



**NOTICE OF MEETING  
AND  
MANAGEMENT INFORMATION CIRCULAR  
FOR THE  
ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS  
to be held on November 10, 2020**

Circular dated October 2, 2020

## SUSTAINCO INC.

### NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual and special meeting (the "**Meeting**") of the holders of common shares ("**Common Shares**") of SustainCo Inc. (the "**SustainCo**" or the "**Company**") will be held on November 10, 2020 at 10:00 a.m. (Eastern Time) at the offices of Foundation Markets Inc., 77 King Street West, Suite 2905, Toronto ON, M5K 1H1 for the following purposes:

1. to receive the annual audited consolidated financial statements of the Company for the financial year ended August 31, 2019, together with the report of the auditor thereon;
2. to elect directors of the Company to hold office until the close of the next annual meeting of the shareholders of the Company or until their successors shall be elected or appointed;
3. to re-appoint the auditor of the Company, to hold office until the close of the next annual meeting of the shareholders of the Company or until a successor is appointed, and to authorize the directors of the Company to fix the remuneration of the auditor;
4. to re-approve the Company's 10% rolling stock option plan;
5. to consider and, if deemed advisable, to approve an ordinary resolution approving the conversion of certain Convertible Debentures and Warrants, the details of which are contained under the heading "Approval of the Conversion Resolution" in the accompanying Information Circular;
6. to consider and, if deemed advisable, to approve an amendment to the Articles of the Company to change the name of SustainCo to "Universal PropTech Inc.", the details of which are contained under the heading "Approval of the Articles Resolution" in the accompanying Information Circular; and
7. to consider other business that may properly come before the Meeting or any adjournment thereof.

The record date for determining the shareholders entitled to receive notice of and vote at the Meeting is the close of business (5:00 p.m. (Toronto time)) on October 2, 2020 (the "**Record Date**"). Only shareholders whose names have been entered in the register of SustainCo shareholders as of close of business on the Record Date are entitled to receive notice of and vote at the Meeting.

If you are a nonregistered holder of common shares and have received these materials through your broker or through another intermediary, please follow the instructions set out in the voting instruction form or other instructions received from the financial intermediary to ensure that your common shares will be voted at the Meeting.

The Company is actively monitoring the ongoing COVID-19 situation and is sensitive to public health concerns and protocols put in place by federal, provincial and municipal governments. The Company will be severely restricting physical access to the Meeting and only registered shareholders and formally appointed proxyholders will be allowed to attend. In order to comply with government orders concerning maximum size of public gatherings and required physical distancing parameters, the Company may be unable to admit shareholders to the Meeting. The Company strongly encourages registered shareholders and proxyholders not to attend the Meeting in person, and Shareholders are encouraged to vote using one of the methods described in the accompanying management information circular. To further mitigate the risk of the spread of the virus, the Meeting will be audio-cast live at 10:00 a.m. (Toronto time) on November 10, 2020 and can be accessed by conference call at 1-866-332-3747 (Participant Code:1660613). This call will be listen-only and shareholders will not be able to vote or speak at, or otherwise participate in the Meeting via the conference call. Given the restrictions in place, the Company's board of directors and auditors do not plan to attend the Meeting in person. Management will not be making an investor presentation at the Meeting.

Shareholders are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment or postponement thereof. To be effective, the form of proxy must be received by SustainCo's transfer agent TSX Trust Company at its offices at 301-100 Adelaide St. W., Toronto, ON, M5H

4H1 (according to the instructions on the proxy), not less than 48 hours (other than a Saturday, Sunday or holiday) immediately preceding the date of the Meeting (as it may be adjourned or postponed from time to time).

DATED this 2<sup>nd</sup> day October, 2020.

BY ORDER OF THE BOARD OF DIRECTORS

*"Chris Hazelton"*

Chris Hazelton

President, Chief Executive Officer & Director

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## SUSTAINCO INC.

### MANAGEMENT INFORMATION CIRCULAR

In this document, "you" and "your" refer to the shareholder. "We", "us", "our", the "Company" and "SustainCo" refer to SustainCo Inc. The information in this document is presented at October 2, 2020, unless otherwise indicated.

