs is adjusted on a graduated scale between 100% and 150%. The number of non-performance based RSUs is fixed.

Awarded RSUs under the 2018 LTIP are subject to forfeiture in accordance with the LTIP, and, in the case of performance-based awards, in the event that at least 90% of the target financial objective was not achieved during fiscal 2018.

Mr. Sifton, Mr. Cochrane and Mr. Lorimer were each entitled under the terms of their employment agreements to receive a 2018 LTIP grant of RSUs equal to 40% of their respective annual base salaries. Mr. Sifton's 2018 LTIP grant was prorated for six months of the year, given his retirement from the Corporation in June 2018. In 2018, Mr. Roberts and Mr. Coté were each granted RSUs equal to 25% of their respective annual base salaries. Mr. Lund was not a participant in the 2018 LTIP.

In 2018, the Adjusted EBITDA threshold for participants was established with consideration by the Human Resources and Compensation Committee, and was the same target Adjusted EBITDA threshold applicable to the performance-based financial objective applicable to short-term incentive compensation for the year.

As the minimum Adjusted EBITDA performance metric threshold of 90% of target for fiscal 2018 was not achieved by the Corporation, with the Corporation's actual financial results being 86% of target adjusted EBITDA financial threshold, the 2018 LTIP performance based awards for each of Mr. Sifton, Mr. Cochrane, Mr. Lorimer, and Mr. Roberts as well as for all other 2018 LTIP participants would have been forfeited.

At the meeting of the Human Resources and Compensation Committee in March 2018, as more fully described under "*Components of Executive Compensation, Performance-Based Short-Term Incentive Compensation, Performance-Based Financial Objectives*", the Human Resources and Compensation Committee also considered the Corporation's actual financial results in comparison to target financial results and compensation for the Named Executive Officers and other participants in the Corporation's LTIP.

The Human Resources and Compensation Committee considered similar factors relating to the failure to meet the Adjusted EBITDA target as it had with regards to the STIP incentive compensation, together with other considerations with regards to performance and compensation of senior management, and determined to recommend to the Board of Directors that, due to exceptional circumstances, payouts for the performance based RSU awards for the Named Executive Officers and other 2018 LTIP participants be made at 25% of their target payout. The Board of Directors accepted this recommendation and approved the grant of 2018 LTIP performance-based awards at 25% of the target threshold for all 2018 LTIP participants.

Accordingly, the first one-third of the 2018 LTIP performance based RSUs at 25% of target award for Mr. Sifton, Mr. Cochrane, Mr. Lorimer, Mr. Roberts and Mr. Coté vested on March 21, 2019, upon approval by the Board of Directors of the Corporation's fiscal 2018 financial results. The performance-based component of Mr. Sifton's 2018 LTIP award was pro-rated for the first six months of the year.

#### *2018 LTIP Non-Performance Based RSUs*

The first one-third of the non-performance based RSUs for Mr. Sifton, Mr. Cochrane, Mr. Lorimer and Mr. Roberts, along with all other participants in the 2018 LTIP, vested on March 21, 2018, upon approval by the Board of Directors of the Corporation's fiscal 2018 financial results. The non-performance-based component of Mr. Sifton's 2018 LTIP award was pro-rated for the first six months of the year.

#### **2017 LTIP Awards of Non-performance Based RSUs**

In March 2017, the Human Resources and Compensation Committee recommended the award of certain performance and non-performance based RSUs, or the 2017 LTIP, to certain members of senior management of the Corporation. The 2017 LTIP was subsequently approved by our Board of Directors. Eligible participants in the 2017 LTIP received a number of RSUs, or the Awarded RSUs, based on a percentage of their base salaries, of which 75% were performance based and 25% were non-performance based. Each Awarded RSU represents the right to receive from the Corporation, as soon as reasonably practicable following the final vesting date, a distribution in an amount equal to the fair market value (on the final vesting date) of one Common Share, with vesting of Awarded RSUs as to one-third upon approval by the Board of Directors of the Corporation's audited financial statements for fiscal 2017, one-third upon the Board's approval of the Corporation's audited financial statements for fiscal 2018 and one-third upon the Board's approval of the Corporation's audited financial statements for fiscal 2019, being the final vesting date.

The 2017 LTIP awards were substantially similar to the 2018 LTIP awards. As the minimum Adjusted EBITDA performance metric threshold of 90% of target for fiscal 2017 was not achieved by the Corporation, the 2017 LTIP performance-based awards for each of Mr. Sifton, Mr. Cochrane, Mr. Lorimer, and Mr. Roberts as well as for all other 2017 LTIP participants were previously forfeited. Mr. Coté and Mr. Lund were not participants in the 2017 LTIP.

The first one-third of the 2017 LTIP non-performance based RSUs for Mr. Sifton, Mr. Cochrane, Mr. Lorimer and Mr. Roberts vested in March 2018, upon approval by the Board of Directors of the Corporation's fiscal 2017 financial results and the second one-third of the 2017 LTIP non-performance based RSUs for Mr. Sifton, Mr. Cochrane, Mr. Lorimer and Mr. Roberts vested in March 2019, upon approval by the Board of Directors of the Corporation's fiscal 2018 financial results.

## *DSUs*

Our Board of Directors or the Human Resources and Compensation Committee will be authorized to issue DSUs, subject to such vesting and other terms and conditions, not inconsistent with the terms of the LTIP, as our Board of Directors may propose in its sole and absolute discretion. A DSU is a right to receive, on a deferred payment basis, a Common Share or the cash equivalent of a Common Share on the terms contained in the LTIP. The amount will not be paid out until such time as the recipient leaves us, thereby providing an ongoing equity stake throughout the recipient's period of service. A DSU award may be settled in Common Shares, cash, or in any combination of both. However, a determination to settle a DSU in whole or in part in cash may be made by our Board of Directors or the Human Resources and Compensation Committee, in its sole discretion.

On March 14, 2018, the Board of Directors authorized the introduction of a DSU plan for directors, whereby each director was given the option to elect to receive all or part of his or her compensation in DSUs, commencing effective April 1, 2018. Each DSU represents the right to receive a distribution from the Corporation in an amount equal to the fair value of one Common Share on the date of the termination of service of the respective director. The number of DSUs payable to each director is determined by multiplying the total director fees payable by the amount of compensation elected to be paid in DSUs and dividing the product by the fair value of one Common Share on the grant date. DSUs granted in 2018 are intended to be cash settled. During 2018, 86,924 DSUs (2017 – Nil DSUs) were granted to directors.

## *Stock Options*

In March 2018, our Board of Directors granted stock options to acquire up to 1,200,000 Common Shares to members of the Corporation's executive management and the members of the Board of Directors, to recognize their contributions to the Corporation's initiatives over the past year. Once vested, the stock options are exercisable for a period of seven years from the grant date at an exercise price of \$1.41 per share, representing the fair value of the Common Shares on the date of grant. Stock options to purchase up to a total of 1,040,000 Common Shares were awarded to the members of the Corporation's executive management team and vest at a rate of 1/36th per month beginning on March 14, 2018. Of the stock options that were awarded to the members of the Corporation's executive management team, stock options to purchase up to 200,000 Common Shares were awarded to each of Mr. Cochrane, Mr. Lorimer, Mr. Coté, and Mr. Roberts, respectively, and stock options to purchase up to 40,000 Common Shares were awarded to Mr. Sifton. Of the stock options that were awarded to the members of the Corporation's Board of Directors, stock options to purchase up to 40,000 Common Shares were awarded to each of Mr. Ward, Mr. Albino, Mr. Murray and Mr. Watchorn.