This management information circular (the "**Circular**") is for the annual meeting (the "**Meeting**") of shareholders of SustainCo ("**Shareholders**") to be held on November 10, 2020 at 10:00 a.m. (Eastern Time) at the offices of Foundation Markets Inc., 77 King Street West, Suite 2905, Toronto ON, M5K 1H1. Provided you are a Shareholder as of the Record Date (defined below) you have the right to vote the common shares of the Company (the "**Common Shares**") for the matters to be addressed at the Meeting, and any other items that may properly come before the Meeting or any adjournment of the Meeting.

To help you make an informed decision, please read this Circular and our audited consolidated financial statements and Management's Discussion & Analysis for the year ended August 31, 2019. This Circular gives you valuable information about the Company and the matters to be dealt with at the Meeting. Financial information is provided in our comparative annual consolidated financial statements and related management discussions and analysis for the financial year ended August 31, 2019. All currency amounts referred to in this Circular are expressed in Canadian dollars, unless stated otherwise.

#### **Record Date and Quorum**

The record date for determining the shareholders entitled to receive notice of and vote at the Meeting is the close of business (5:00 p.m. (Toronto time)) on October 2, 2020 (the "**Record Date**"). If you held Common Shares as of the close of business on the Record Date, you have the right to cast one vote per Common Share on any resolution to be voted upon at the Meeting.

Pursuant to the by-laws of SustainCo, subject to the *Canada Business Corporations Act* (the "**CBCA**") in respect of a majority shareholder, a quorum for the transaction of business at any meeting of Shareholders is two persons present in person or representing by proxy, at least 5% of the issued and outstanding Common Shares entitled to vote at the meeting.

### **PROXY RELATED MATTERS**

#### **COVID-19 Protocols**

The Company is actively monitoring the ongoing COVID-19 situation and is sensitive to public health concerns and protocols put in place by federal, provincial and municipal governments. The Corporation will be severely restricting physical access to the Meeting and only registered shareholders and formally appointed proxyholders will be allowed to attend. In order to comply with government orders concerning maximum size of public gatherings and required physical distancing parameters, the Company may be unable to admit shareholders to the Meeting. The Corporation strongly encourages registered shareholders and proxyholders not to attend the Meeting in person, and Shareholders are encouraged to vote using one of the methods described in the accompanying management information circular. To further mitigate the risk of the spread of the virus, the Meeting will be audio-cast live at 10:00 a.m. (Toronto time) on November 10, 2020 and can be accessed by conference call at 1-866-332-3747 (Participant Code 1660613). This call will be listen-only and shareholders will not be able to vote or speak at, or otherwise participate in the Meeting via the conference call. Given the restrictions in place, the Company's board of directors and auditors do not plan to attend the Meeting in person. Management will not be making an investor presentation at the Meeting.

## Solicitation of proxies

**This Circular is provided in connection with the solicitation of proxies by the management of SustainCo for use at the Meeting for the purposes set forth in the accompanying Notice of Meeting and the associated costs will be borne by the Company.** The solicitation of proxies will be conducted primarily by mail. However, directors, officers and regular employees of SustainCo may also solicit proxies by telephone, facsimile, e-mail or in person without special compensation.

## Appointment and Revocation of Proxies

Shareholders who are unable to attend the Meeting and vote in person may still vote by appointing a proxyholder. The enclosed form of proxy names Chris Hazelton, Chief Executive Officer of the Company and Keith Li, Chief Financial Officer of the Company.

**A Shareholder has the right to appoint a person or company (who need not be a Shareholder) other than the persons designated in the form of proxy provided by SustainCo to represent the Shareholder at the Meeting. To exercise this right, the Shareholder should strike out the names of management designees in the enclosed form of proxy and insert the name of the desired representative in the blank space provided in the form of proxy or submit another appropriate form of proxy.** Make sure that the person you appoint is aware that he or she has been appointed and attends the Meeting. In order to be effective, Shareholders must send their proxy to SustainCo's registrar and transfer agent, TSX Trust Company ("**TSX Trust**") at its offices at 301-100 Adelaide St. W., Toronto, ON, M5H 4H1 (according to the instructions on the proxy), not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time fixed for the Meeting (subject to any adjournment or postponement). The chair of the Meeting may waive this cut-off at his discretion without notice but proxies will not be accepted by the chair at the Meeting. The proxy shall be in writing and executed by the respective Shareholder or such Shareholder's attorney authorized in writing, or if such Shareholder is a corporation, under its corporate seal or by a duly authorized officer or attorney.

In addition to revocation in any other manner permitted by applicable laws, a Shareholder may revoke a proxy by signing and dating a written notice of revocation and delivering it:

- (a) to the office of TSX Trust at the address set forth above at any time up to and including the close of business on the last Business Day before the day of the applicable Meeting, or any adjournment or postponement thereof (the notices of revocation will be forwarded to SustainCo's registered office); or
- (b) to the chair of the Meeting before the vote is taken.

## Voting of Proxies

The Common Shares represented by an effective proxy will be voted or withheld from voting in accordance with the instructions specified therein on any ballot that may be called. **Where no choice is specified, the Common Shares will be voted in favour of the matters set forth therein.** The enclosed form of proxy confers discretionary authority in respect of amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting, or any adjournment or postponement thereof. As at the date of this Circular, management is not aware of any amendments, variations, or other matters which may be brought before the Meeting. If such should occur, the persons designated by management will vote in accordance with their best judgment, exercising discretionary authority.

## Advice to Nonregistered Shareholders

**The information set forth in this section is of importance to many Shareholders, as a substantial number of Shareholders do not hold Common Shares in their own name.** Shareholders who hold their Common Shares through brokers, intermediaries, trustees or other persons, or who otherwise do not hold their Common Shares in their own name (referred to in this Circular as "**Beneficial Shareholders**") should note that only proxies deposited by Shareholders who are registered shareholders (that is, shareholders whose names appear on the records

maintained by the registrar and transfer agent for the Common Shares as registered holders of Common Shares) will be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, those Common Shares will, in all likelihood, not be registered in the Shareholder's name. Such Common Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted at the direction of the Beneficial Shareholder. Without specific instructions, brokers (or their agents and nominees) are prohibited from voting shares for the broker's clients. Subject to the following discussion in relation to non-objecting beneficial owners ("**NOBOs**"), the Company does not know for whose benefit the shares of the Company registered in the name of CDS & Co., a broker or another nominee, are held.

Since the Company may not have access to the names of its Beneficial Shareholders, if a Beneficial Shareholder attends the Meeting, the Company will have no record of the Beneficial Shareholder's shareholdings or of its entitlement to vote unless the Beneficial Shareholder's nominee has appointed the Beneficial Shareholder as proxyholder. Therefore, a Beneficial Shareholder who wishes to vote in person at the Meeting must insert its own name in the space provided on the voting instruction form sent to the Beneficial Shareholder by its nominee, and sign and return the voting instruction form by following the signing and returning instructions provided by its nominee. By doing so, the Beneficial Shareholder will be instructing its nominee to appoint the Beneficial Shareholder as proxyholder. The Beneficial Shareholder should not otherwise complete the voting instruction form as its vote will be taken at the Meeting. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). The Corporation, by way of its transfer agent is mailing directly to the NOBO list and has agreed to pay for delivery of the meeting materials of the OBOs. The mailing to Beneficial Holders will include a voting instruction form in lieu of the form of proxy. Beneficial Shareholders are requested to complete and return the voting instruction form to in accordance with the instructions on the form. The votes will then be tabulated and included in the voting of shares to be represented at the Meeting or any adjournment or postponement thereof.

All references to Shareholders in this Management Information Circular and the accompanying Instrument of Proxy and Notice are to registered Shareholders unless specifically stated otherwise.

## **VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

The authorized capital of the Company consists of an unlimited number of Common Shares. As at the date of this Circulate, there were 15,776,223 Common Shares outstanding, each share carrying the right to one vote. Each shareholder of record at the close of business on the Record Date is entitled to vote at the Meeting the shares registered in his or her name on that date.

To the knowledge of the directors or officers, directly or indirectly, no shareholder has beneficial ownership or control or direction over, as of the date of this Circular, more than 10% of the Common Shares.