In March 2019, our Board of Directors granted stock options to acquire up to 40,000 Common Shares to Ms. Jones, a director of the Corporation, to recognize her contributions to the Corporation's initiatives over the past year. Once vested, the stock options are exercisable for a period of seven years from the grant date at an exercise price of \$1.41 per share, representing the fair value of the Common Shares on the date of grant.

## Pension Plans

Our executive officers participate in the same defined contribution pension plan as our other employees.

The objective of including pension plans as part of our executive compensation program is to provide retirement benefits and additional retirement income security for officers who remain with us for an extended period of time.

## Personal Benefits and Perquisites

We provide our employees, including the Named Executive Officers, with other personal benefits and perquisites that we believe are reasonable and consistent with our overall compensation program to better enable us to attract and retain quality employees for key positions. We periodically review the levels of other personal benefits and perquisites provided to the Named Executive Officers to ensure competitiveness and value to employees. The Named Executive Officers are given a car allowance and are entitled to reimbursement of a portion of certain business-related travel and entertainment expenses and participate in the pension plans described above.

Our executive officers participate in healthcare and other benefit programs on the same terms as our other employees.

## Claw-Backs

We have not implemented any claw-back policy that would adjust or attempt to recover incentive compensation payable or paid to any executive officers if the performance objectives upon which the compensation was based were to be restated or otherwise adjusted in a manner that would have the effect of reducing the amount payable or paid.

## **Assessment of Risks Associated with Our Compensation Policies and Practices**

We have assessed our compensation plans and programs for all our employees, including our executives, to ensure alignment of the various plans and programs with our business plan and to evaluate the potential risks associated with those plans and programs. We have concluded that, although we maintain performance-based incentive plans, our compensation policies and practices do not create any risks that are reasonably likely to have a material adverse effect on us.

The Human Resources and Compensation Committee considers the risks associated with executive compensation and corporate incentive plans when designing such plans and the elements described below with respect to such plans and programs have generally been implemented by or at the direction of the Human Resources and Compensation Committee.

In undertaking the assessment, the management team and the Human Resources and Compensation Committee considered the following features of our executive compensation plans and programs:

- a detailed planning process with executive or Human Resources and Compensation Committee oversight exists for all compensation programs;
- the proportion of an employee's performance-based pay increases as the responsibility and potential impact of the employee's position increases;
- all short-term incentive plans and commission plans are cash-based plans, which results in less total compensation being tied solely to the performance of the Common Shares;
- we set performance goals that we believe are reasonable in light of past performance and market conditions;
- for performance-based financial objective targets, we have used a consistent corporate performance metric for short-term cash compensation incentives, Adjusted EBITDA, from year to year, rather than changing the metric to take advantage of changing market conditions, and in 2017 we introduced Adjusted EBITDA as the corporate performance metric for our long-term incentives;
- we have historically used time-based vesting after three years for our long-term equity awards and in 2017 we introduced graded vesting over three years for certain of our long-term incentive awards, with any payouts to be made after the end of the final year of vesting in order to ensure our employees' interests are aligned with those of our shareholders for our long-term performance;
- assuming achievement of at least a threshold level of performance, payouts under our performance-based plans result in some compensation at levels below full target achievement, rather than an "all-or-nothing" approach; and
- through their participation in the LTIP, all members of our senior management have a component of their leadership incentive plans tied to our overall performance to ensure cross-functional alignment with our business plan.

None of our executive officers or directors is permitted to purchase financial instruments, including prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in



market value of our equity securities granted as compensation or held, directly or indirectly, by the executive officer or director.

## EXECUTIVE COMPENSATION

### Summary Compensation Table

The following table sets forth information concerning the compensation earned by the Named Executive Officers for the period from January 1, 2016 to December 31, 2018. Compensation is presented for the fiscal year ended December 31, 2018 to the extent that the Named Executive Officer was an employee during that period.

<u>Name and principal position</u>	<u>Year</u>	<u>Salary</u>	<u>Share-based awards<sup>(2)</sup></u>	<u>Option-based awards</u>	<u>Non-equity incentive plan compensation</u>		<u>Pension value<sup>(3)</sup></u>	<u>All other compensation</u>	<u>Total Compensation</u>
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
					Annual incentive plans	Long-term incentive plans			
Michael G. Sifton, Chief Executive Officer <sup>(4)</sup>	2018	323,077	82,500 <sup>(11)</sup>	27,200 <sup>(10)</sup>	146,250	-	6,279	307,754 <sup>(16)</sup>	893,060
	2017	600,000	119,999 <sup>(12)</sup>	-	202,500	-	6,904	14,400	943,803
	2016	521,213	25,089 <sup>(13)</sup>	499,377 <sup>(8)</sup>	168,594 <sup>(1)</sup>	-	-	27,245	1,241,518
Gregory J. Cochrane, President and Chief Executive Officer <sup>(5)</sup>	2018	346,154	137,500 <sup>(14)</sup>	136,000 <sup>(10)</sup>	215,625	-	6,625	9,969	851,873
	2017	500,000	99,998 <sup>(15)</sup>	-	168,750	-	577	14,400	783,725
	2016	28,846	6,676	-	-	-	-	831	36,353
									-
James E. Lorimer, Chief Financial Officer	2018	350,000	61,249	136,000 <sup>(10)</sup>	142,800	-	6,579	12,000	708,628
	2017	348,077	35,001	-	138,594	-	-	12,000	533,672
	2016	299,650	-	117,032 <sup>(9)</sup>	128,000 <sup>(1)</sup>	-	-	12,000	566,682
Michael Coté, Senior VP, Chief Commercial Officer <sup>(6)</sup>	2018	318,846	31,718	136,000 <sup>(10)</sup>	132,000	-	1,292	12,000	631,856
	2017	81,423	-	-	50,000	-	-	3,369	134,792
	2016	-	-	-	-	-	-	-	-
Alan Roberts, Senior Vice-President, Operations	2018	260,100	28,448	136,000 <sup>(10)</sup>	86,294	-	6,524	12,000	529,366
	2017	264,100	16,250	-	88,112	-	5,102	12,000	381,564
	2016	259,921	-	117,032 <sup>(9)</sup>	80,000 <sup>(1)</sup>	-	6,060	10,612	473,625
Christopher Lund, Chief Creative & Innovation Officer <sup>(7)</sup>	2018	259,230	-	-	153,542	-	-	7,783	420,555
	2017	-	-	-	-	-	-	-	-
	2016	-	-	-	-	-	-	-	-

Notes:

- (1) Represents annual cash bonuses earned during the year. These amounts are paid in the subsequent year, except for special bonuses in the amount of \$50,000 which were awarded to each of Mr. Sifton and Mr. Lorimer related to the refinancing of the Corporation's senior credit facilities in March 2016 and paid in 2017.
- (2) Represents the fair market value of RSU awards granted to the Named Executive Officers (NEO) determined using the market value of the Common Shares on the date of grant. RSU awards granted to the NEOs as a result of their employment agreements cliff vest over three years. RSU awards granted to the NEO under the Corporation's LTIP vest as follows: 1/3 after 12 months; 1/3 after 24 months; and 1/3 after 36 months.
- (3) Represents the sum of the compensatory amounts related to the Corporation's defined benefit and defined contribution pension plans.
- (4) Mr. Sifton retired as an officer of the Corporation on June 30, 2018.