## **BUSINESS OF THE MEETING**

### **Election of Directors**

It is intended that three directors be elected for the ensuing year. An affirmative vote of a majority of the votes cast at the Meeting is sufficient for the election of the directors. At the Meeting, each director so elected will hold office until the next annual meeting of Shareholders or until his successor is duly elected, unless his office is earlier vacated in accordance with the by-laws of the Company and the provisions of the CBCA, to which the Company is subject.

Management does not contemplate that any of the nominees will be unable to serve as a director of the Company, but if that should occur for any reason prior to the Meeting the persons named in the enclosed form of proxy reserve the right to vote for other nominees at their discretion. The Board recommends that Shareholders vote **FOR** the election of the nominees whose names are set forth below. **Unless the shareholder directs that his, her or its**

**shares are to be withheld from voting in connection with the election of directors, the persons named in the enclosed Form of Proxy will vote FOR the election of the nominees whose names are set forth below.**

The following table sets forth certain information regarding the nominees, their position with the Company, their principal occupation or employment during the last five years, the dates upon which the nominees became directors of the Company and the approximate number of Common Shares beneficially owned by them, directly or indirectly, or over which control or direction is exercised by them as of the date of this Circular:

| <b>Name and Municipality of Residence</b>    | <b>Position with SustainCo</b>                   | <b>Director of SustainCo Since</b> | <b>Principal Occupation, Business or Employment During Preceding Five Years</b> | <b>Number of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly <sup>(1)</sup></b> |
|--|--|------------------------------------|---|--|
| CHRIS HAZELTON <sup>(2)</sup><br>Toronto, ON | President, Chief Executive Officer, and Director | June 10, 2020                      | Chief Executive Officer of SustainCo  | Nil  |
| AL QUONG <sup>(2)</sup><br>Toronto, ON       | Director   | July 28, 2020                      | Chief Financial Officer, Fovere Group of Companies                              | Nil  |
| DANIEL COHEN <sup>(2)</sup><br>Toronto, ON   | Director   | To be elected at the Meeting       | Chief Executive Officer of Pharmadrug Inc.                                      | 204,429 (1.3%)   |

Notes:

- (1) Based on the Common Shares outstanding as of the date of this Circular.
- (2) Member of the Audit Committee.

Each nominee has confirmed his eligibility and willingness to serve as a director if elected and, in the opinion of the Board and management of SustainCo, the proposed nominees are qualified to act as directors of the Company.

The following are brief biographies for each of the persons proposed by management to be nominated for election as directors:

*Chris Hazelton – President, Chief Executive Officer and Director*

Mr. Hazelton is an experienced finance professional with more than 20 years of operational and advisory experience in various capacities and industries. Mr. Hazelton continuously offers his expertise to publicly listed and private companies in Canada and the United States. Previously, Mr. Hazelton has held a number of senior finance roles, including but not limited to Vice President for Cavalry Corporate Solutions Ltd., Chief Executive Officer and Director at Canada Pacific Capital Corp., Chief Financial Officer for Lineage Grow Co. Ltd. (now Harborside Inc.) and Chief Financial Officer & Director at Sagittarius Capital Corp. Mr. Hazelton is also on the board of Psyched Wellness. Mr. Hazelton is a Chartered Professional Account and holds an undergraduate degree from McMaster University.

*Al Quong – Director*

Mr. Quong is an experienced finance professional, with more than 25 years of operational and advisory experience in various capacities and industries. Al is currently Chief Financial Officer for the Fovere Group of Companies, a boutique private equity firm which specializes in investments and financing within the real estate, natural & organic food and renewable energy sectors. Previously, he has held a number of senior finance roles, including but not limited to Chief Financial Officer for early stage cannabis public companies Nutritional High International Inc., and The Tinley Beverage Company Inc., and Assurance Senior Manager at KPMG Calgary. Mr. Quong is a Chartered Professional Accountant, Chartered Accountant and Certified Public Accountant (Illinois), and holds a Bachelor of Commerce degree from the University of Saskatchewan, and a Graduate Diploma in Forensic & Investigative Accounting from the University of Toronto Mississauga.



*Daniel Cohen – Director Nominee*

Mr. Cohen is currently Chief Executive Officer and Chairman of Pharmadrug Inc., a CSE listed company focused on the medical cannabis market in Europe. Prior to joining Pharmadrug, Daniel gathered almost 20 years of Canadian capital markets experience. He spent six years at Beacon Securities where he was Head of Equity Sales. Prior to that, Daniel spent seven years as a partner and Director of Institutional Sales at Wellington West Capital Markets until its sale to National Bank Financial in 2011. He started his career off in investment banking and equity research at RBC Capital Markets and HSBC Securities. Daniel has an MBA in Finance from McGill and is a CFA charterholder.

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

To the Company's knowledge, no director, officer, insider or promoter of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company is, or within ten years before the date of this Circular, has been, a director, officer, insider or promoter of any other issuer that, while that person was acting in that capacity, (a) was the subject of a cease trade or similar order, or an order that denied such issuer access to any exemptions under applicable securities legislation for a period of more than 30 consecutive days or (b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or (c) was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

**Re-appointment of Auditors**

The Board, on the advice of the audit committee, recommends that the Shareholders vote **FOR** MNP LLP to be reappointed as auditors of SustainCo until the next annual meeting of Shareholders. MNP LLP have been the auditors of SustainCo since 2008.

**The persons named in the enclosed form of proxy intend to cast the votes to which the shares represented by such proxy are entitled FOR the re-appointment of MNP LLP as auditors of SustainCo for the term expiring with the next annual meeting of Shareholders, and to authorize the Board to fix their remuneration, unless otherwise directed by the Shareholders appointing them.**

The aggregate fees billed for professional services rendered by MNP LLP for the fiscal years ended August 31, 2018 and 2019, are as set out below (including estimates).

|                                   | 2018 (\$) | 2019 (\$) |
|-----------------------------------|-----------|-----------|
| Audit Fees <sup>(1)</sup>         | 57,000    | 69,000    |
| Audit Related Fees <sup>(2)</sup> | 9,000     | 12,000    |
| Tax Fees <sup>(3)</sup>           | 8,500     | 9,000     |
| All Other Fees                    | -         | -         |

Notes:

- (1) Includes fees necessary to perform the annual audit and quarterly reviews of the Company's financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) Includes services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) Includes fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.

## Re-Approval of Stock Option Plan

SustainCo currently has in place a "rolling" Incentive Stock Option Plan (the "**Plan**") which was initially adopted by the Company on November 7, 2008. The purpose of the Plan is to (i) provide directors, officers, consultants and key employees of the Company ("**Eligible Persons**") with additional incentive; (ii) encourage stock ownership by such Eligible Persons; (iii) increase the proprietary interest of Eligible Persons in the success of the Company; (iv) encourage Eligible Persons to remain with SustainCo or its subsidiaries; and (v) attract new directors, employees and officers. The Plan requires the approval of Shareholders each year in the annual general meeting of Shareholders in accordance with the TSX-V Policy 4.4 – "*Incentive Stock Options*". A copy of the Plan is attached hereto as Exhibit "A".

The Plan is a rolling plan with the Company authorized to issue that number of options which is 10% of the issued and outstanding share capital at the date of the grant of shares, less the aggregate number of shares reserved for issuance or issuable under any Share Compensation Arrangement (as defined in the Plan). As a result, any increase in the issued and outstanding Common Shares will result in an increase in the number of Common Shares available for issuance under the Plan.

Options may be granted under the Plan only to directors, officers, employees and consultants of the Company subject to the rules and regulations of applicable regulatory authorities and any Canadian stock exchange upon which the Common Shares may be listed or may trade from time to time. The number of Common Shares reserved for issue to any one person pursuant to the Stock Option Plan may not exceed 5% of the issued and outstanding Common Shares at the date of such grant, unless the Company has obtained approval by a majority of the votes cast by the shareholders eligible to vote at a shareholders' meeting, excluding votes attaching to Common Shares beneficially owned by insiders and their associates. The number of Common Shares issuable to (i) any one consultant, or (ii) parties providing investor relation services, in any 12 month period, cannot exceed 2% of the issued and outstanding Common Shares.

Each option and all rights thereunder shall be expressed to expire on the date set out in the option agreement or form of grant executed by the Company and the optionee, provided that in no circumstances shall the duration of an option exceed the maximum term permitted by the TSX-V for so long as the Common Shares are listed on the Exchange. Subject to any vesting restrictions imposed by the TSX-V or the Board, options may be exercised in whole or in part at any time and from time to time during the option period.