- (5) Mr. Cochrane was first appointed an officer of the Corporation on November 26, 2017. He served as the President of the Corporation until June 30, 2018, at which point he was appointed President and Chief Executive Officer of the Corporation and served in that capacity for the remainder of 2018.
- (6) In September 2017, Mr. Coté was appointed as the Corporation's Senior Vice President, Corporate Development and Strategy and in November 2017 he was appointed Senior Vice President, Chief Commercial Officer of the Corporation.
- (7) On May 8, 2018, Mr. Lund was appointed as Chief Creative & Innovation Officer of the Corporation.
- (8) Consists of options to acquire up to 499,377 Common Shares at an exercise price of \$1.50 per share, all of which vested on June 23, 2016.
- (9) Consists of options to acquire Common Shares at an exercise price of \$1.50 per share and vest at a rate of 1/24th per month, commencing on June 23, 2016.
- (10) Consists of options to acquire Common Shares at an exercise price of \$1.41 per share and vest at a rate of 1/36th per month, commencing on March 14, 2018.
- (11) 27,027 RSUs awarded under Mr. Sifton's employment agreement and 64,261 RSUs awarded under LTIP had a value of approximately \$85,467 as of December 31, 2018.
- (12) RSUs awarded to Mr. Sifton had a value of approximately \$74,258 as of December 31, 2018.
- (13) RSUs awarded to Mr. Sifton had a value of approximately \$35,425 as of December 31, 2018.
- (14) 45,045 RSUs awarded under Mr. Cochrane's employment agreement and 62,057 RSUs awarded under LTIP had a value of approximately \$142,446 as of December 31, 2018.
- (15) RSUs awarded to Mr. Cochrane had a value of approximately \$61,881 as of December 31, 2018.
- (16) Commencing after Mr. Sifton's retirement as an officer of the Corporation on June 30, 2018, Mr Sifton earned consulting fees in the amount of \$300,000, which is included under "All other compensation".

## Incentive Plan Awards

### *Outstanding Share-based Awards and Option-based Awards*

The following table sets forth information regarding option-based awards and share-based awards to Named Executive Officers that were outstanding at December 31, 2018. All values shown in the table are based upon the closing price of the Common Shares of \$1.33 per share on December 31, 2018 (the last trading day on the TSX in 2018).

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not been vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Michael G. Sifton	499,377 <sup>(1)</sup>	1.50	June 23, 2023	-	120,094	159,725	35,425
	40,000 <sup>(3)</sup>	1.41	March 14, 2025	-			
Gregory J. Cochrane	200,000 <sup>(3)</sup>	1.41	March 14, 2025	-	156,354	207,951	-
James. E. Lorimer	117,032 <sup>(2)</sup>	1.50	June 23, 2023	-	54,094	71,945	7,085
	200,000 <sup>(3)</sup>	1.41	March 14, 2025	-			
Michael Coté	200,000 <sup>(3)</sup>	1.41	March 14, 2025	-	22,495	29,918	-
Alan Roberts	117,032 <sup>(2)</sup>	1.50	June 23, 2023	-	25,123	33,414	3,289
	200,000 <sup>(3)</sup>	1.41	March 14, 2025	-			

Notes:

- (1) 499,377 of the options held by Mr. Sifton have vested.
- (2) The options held by the Named Executive Officers at December 31, 2018 vest over a two-year period from the date of grant at the rate of 1/24<sup>th</sup> per month.
- (3) The options held by the Named Executive Officers at December 31, 2018 vest over a three-year period from the date of grant at the rate of 1/36<sup>th</sup> per month.

### *Value Vested or Earned During the Year*

The following table discloses the aggregate dollar value that would have been realized if the options granted to Named Executive Officers had been exercised on the applicable vesting date, the aggregate value realized upon vesting of share-

based awards and the value of non-equity incentive plan compensation earned, in each case during the year ended December 31, 2018.

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Michael G. Sifton	7,555	35,425	146,250
Gregory J. Cochrane	37,777	-	215,625
James E. Lorimer	62,159	7,085	142,800
Michael Coté	37,777	-	132,000
Alan Roberts	62,159	3,289	86,294
Christopher Lund	-	-	153,542

### Pension Plans

We maintain a defined benefit and defined contribution pension plan or the DCM Plan, for certain of our employees. We also contribute to the Graphics Communications Supplemental Retirement and Disability Fund of Canada pension plan for certain employees at our Drummondville plant in Québec. We also contribute to a number of multi-employee, defined benefit employee pension and non-pension benefit plans which are administered by Unifor Local 591G for our hourly employees at our Toronto, Ontario plant. Effective January 1, 2008, the DCM Plan was amended such that no further service credits will accrue under the defined benefit provision of the DCM Plan, after December 31, 2007, although pensionable earnings on and after January 1, 2008 will be factored into the determination of a participant's final average earnings. For more information regarding our pension plans, please refer to our management's discussion and analysis for the year ended December 31, 2018.

### Defined Contribution Plans

The following table sets forth information regarding the present value of accumulated benefits for each of the Named Executive Officers under the defined contribution provision of the DCM Plan as of December 31, 2018.<sup>(1)</sup>

<u>Name</u>	<u>Accumulated value at start of year</u> (\$)	<u>Compensatory</u> (\$)	<u>Non-compensatory</u> <sup>(2)</sup> (\$)	<u>Accumulated value at year end</u> (\$)
Michael G. Sifton	19,664	6,279	-	-
Gregory J. Cochrane	865	6,625	12,569	20,060
James E. Lorimer	-	6,579	11,166	17,745
Michael Coté	-	1,292	1,951	3,243
Alan Roberts	85,154	6,524	11,136	102,814
Christopher Lund	-	-	-	-

Notes:

- (1) The table includes an additional matching contribution by the Corporation.
- (2) Assumptions regarding pension plans are described in our consolidated financial statements for the year ended December 31, 2018.

The Corporation allows all eligible employees, including the Named Executive Officers, to participate in the defined contribution provision of the DCM Plan after one year of service on an optional basis, and on a mandatory basis after three years of service. The defined contribution provision of the DCM Plan is based on a contribution by the employee of a percentage of his or her earnings, which is matched 50% by the Corporation. Earnings include base pay, commissions,

bonuses and variable compensation. The contribution rate for the plan is based on the employee's years of service with the Corporation and its predecessors at the beginning of each fiscal year, as outlined below. Rate changes take effect as of January 1 of each year.

The following table sets forth information regarding the respective levels of contribution by the Corporation and its employees under the defined contribution provision of the DCM Plan, based upon the employee's years of service with the Corporation and its predecessors.

<b><u>Years of Service as at January 1</u></b>	<b><u>Contribution of Named Executive Officer</u></b>	<b><u>Contribution of the Corporation<sup>(1)</sup></u></b>	<b><u>Total Contribution</u></b>
Fewer than 5 years (with a minimum of 1 year)	1% - 3%	0.5% - 1.5%	1.5% - 4.5%
5 years or more, but fewer than 15 years	1% - 4%	0.5% - 2%	1.5% - 6%
15 years or more	1% - 5%	0.5% - 2.5%	1.5% - 7.5%

Note:

(1) Except for those persons who participate in the defined benefit provision of the DCM Plan, who receive an additional one percent.

Pursuant to the defined contribution provision of the DCM Plan, and subject to the exception noted in the above table, the Corporation makes annual contributions up to a maximum of 2.5% of the employee's earnings. Employees are permitted to make additional voluntary contributions to the plan, but the Corporation will not match those additional contributions. The total mandatory and voluntary employee contributions and the Corporation's matching contributions are subject to limits under the *Income Tax Act* (Canada). These limits are updated annually and, in 2018, the annual contribution limit was the lesser of 18% of the employee's earned income and \$26,500, rising to \$27,230 in 2019. Funds are accumulated in the employee's account, following which the employee determines how the contributions will be invested by selecting from a group of funds available for the plan and administered by a Canadian financial services company as chosen by the Corporation. If the employee does not make an investment selection or makes an incomplete selection, the contributions will be invested in a default fund. Contributions on behalf of the Named Executive Officers are included in the "Non-Equity Incentive Plan Compensation – Long-term Incentive Plans" column in the Summary Compensation Table in this "Executive Compensation" section of this Circular. Upon retiring or leaving the Corporation, the Named Executive Officer will have choices in arranging for the transfer of his pension account pursuant to the defined contribution pension plan.

## **Termination and Change of Control Benefits**

### *Termination of Employment of Named Executive Officers*

Mr. Cochrane, Mr. Lorimer, Mr. Coté, Mr. Roberts and Mr. Lund are each entitled to the provision of benefits upon (i) the involuntary termination of his employment without cause; and (ii) the voluntary termination of his employment within a period of three months (or, in the case of Mr. Coté and Mr. Lund, a period of six months) from the occurrence of a change of control. For purposes of Mr. Cochrane's, Mr. Lorimer's, Mr. Coté's, Mr. Roberts' and Mr. Lund's employment agreements with the Corporation, a "change of control" is defined as the occurrence of any of the following events: (i) the acquisition by any person or persons acting jointly or in concert (as determined by the *Securities Act* (Ontario), whether directly or indirectly, of beneficial ownership of voting securities of the Corporation that, together with all other voting securities of the Corporation held by such persons, constitute in the aggregate more than 50% of all of the then outstanding voting securities of the Corporation; (ii) an amalgamation, arrangement, consolidation, share exchange, take-over bid or other form of business combination of the Corporation with another person that results in the holders of voting securities of that other person holding, in the aggregate, more than 50% of all outstanding voting securities of the person resulting from the business combination; (iii) the sale, lease, exchange or other disposition of all or substantially all of the property of the Corporation or any of its affiliates to another person, other than in the ordinary course of business of the Corporation or of an affiliate of the Corporation or to the Corporation or any one or more of its affiliates; (iv) the adoption of a resolution to wind-up, dissolve or liquidate the Corporation; or (v) as a result of, or in connection with, a contested election of directors of the Corporation or an amalgamation, arrangement, reorganization,

consolidation, share exchange, take-over bid or other form of business combination involving the Corporation or any of its affiliates and another person, the nominees named in the most recent management information circular of the Corporation for election to our Board of Directors do not constitute a majority of the Board.

Under the terms of their respective employment agreements, Mr. Cochrane, Mr. Lorimer and Mr. Roberts (referred to below as the executive), are entitled to the following amounts in the event of the termination of their employment with the Corporation in the circumstances described below under the heading “Event”:

**Event**

**Payment**

Voluntary Termination following a Change of Control or Involuntary Termination without Cause

A lump sum payment equal to:

- The executive’s annual base salary, plus annual bonus (calculated based on the average annual bonus paid to the executive in the last two fiscal years ended immediately preceding the date of termination of his employment with the Corporation), plus any cash payments made in the applicable year to settle outstanding LTIP awards that are, by their terms, cash settled and that would otherwise have been paid to the executive had his employment with the Corporation continued for: (A) a period of twelve months (or, in the case of Mr. Roberts, a period of six months) following the date of termination if the date of termination occurs up to one year following the commencement of his employment with the Corporation; or (B) a period of twelve months (or, in the case of Mr. Roberts, six months) following the date of termination plus an additional three months (or, in the case of Mr. Roberts, one month) for each year of employment with the Corporation completed by the executive as of the date of termination, up to a maximum of 24 months, (or, in the case of Mr. Roberts, twelve months) if the date of termination occurs more than one year following the commencement of his employment with the Corporation (we refer to the period in clause (A) or (B) above, as applicable, as the Severance Period); and
- accrued and unpaid annual base salary and vacation pay earned up to the date of termination; and
- continued participation for the Severance Period in those benefit plans generally available to the employees of the Corporation immediately prior to the termination of his employment. Those plans and programs currently consist of health care insurance and the Corporation’s defined contribution pension plan. If the terms and conditions of those benefits plans or the pension plan do not permit the continued participation of the executive or his dependents, as applicable, for any period between the date of termination and the expiry of the Severance Period, the Corporation will pay to the executive a lump sum payment equal to the premiums that the Corporation would have otherwise paid to maintain the participation of the executive or his dependents, as applicable, in such benefits plans or the pension plan during such period.

Under the terms of their respective employment agreements, Mr. Coté and Mr. Lund (referred to below as the executive), are entitled to the following amounts in the event of the termination of their employment with the Corporation in the circumstances described below under the heading “Event”:

**Event**

Voluntary Termination following a Change of Control

**Payment**

A lump sum payment equal to:

- The executive’s annual base salary, plus annual bonus (calculated based on the average annual bonus paid to the executive in the last two fiscal years ended immediately preceding the date of termination of his employment with the Corporation), plus any cash payments made in the applicable year to settle outstanding LTIP awards that are, by their terms, cash settled and that would otherwise have been paid to the executive had his employment with the Corporation continued for a period of twelve months following the date of termination; and
- accrued and unpaid annual base salary and vacation pay earned up to the date of termination; and
- continued participation for the Severance Period in those benefit plans generally available to the employees of the Corporation immediately prior to the termination of his employment. Those plans and programs currently consist of health care insurance and the Corporation’s defined contribution pension plan. If the terms and conditions of those benefits plans or the pension plan do not permit the continued participation of the executive or his dependents, as applicable, for any period between the date of termination and the expiry of the Severance Period, the Corporation will pay to the executive a lump sum payment equal to the premiums that the Corporation would have otherwise paid to maintain the participation of the executive or his dependents, as applicable, in such benefits plans or the pension plan during such period.

Involuntary Termination without Cause

A lump sum payment equal to:

- The executive’s annual base salary, plus annual bonus (calculated based on the average annual bonus paid to the executive in the last two fiscal years ended immediately preceding the date of termination of his employment with the Corporation), plus any cash payments made in the applicable year to settle outstanding LTIP awards that are, by their terms, cash settled and that would otherwise have been paid to the executive had his employment with the Corporation continued for: (A) a period of twelve months (or, in the case of Mr. Coté, a period of six months) following the date of termination if the date of termination occurs up to one year following the commencement of his employment with the Corporation; or (B) a period of twelve months (or, in the case of Mr. Coté, six months) following the date of termination plus an additional one month for each year of employment with the Corporation completed by the executive as of the date of

termination, up to a maximum of 24 months, (or, in the case of Mr. Coté, twelve months) if the date of termination occurs more than one year following the commencement of his employment with the Corporation (we refer to the period in clause (A) or (B) above, as applicable, as the Severance Period); and

- accrued and unpaid annual base salary and vacation pay earned up to the date of termination; and
- continued participation for the Severance Period in those benefit plans generally available to the employees of the Corporation immediately prior to the termination of his employment. Those plans and programs currently consist of health care insurance and the Corporation's defined contribution pension plan. If the terms and conditions of those benefits plans or the pension plan do not permit the continued participation of the executive or his dependents, as applicable, for any period between the date of termination and the expiry of the Severance Period, the Corporation will pay to the executive a lump sum payment equal to the premiums that the Corporation would have otherwise paid to maintain the participation of the executive or his dependents, as applicable, in such benefits plans or the pension plan during such period.