Options granted under the Plan will have an exercise price of not less than the closing price of the Common Shares on the TSX-V on the day prior to the date of the grant, less any discount permitted by the policies of the TSX-V.

At the Meeting, Shareholders of the Company will be asked to consider, and if thought fit, approve a motion to re-approve the Plan. The following resolution (the "**Option Plan Resolution**") which will be put forward to the Shareholders of the Company for approval at the Meeting:

**"BE IT RESOLVED THAT:**

1. the Stock Option Plan, pursuant to which the directors may, from time to time, authorize the issuance of options to directors, officers, employees and consultants of the Company and its subsidiaries to a maximum of 10% of the issued and outstanding common shares at the time of the grant, subject to adjustment as set forth in the Plan, and further subject to the applicable rules and regulations of all regulatory authorities to which the Company is subject, including the TSX Venture Exchange is approved; and
2. any director or officer of the Company is hereby authorized and directed, acting for, in the name of and on behalf of the Company, to execute or cause to be executed, and to deliver or cause to be delivered, such other documents and instruments, and to do or cause to be done all such other acts and things, as may in the opinion of such director or officer be necessary or desirable to carry out the foregoing resolution."

The Board recommends that Shareholders vote **FOR** the Option Plan Resolution.

**Unless specifically instructed to vote against the Option Plan Resolution, the persons named in the form of proxy accompanying the Notice of Meeting intend to vote FOR the approval of the Plan. In order to be effected, this ordinary resolution must be approved by a majority of the votes cast in respect thereof.**

### **Approval of the Conversion Resolution**

In July 2020, the Company completed a private placement financing (the "**Private Placement**") of an aggregate of \$1,059,942 principal amount of 2020 Series A secured convertible debentures (the "**Debentures**") and an aggregate of 10,599,422 Common Share purchase warrants (the "**Warrants**"). The principal amount of the Debentures will be repaid, in cash, by the Company on the third anniversary of issuance and carry an interest rate of 12% per year compounded monthly and payable at maturity of the Debentures. The Debentures are convertible into Common Shares at \$0.05 per share for the first year the Debentures are outstanding and \$0.10 thereafter. The Warrants is exercisable into one Common Share at an exercise price of \$0.10 for a period of three years from the date of issuance.

Pursuant to the policies of the TSXV, if the issuance of securities pursuant to a private placement will result in the creation of a new "Control Person", then the TSXV will require the Company to obtain shareholder approval of the issuance of such securities. The TSXV defines "Control Person" as any person that holds or is one of a combination of persons that holds a sufficient number of any of the securities of a company so as to affect materially the control of the company, or that holds more than 20% of the outstanding Common Shares except where there is evidence showing that the holder of those securities does not materially affect the control of the Company.

In the case of the Private Placement, one subscriber, Halki Holdings Inc., may become a Control Person on the exercise of all the Debentures and/or Warrants. If such subscriber were to convert all of their Debentures and exercise all of their Warrants in the first year following closing, then their holdings would result in such subscriber holding approximately 24.4% of the outstanding Common Shares and thereby becoming a "Control Person" of the Corporation. Halki Holdings Inc. is a private holding company and has purchased the Debentures and Warrants for investment purposes.

The issuance of Common Shares pursuant to the conversion of Debentures and/or the exercise of Warrants held by Halki Holdings Inc., may result in such entity becoming a "Control Person" and must be approved by ordinary resolution (the "**Conversion Resolution**") which requires approval by a majority of the votes cast by shareholders other than Halki Holdings Inc.