#### Confidentiality, Non-competition and Non-solicitation Covenants

The respective employment agreements between the Corporation and Mr. Cochrane, Mr. Lorimer, Mr. Coté, Mr. Roberts and Mr. Lund each also provide for confidentiality, non-solicitation and non-competition covenants in favour of the Corporation. The non-solicitation and non-competition covenants in Mr. Cochrane's, Mr. Lorimer's, Mr. Coté's and Mr. Roberts' and Mr. Lund's employment agreements apply during the term of their employment and, in the case of the non-competition and client non-solicitation covenants, for one year (or in the case of Mr. Lund, for two years) following their resignation or the termination of employment by the Corporation for any reason and, in the case of the employee and consultant non-solicitation covenant, for two years following either such event. In each case, those agreements also provide for a waiver by the executive of all defences related to the non-solicitation and non-competition covenants and entitle the Corporation to monetary damages that flow from breach of said covenants and injunctive relief in the event of such breach.

#### Other Executive Officers

We have generally provided separation benefits to executive officers who are asked to leave us for reasons other than cause. Those benefits are not contractual and are subject to approval by our Board of Directors. In determining the amount and extent of any separation benefits, we typically take into account factors such as length of service, individual accomplishments and performance, and the value of benefits forfeited through termination. Generally, separation benefits are not available for executive officers who voluntarily resign or retire. Our Board of Directors has not adopted any policy with respect to executive officer separation benefits, and there is no guarantee that any executive officer termination in the future will be handled in the same way as past terminations.

Certain of our other executive officers are, under the terms of their employment agreements, entitled to lump sum payments based on their annual compensation in the event of a voluntary termination of their employment with the Corporation following a change of control of the Corporation.



In the event of termination of employment, all of the Named Executive Officers are entitled to receive any benefits that they would otherwise be entitled to receive under any provision of our pension plan. Benefits under that plan are generally not affected by whether a participant’s employment terminates with or without cause.

#### LTIP Payments Upon a Change of Control

Under the LTIP, in the event of a change of control of the Corporation, our Board of Directors or the Human Resources and Compensation Committee will have discretion to, among other things, accelerate the vesting of outstanding awards, settle outstanding awards in cash or exchange outstanding awards for similar awards of a successor company. A change of control will generally be deemed to have taken place for purposes of the LTIP upon the occurrence of any of the following, in one transaction or a series of related transactions:

- the acquisition by any person or persons acting jointly or in concert, whether directly or indirectly, of beneficial ownership of voting securities of the Corporation that, together with all other voting securities of the Corporation held by such persons, constitute in the aggregate more than 50% of all of the then outstanding voting securities of the Corporation;
- an amalgamation, arrangement, consolidation, share exchange, take-over bid or other form of business combination of the Corporation with another person that results in the holders of voting securities of that other person holding, in the aggregate, more than 50% of all outstanding voting securities of the person resulting from the business combination;
- the sale, lease, exchange or other disposition of all or substantially all of the property of the Corporation or any of its affiliates to another person, other than in the ordinary course of business of the Corporation or of an affiliate of the Corporation or to the Corporation or any one or more of its affiliates;
- the adoption of a resolution to wind-up, dissolve or liquidate the Corporation;
- as a result of, or in connection with, a contested election of directors of the Corporation, or an amalgamation, arrangement, reorganization, consolidation, share exchange, take-over bid or other form of business combination involving the Corporation or any of its affiliates and another person, the nominees named in the most recent management information circular of the Corporation for election to our Board of Directors do not constitute a majority of the board; or
- any other transaction that is deemed to be a “Change of Control” for the purposes of the LTIP by our Board of Directors in its sole and absolute discretion.

#### **Summary of Incremental Termination and Change of Control Payments**

The following table describes the estimated incremental payments, payables and other benefits that would have been received by Mr. Cochrane, Mr. Lorimer, Mr. Coté, Mr. Roberts or Mr. Lund if there had been a change of control of the Corporation or Mr. Cochrane’s, Mr. Lorimer’s, Mr. Coté’s, Mr. Roberts’ or Mr. Lund’s employment with the Corporation had been involuntarily terminated as of December 29, 2018.

<u>Name</u>	<u>Voluntary Termination Following a Change of Control<sup>(1)</sup></u>	<u>Involuntary Termination of Employment<sup>(1)</sup></u>	<u>Voluntary Termination of Employment<sup>(1)</sup></u>
	(\$)	(\$)	(\$)
Gregory J. Cochrane	923,584	923,584	28,846
James E. Lorimer	787,740	787,740	13,462
Michael Coté	431,708	227,346	15,385
Alan Roberts	356,115	356,115	10,004
Christopher Lund	566,501	566,501	23,077

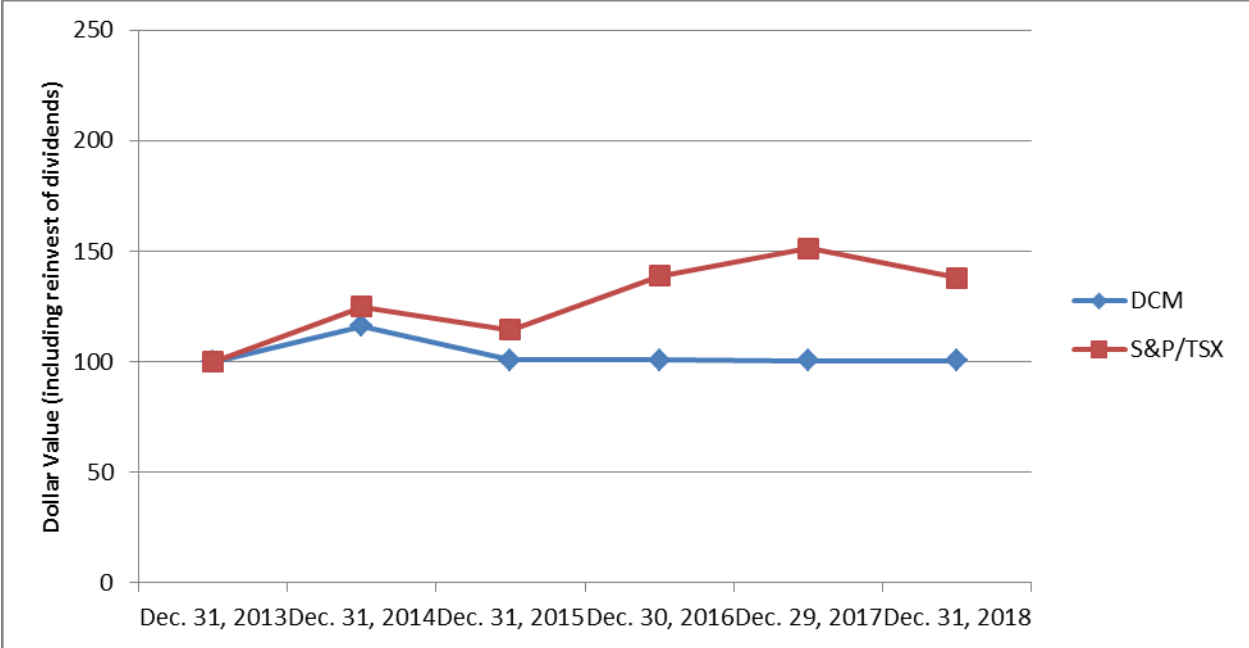
Note:

(1) Includes lump sum payment or continuance of salary, performance bonus, LTIP payments, perquisites, and provision of benefits. Amounts calculated with respect to performance bonuses and LTIP payments include actual bonuses.

## Performance Graph

The following graph compares the percentage change in the cumulative or shareholder return on the Common Shares compared to the cumulative total return of the S&P/TSX Composite Index for the period commencing December 31, 2013 to December 31, 2018 based on the price of the Common Shares, as applicable, assuming a \$100 investment on December 31, 2013 and reinvestment of distributions or dividends, as applicable.

During 2013, we believe the performance of the Common Shares declined primarily as the result of the suspension of the dividend on the Common Shares. The base salary paid to our Named Executive Officers in 2013 increased on average by 2% to reflect the rate of inflation and maintain competitive salary levels, while the total compensation paid to those executives as a group decreased by 11.8% since 2012. During 2014, the performance of the Common Shares was flat primarily as the result of the continued suspension of the dividend. During 2015, the performance of the Common Shares declined primarily due to the poor financial results of the Corporation in the first half of the year, concerns about the Corporation's financial viability, and the significant dilution associated with the Corporation's redemption of approximately 75% of its then outstanding 6.00% convertible unsecured subordinated Debentures in December 2015 discussed below. As of December 31, 2015, base salary paid to our Named Executive Officers increased on average by 4.4% to reflect the rate of inflation and maintain competitive salary levels, while total compensation (excluding severance and retirement related payments) paid to the top four Named Executive Officers had increased by 90.5% since 2013 and had increased by 65.8% since 2012, which included bonuses and one-time discretionary bonuses paid in 2015 and increases in compensation due to expanded roles and responsibilities of such Named Executive Officers over the respective time period. On December 23, 2015, the Corporation completed the redemption of \$33.5 million aggregate principal amount of its then outstanding 6.00% convertible unsecured subordinated debentures. The Corporation satisfied the redemption price of those debentures redeemed by issuing a total of 975,262,140 Common Shares on a pre-share consolidation basis. We believe this transaction had a material adverse effect on the price of the Common Shares as at December 31, 2015. During 2016, the price of the Common Shares performed positively following the 100 for 1 share consolidation completed by the Corporation in mid-2016, and then was negatively impacted by the financial results reported by the Corporation in the second half of 2016, ending the year at a level that was roughly comparable to the Common Share price at the beginning of the year, on a post-consolidation basis. As of December 31, 2016, base salary paid to our Named Executive Officers at that time increased on average by 8.1% to reflect the rate of inflation and maintain competitive salary levels, while total compensation (excluding severance and retirement related payments) paid to the top four Named Executive Officers at that time had increased by 16.3% since 2015. This increase primarily related to options to purchase Common Shares awarded to the Corporation's executive management team in recognition of their contributions over the prior year, which included the establishment of new senior credit facilities of the Corporation on March 10, 2016 and the completion of various restructuring and productivity improvement initiatives such as the closure of its large Edmonton, Alberta manufacturing facility during the fourth quarter of 2016. During 2017, the performance of the Common Shares declined relative to 2016, decreasing approximately 47% over that period. We believe that the depreciation in the value of the Common Shares was largely attributable to weaker financial results in the last two quarters of 2016, which continued with weaker financial results in the first quarter of 2017. In addition, the Corporation completed a rights offering at \$1.40 per Common Share, which contributed to a lower share price in mid 2017, which, together with the proceeds from additional debt and equity financings, enabled the Corporation to repay the remainder of its outstanding 6.00% convertible unsecured subordinated Debentures. As of December 29, 2017, base salary paid to our Named Executive Officers at that time increased on average by 7.3% to reflect the rate of inflation and maintain competitive salary levels. Total compensation (excluding severance related payments) paid to the Named Executive Officers at that time increased by 2.3% since 2016. The increase primarily related to incremental compensation associated with the separation of the CEO and President's responsibilities into two separate positions and certain changes in senior personnel included in the calculation. As of December 29, 2018, base salary paid to our Named Executive Officers at that time increased on average by 30.4% and total compensation paid to the Named Executive Officers at that time increased by 31.4% since 2016 to reflect the additional roles added to the executive management team and was partially offset by the consolidation of the CEO and President's responsibilities into one position in 2018. The increase in total compensation also included options to purchase Common Shares awarded to the Corporation's executive management team in recognition of their contributions over the prior year.



Cumulative Value of \$100 Investment in the Common Shares<sup>(1)</sup> and the S&P/TSX Composite Index.

	<u>Dec. 31/13</u>	<u>Dec. 31/14</u>	<u>Dec. 31/15</u>	<u>Dec. 30/16</u>	<u>Dec. 29/17</u>	<u>Dec. 31/18</u>
<b>Nominal Data:</b>						
Common Shares	\$100	\$116.05	\$100.70	\$100.74	\$100.39	\$100.42
S&P/TSX Composite Index	\$100	\$124.92	\$114.53	\$138.67	\$151.28	\$137.84

## DIRECTOR COMPENSATION

The Corporate Governance Committee, which consists solely of independent directors, has the primary responsibility for reviewing and considering any revisions to director compensation.

Director compensation in 2018 consisted of the following elements:

- annual cash retainer of \$30,000 (other than the Chair of the Board of Directors);
- \$1,500 for each Board of Director meeting attended;
- annual retainer fee for the Chair of the Board of Directors of \$65,000;
- Audit Committee chair annual fee of \$10,000;
- Corporate Governance Committee chair annual fee of \$3,000;
- Human Resources and Compensation Committee chair annual fee of \$7,000; and
- individual committee meeting fee of \$500.

The directors are entitled to receive reimbursement of reasonable out-of-pocket expenses incurred by them to attend Board of Directors meetings.

Effective April 1, 2018, each director was given the option to elect to receive all or part of his or her compensation in DSUs.

The Corporate Governance Committee met in December 2018 and agreed to engage a consultant to review the current compensation for non-executive directors, which had not been reviewed in some time. The Corporate Governance Committee subsequently engaged Bay Street Human Resources, or the Consultant, in January 2019 to review the Corporation's compensation for non-executive directors and to make recommendations with respect to directors' compensation. The Corporation paid the Consultant related fees of \$9,685 through April 18, 2019.

The Corporate Governance Committee met in March 2019 and considered the analysis and recommendations of the Consultant related to comparable tiers of director compensation for a representative peer group of public companies. It also reviewed trends in director compensation and reviewed and considered the benefits of flat fee retainer-based compensation compared to the historical practice of retainer plus per meeting compensation, various mixes and forms of cash and equity-like compensation, and the introduction of share ownership guidelines for directors.

The Corporate Governance Committee provided an overview of its recommendations to the Board of Directors on March 21, 2019, and its recommendations were accepted. Effective April 1, 2019, compensation of directors will consist of the following elements:

- annual retainer of \$60,000 (other than the Chair of the Board of Directors), with half payable in cash and half payable in DSUs;
- annual retainer fee of \$90,000 for the Chair of the Board of Directors, with half payable in cash and half payable in DSUs;
- Audit Committee chair annual fee of \$15,000 and per member fees of \$5,000;
- Corporate Governance Committee chair annual fee of \$7,000 and per member fees of \$3,000;
- Human Resources and Compensation Committee chair annual fee of \$10,000 and per member fees of \$3,000; and
- each independent director must achieve, within three years of his or her election to the Board, or, if currently serving as a director, within three years of March 21, 2019, holdings of Common Shares and/or DSUs equal in value to three times the total value of his or her annual retainer amounts received for Board and committee service.

Directors will continue to be offered the option to elect to receive all or part of their cash compensation in DSUs and any such DSUs will count towards achievement of their share ownership guidelines.

## Summary of Director Compensation

The following table below sets forth information concerning compensation paid to our directors in the fiscal year ended December 31, 2018.