**The Board has determined that the Conversion Resolution is in the best interests of the Shareholders and therefore unanimously recommends that Shareholders vote FOR the Conversion Resolution.**

**Unless specifically instructed to vote against the Conversion Resolution, the persons named in the form of proxy accompanying the Notice of Meeting intend to vote FOR the Conversion Resolution. In order to be effected, this ordinary resolution must be approved by a majority of the votes cast in respect thereof (other than by Halki Holdings Inc.).**

At the Meeting, Shareholders will be asked to approve the Conversion Resolution, the text of which is set out below:

### **BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:**

1. the issuance of common shares of SustainCo Inc. (the "**Company**") from treasury pursuant to the terms of (i) the Debentures (as defined in the Management Information Circular of the Company dated October 2, 2020 (the "**Circular**") and (ii) the Warrants (as defined in the Circular), which may result in Halki Holdings Inc. becoming a new "Control Person" (as defined in the TSX Venture Exchange Corporate Finance Manual) of the Company, all as more particularly described in the Circular be and the same is hereby authorized and approved;
2. any officer any officer or director of the Company be and is hereby authorized, for and on behalf of the Company, to execute and deliver all documents and instruments and to take such other actions as

they may determine to be necessary or desirable to implement these resolutions and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents or instruments and the taking of any such actions; and

3. the directors may revoke this resolution before it is acted upon without further approval of the shareholders of the Company.

### **Approval of the Articles Resolution**

The shareholders will be asked to consider and, if deemed advisable, approve an amendment to the Articles to change the name of SustainCo to "Universal PropTech Inc." The Board believes that this name is more indicative of SustainCo's operations and direction in that the Company provides services to a variety of commercial clients and the business goes beyond sustainability. The proposed name is also in keeping with the existing proptech already housed within its operating company, VCI Controls Inc., and its renewed focus to leverage the value of proptech and integration of healthy building solutions and services within its existing customer base. Proptech has seen significant investment growth in the last several years around the digitization of the real estate industry.

**The Board has determined that the Articles Resolution is in the best interests of the Shareholders and therefore unanimously recommends that Shareholders vote FOR the Articles Resolution.** The Articles Resolution requires the approval of two thirds of the votes cast at the Meeting, in person or by proxy, in order to be approved.

**Unless specifically instructed to vote against the Articles Resolution, the persons named in the form of proxy accompanying the Notice of Meeting intend to vote FOR the Articles Resolution. In order to be effected, this special resolution must be approved by a two-thirds majority of the votes cast in respect thereof.**

At the Meeting, Shareholders will be asked to consider, and if thought fit, approve a motion to approve the name change of the Company. The following resolution (the "**Articles Resolution**") which will be put forward to the Shareholders of the Company for approval at the Meeting:

### **BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:**

1. the amendment of the Articles of SustainCo Inc. ("**SustainCo**") to provide that the name of SustainCo be changed to "Universal PropTech Inc." is hereby authorized and approved;
2. any director or officer of SustainCo be, and such director or officer of SustainCo hereby is, authorized and empowered, acting for, in the name of and on behalf of SustainCo, to do all things and execute all instruments necessary or desirable to give effect to this special resolution including, without limitation, to execute, under seal of SustainCo or otherwise, and to deliver Articles of Amendment, in duplicate, to the Director under the *Canada Business Corporations Act*; and
3. notwithstanding that this special resolution has been duly passed by the shareholders of SustainCo, the directors of SustainCo be, and they hereby are, authorized and empowered to revoke this special resolution at any time before it is acted upon without further approval of the shareholders of SustainCo.

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

The purpose of this Compensation Discussion and Analysis is to provide information about the Company's executive compensation philosophy, objectives, and processes and to discuss compensation decisions relating to the Company's executive officers, in particular, the four identified named executive officers (the "**NEOs**"), namely, Chris Hazelton, Chief Executive Officer, Emlyn David, the former Chief Executive Officer and Nicholas Price, President of VCI, for the period ended August 31, 2019.

As the Company does not have a compensation committee, the functions of a compensation committee are performed by the Board of Directors as a whole.

SustainCo's compensation practices are designed to retain, motivate and reward its executive officers for their performance and contribution to the Company's long-term success. The Board seeks to compensate the Company's executive officers by combining short and long-term cash and equity incentives. It also seeks to reward the achievement of corporate and individual performance objectives, and to align executive officers' incentives with shareholder value creation.

#### *Risk Management Principles of Compensation Programs*

Although the Company does not have a formal policy relating to the management of compensation related risk, the Board considers and assesses, as necessary, risks relating to compensation prior to the entering into or amending of employment contracts with NEOs and when setting the compensation of directors. The Board believes that the Company's compensation policies and practices are appropriate for its industry and stage of business and that such policies and practices do not have associated with them any risks that are reasonably likely to have a material adverse effect on the Company or which would encourage a NEO to take any inappropriate or excessive risks. The Board will continue to review the Company's compensation policies, including its compensation-related risk profile, as necessary, to ensure its compensation policies and practices are not reasonably likely to have a material adverse effect on the Company or encourage a NEO to take any inappropriate or excessive risks, and may consider adopting a formal policy in this regard in the future, if necessary.