<u>Name</u>	<u>Fees earned</u>	<u>Share-based awards</u>	<u>Option-based awards</u>	<u>Non-equity incentive plan compensation</u>	<u>Pension value</u>	<u>All other compensation</u>	<u>Total</u>
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
William M. Albino	59,500	-	27,200	-	-	-	86,700
Gregory J. Cochrane	N/A	-	-	-	-	-	N/A
Merri L. Jones	24,000	-	-	-	-	-	24,000
James J. Murray	14,000	37,000	27,200	-	-	-	78,200
Michael G. Sifton	N/A	-	-	-	-	-	N/A
J.R. Kingsley Ward	24,000	66,500	27,200	-	-	-	117,700
Derek Watchorn	14,750	38,750	27,200	-	-	-	80,700

## NEW EMPLOYEE SHARE OWNERSHIP INCENTIVE PLAN - EFFECTIVE 2019

The Board of Directors and senior executives of the Corporation believe that share ownership is a fundamental element to best align directors, senior executives, and all employees as shareholders. The Board of Directors approved an employee share ownership plan, or ESOP, on March 21, 2019 and the plan is currently being launched to employees across the Corporation with an expected formal commencement date in mid-May 2019.

The ESOP will be available to all full-time employees and has been designed to encourage all employees to become shareholders, providing them the opportunity to enhance their earnings potential and build long-term wealth. Our ESOP has been structured as an innovative form of long-term incentive compensation plan for our employees and we believe it represents a compelling means of also attracting, motivating and retaining talent. The same terms of participation are being offered to all employees.

Under the terms of the ESOP, upon the earlier of commencement of the plan, or upon joining the Corporation, all full-time employees may contribute up to a maximum of ten per cent, and a minimum of one per cent, of their base salary through regular payroll deductions to acquire Common Shares at the then-current market value. The employee contributions will be matched by the Corporation with a 25% matching contribution, up to a maximum of a \$750 contribution by the Corporation per employee per year. The Corporation's matching contributions will vest immediately, and Common Shares held in the ESOP are not subject to any contractual trading restrictions or other vesting requirements. Employees may contribute to any or all of an RRSP, TFSA or individual account, and may make changes in their contribution rates at any time. Employees may transfer, withdraw, or sell Common Shares at any time, subject to certain limitations applicable to designated insiders during trading blackouts under the Corporation's insider trading policy.

Under the terms of the ESOP, Common Shares will be acquired on behalf of employees through open market purchases as soon as reasonably practicable. Common Shares will not be issued from treasury under the ESOP. We expect to report participation rates and contributions in next year's management information circular.

Upon ceasing employment for any reason, employees are entitled to sell or transfer all of their acquired Common Shares under the ESOP, but will cease to be eligible to continue their participation in the ESOP.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

### Equity Compensation Plan Information<sup>(2)</sup>

<u>Plan Category</u>	<u>Number of securities to be issued upon exercise of outstanding options, warrants and rights</u> (a)	<u>Weighted-average exercise price of outstanding options, warrants and rights</u> (b)	<u>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</u> (c)
Equity compensation plans approved by securityholders <sup>(1)</sup>	2,031,957	1.45	120,395
Equity compensation plans not approved by securityholders	Nil	Nil	Nil

Notes:

- (1) Under the terms of the LTIP, the number of Common Shares available for issuance under the LTIP is equal to 10% of the Common Shares outstanding from time to time. See “Long-Term Incentive Compensation - LTIP”.
- (2) The information in this table is given as at April 18, 2019.

### Burn Rate and Alignment of our Executive Officers and Directors with Shareholders

Stock options and other forms of equity-based compensation are an integral component of DCM’s LTIP and its executive compensation program, which enhances our ability to attract, retain and appropriately motivate the Company’s key employees who drive long-term shareholder value creation. The Human Resources and Compensation Committee and the Board of Directors take into consideration the Corporation’s effective management of share usage under the LTIP to avoid excessive shareholder dilution. No stock options were granted under the LTIP in 2017. In 2018, stock options to acquire up to 1,200,000 Common Shares were granted under the LTIP, which resulted in a burn rate of 6%. In 2016, stock options to acquire up to 987,011 Common Shares were granted under the LTIP, which resulted in a burn rate of 8% in 2016 and an average burn rate for the three-year period from 2016 to 2018 of 5%. In addition, all RSUs granted under the LTIP during 2016, 2017 or 2018 are intended to be cash settled upon vesting and, as such, are non-dilutive to shareholders. In addition, all DSUs granted under the LTIP during 2018 are intended to be cash settled upon vesting and, as such, are non-dilutive to shareholders.

Based on our historically judicious use of available shares under the LTIP and the fact that continuing to offer equity-based awards is important to our ability to continue to attract, retain and motivate talented executive officers and employees, the Human Resources and Compensation Committee has determined that the number of stock options awarded under the LTIP is reasonable and appropriate.

The Human Resources and Compensation Committee and Board of Directors also believe that share ownership by directors and senior officers, as well as all employees, is a critical element to align the management and direction of DCM with shareholders’ long-term objectives. As at April 18, 2019, our Named Executive Officers, including Mr. Sifton, beneficially owned, or exercised control or direction over, directly or indirectly, a total of 4,201,599 Common Shares, representing 19.5% of our outstanding Common Shares, and members of our Board of Directors, other

than Mr. Sifton (whose shareholdings are referenced above as a Named Executive Officer), beneficially owned, or exercised control or direction over, directly or indirectly) a total of 670,614 common shares, representing 3.1% of our outstanding Common Shares. The total number of Common Shares held by the Named Executive Officers and the directors of the Corporation was 4,872,213 as at April 18, 2019, representing 22.6% of our outstanding Common Shares before giving effect to the exercise of any options and warrants held by such individuals.

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

Except as set out below, none of our directors, officers or employees, any proposed nominee for election as a director of the Corporation, nor any associate of any such person, is indebted to the Corporation or any of its subsidiaries.

#### AGGREGATE INDEBTEDNESS (\$)

<u>Purpose</u>	<u>To the Corporation or its subsidiaries</u>	<u>To another entity</u>
(a)	(b)	(c)
Share Purchases	109,835	-
Other	-	-

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

No proposed director of the Corporation, or any associate or affiliate of any such person, nor any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Corporation or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the Corporation (other than voting securities held by such person or company as underwriter in the course of a distribution). Nor does any associate or affiliate of any such person, have any material interest, direct or indirect, in any transaction since January 1, 2018 or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

### **DIRECTORS' AND OFFICERS' LIABILITY INSURANCE**

We maintain a policy of insurance for our directors and officers. The aggregate limit of liability applicable to all insureds under the policy is \$25 million, inclusive of defence costs, with an additional \$5 million through an Excess Side A "Difference in Condition" coverage policy. The aggregate limit of liability insures the directors and officers, the Corporation and any subsidiaries. The policy also includes securities claims coverage for DCM, insuring against any legal obligation to pay on account of any securities claims brought against DCM. Coverage under the policy is subject to a deductible of \$100,000 for each loss where the Corporation provides indemnification.

### **ADDITIONAL INFORMATION**

Copies of the following documents are available upon written request to the Secretary of the Corporation, 9195 Torbram Road, Brampton, Ontario, Canada L6S 6H2 or by calling 905-791-3151 or by emailing [ir@datacm.com](mailto:ir@datacm.com).

- (i) the annual report to shareholders containing the audited consolidated financial statements for the year ended December 31, 2018, together with the accompanying auditor's report;
- (ii) our interim consolidated financial statements for periods subsequent to December 31, 2018;
- (iii) our management's discussion and analysis for the year ended December 31, 2018;
- (iv) this Circular; and



- (v) our annual information form.

Additional information relating to the Corporation can be found at [www.sedar.com](http://www.sedar.com). Financial information of the Corporation is provided in our comparative financial statements and management's discussion and analysis of financial conditions and results of operations for the financial year ended December 31, 2018.

Our auditors are PricewaterhouseCoopers LLP. Our annual consolidated financial statements for the year ended December 31, 2018 have been filed under National Instrument 51-102 – *Continuous Disclosure Obligations* in reliance on the report of PricewaterhouseCoopers LLP, given on their authority as experts in auditing and accounting. PricewaterhouseCoopers LLP has confirmed to us that it is independent within the meaning of the rules of professional conduct of the Institute of Chartered Accountants of Ontario.

## **DIRECTORS' APPROVAL**

The contents and the sending of this management information circular dated April 18, 2019 have been approved by our board of directors.

Dated as of April 18, 2019.

A handwritten signature in black ink, appearing to read "J.R. Kingsley Ward".

J.R. Kingsley Ward  
Chair of the Board of Directors  
DATA Communications Management Corp.

## APPENDIX “A”

### DATA COMMUNICATIONS MANAGEMENT CORP.

#### BOARD OF DIRECTORS

#### CHARTER

WHEREAS the board of directors (the “**Board**”) of DATA Communications Management Corp. (the “**Corporation**”) has determined that it would be appropriate for the Board to adopt a written mandate in the form of a charter (“**Charter**”) describing its responsibilities and duties in relation to oversight of the business and affairs of the Corporation and committees of the Board;

AND WHEREAS the Board is appointed by and represents the shareholders of the Corporation and is obligated to act in the best interests of the Corporation;

#### A. PROCEDURAL MATTERS

1. Members of the Board will serve at the pleasure of the shareholders of the Corporation and the shareholders of the Corporation will elect the Board annually.
2. The Board may appoint such committees from time to time as it considers appropriate in compliance with applicable laws to act on behalf of the Board or make recommendations to the Board with respect to matters to be decided by the Board. If such committees are intended as permanent committees, they will have a charter that defines their responsibilities in relation to the Board and the extent of delegated powers to such committees. The functions of the Board, subject to applicable laws, may be delegated to its committees except where provided otherwise herein.
3. At least a majority in number of the directors will be independent. The Corporate Governance and Human Resources and Compensation Committees of the Board will make recommendations from time to time to the Board as to an appropriate determination of what constitutes an independent director and the Board will annually determine the independent status of each director.
4. The Board will choose a director annually to act as Chair of the Board (the “**Chair**”) who will qualify as an independent director. The Board will provide the Chair with a written mandate.
5. Members of the Board will be entitled to receive such remuneration for acting as members of the Board as may be determined from time to time by the Board on the recommendations of the Corporate Governance Committee of the Board.
6. The Board will, from time to time, evaluate its effectiveness and the effectiveness of its committees with respect to its (and their) contribution to the Corporation and the Board’s representation of the Corporation’s shareholders. The Board will meet *in camera* at each regularly scheduled meeting of the Board and at such other times as the Board may determine for such purpose and for such other purposes as the Board may determine.
7. The Board will consider from time to time its resources, including the adequacy of the information provided to it with respect to oversight of the management of the Corporation and will confer with management with respect to its findings.
8. The functions referred to in sections B1(a), (b), (d), (e), (g), (i), 2 and 3(a) and (b) below will not be delegated.

## B. FUNCTIONS

### 1. General Responsibilities

- (a) The Board will exercise general stewardship responsibilities with respect to the Corporation. Without limitation, stewardship will include the specific responsibilities and duties outlined in this Charter.
- (b) The Board will oversee the management of the Corporation. In doing so, the Board will establish a productive working relationship with the Chief Executive Officer and other officers of the Corporation. On advice from the Corporate Governance Committee, the Board will approve appointment of any person who is to hold an officer position of the Corporation. The Board will receive regular reports from the Chief Executive Officer and Chief Financial Officer of the Corporation on the Corporation's financial performance.
- (c) The officers of the Corporation, headed by the Chief Executive Officer, will be responsible for general day to day management of the Corporation and for making recommendations to the Board with respect to long term strategic, financial, organizational and related objectives.
- (d) The roles and responsibilities of the Board are intended to primarily focus on the formulation of long term strategic, financial and organizational goals for the Corporation. Without limitation, the Board will (i) review and approve the Corporation's financial objectives, short and long-term investment plans for the Corporation and monitor performance in accordance with such plans, (ii) assess the principal risks of the Corporation's investments and ensure appropriate systems are in place to manage such risks, (iii) oversee the communications policies of the Corporation and (iv) monitor the effectiveness of the Corporation's internal control and management information systems to safeguard the Corporation's assets.
- (e) The Board will also approve:
  - (i) dividends for each dividend period in accordance with applicable laws;
  - (ii) significant capital allocations and expenditures;
  - (iii) review and approve all material transactions; and
  - (iv) all matters that would reasonably be expected to have a material impact on shareholders, creditors or employees.
- (f) The Board will oversee ethical behaviour and compliance with laws and regulations (which includes overseeing the choice of critical accounting principles on recommendations from the Audit Committee of the Board).
- (g) With respect to significant risks and opportunities affecting the Corporation, the Board may impose such limits on the investment activity of the Corporation as may be in the interests of the Corporation and its shareholders.
- (h) The Board will annually consider what additional skills and competencies would be helpful to the Board. The identification of specific candidates for consideration will be the responsibility of the Corporate Governance Committee which will be guided by the findings of the Board in relation to competencies and skills. The Board will approve any proposed changes in compensation to be paid to members of the Board on the recommendation of the Corporate Governance Committee.
- (i) The Board will perform such other functions as are prescribed by law and as it may from time to time determine in accordance with the plenary powers of the Board.

2. Relationship with Committees

- (a) The Board will annually assess the charters of its committees.
- (b) The Board will annually appoint a member of each committee to act as Chair of the committee on the advice of the Chair and the Corporate Governance Committee.
- (c) The Board will receive periodic reports from its committees following committee meetings and, annually, a report from each committee as to the work undertaken by the committee and the committee's recommendations, if any, for change with respect to its responsibilities and effectiveness.

3. Financial Reporting and Significant Disclosure Documents

- (a) The Board will review on an ongoing basis the financial and underlying operational performance of the Corporation.
- (b) The Board will review and approve the Corporation's annual information form as well as its annual report and related financial statements and annual management discussion and analysis disclosure. In doing so, the Board will consider the quality and usefulness of the information from the perspective of its shareholders.
- (c) The Board has responsibility for reviewing and approving for release quarterly financial statements and related disclosure.
- (d) The Board will periodically review the means by which shareholders can communicate with the Corporation including the opportunity to do so at the annual and special meeting, communications interfaces through the Corporation's website and the adequacy of resources available within the Corporation to respond to shareholders.

C. RESOURCES, MEETINGS AND REPORTS

- 1. The Board will have adequate resources to discharge its responsibilities. The Chair will be empowered to engage advisers as may be appropriate from time to time to advise the Chair or the Board with respect to duties and responsibilities.
- 2. The Board will meet not less than four times per year.
- 3. The meetings of the Board will ordinarily include the Chief Executive Officer (if not a director) and the Secretary and will periodically include other senior officers as may be appropriate and as may be desirable to enable the Board to become familiar with the Corporation's management team.
- 4. The Secretary will keep minutes of its meetings in which will be recorded all actions taken by the Board. Such minutes will be made available to Board members at their request and all such minutes will be approved by the Board for entry in the records of the Corporation.
- 5. Members of the Board will have the right, for the purposes of discharging their respective powers and responsibilities, to inspect any relevant records of the Corporation and its subsidiaries.
- 6. Members of the Board, subject to approval of the chair of the Corporate Governance Committee, may retain separate counsel to deal with issues relating to their responsibilities as members of the Board.