#### *Restrictions on Financial Instruments*

The Company does not have a policy that would prohibit a NEO or director from purchasing 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 equity securities granted as compensation or held, directly or indirectly, by the NEO or director. However, management is not aware of any NEO or director purchasing such an instrument.

#### **Elements of Compensation Program**

The compensation of the NEOs will include three major elements: (a) base salary, (b) an annual, discretionary cash bonus and (c) long-term equity incentives, consisting of stock options granted under the Plan and any other equity plan that may be approved by the Board. These three principal elements of compensation are described below.

The NEOs will not benefit from pension plan participation. Perquisites and personal benefits are not a significant element of compensation of the NEOs.

#### *Base Salary*

Base salaries are intended to provide an appropriate level of fixed compensation that will assist in employee retention and recruitment. Base salaries will be determined on an individual basis, taking into consideration the past, current and potential contribution to our success, the position and responsibilities of the NEOs and competitive industry pay practices for other companies of comparable size.

SustainCo does not engage compensation consultants for the purposes of performing benchmarking or apply specific criteria for the selection of comparable businesses. Other comparable businesses that may be considered for benchmarking purposes include other small capitalization public Canadian companies. Increases in base salary are at the sole discretion of the Board.

#### *Annual Cash Bonus*

The Board, in its sole discretion, may award NEOs with an annual bonus for that year, payable in cash. Annual bonuses may be awarded based on qualitative and quantitative performance standards, and will reward performance

or the named executive officer individually. The determination of a Named Executive Officer's performance may vary from year to year depending on economic conditions and conditions in the industry, and may be based on measures such as stock price performance, the meeting of financial targets against budget (such as adjusted funds from operations), the meeting of acquisition objectives and balance sheet performance

### *Stock Option Plan*

The Plan provides directors, officers, key employees and consultants of the Company with the opportunity to participate in the Plan, at the discretion of the Board. The Board determines the level of stock options granted from time-to-time based on (i) its assessment of the appropriateness of doing so in light of the competitiveness of total compensation and compensation practices within companies of a size comparable with the Company for positions involving similar responsibilities and complexity; (ii) the long-term strategic objectives of the Company; (iii) the Company's need to retain or attract particular key personnel; and (iv) the number of options already outstanding and overall market conditions. The Board will take into account previous grants of options when considering new grants.

The Plan is intended to provide executives with the promise of longer term rewards which appreciate in value with the favourable future performance of the Company. The Board believes that the Plan provides a method of retention and motivation for the executives of the Company and also aligns senior management's objectives with long-term stock price appreciation.

### **Executive Compensation**

#### *Summary Compensation Table*

The following table provides a summary of the compensation earned by the NEOs and directors for services rendered in all capacities during the fiscal years ended August 31, 2019 and 2018.

| <b>Table of compensation excluding compensation securities</b>                   |                      |   |              |                                  |                             |                               |                           |
|--|----------------------|---|--------------|----------------------------------|-----------------------------|-------------------------------|---------------------------|
| <b>Name and Principal Position</b>   | <b>Fiscal period</b> | <b>Salary, consulting fee, retainer or commission</b> | <b>Bonus</b> | <b>Committee or meeting fees</b> | <b>Value of perquisites</b> | <b>All other compensation</b> | <b>Total compensation</b> |
|  |                      | <b>(\$)</b>   | <b>(\$)</b>  | <b>(\$)</b>                      | <b>(\$)</b>                 | <b>(\$)</b>                   | <b>(\$)</b>               |
| CHRIS HAZELTON <sup>(1)</sup><br>Chief Executive Officer                         | 2019                 | 116,000   | -            | -                                | -                           | 9,000                         | 125,000                   |
|  | 2018                 | 116,000   | -            | -                                | -                           | 9,000                         | 125,000                   |
| EMLYN J. DAVID <sup>(2)</sup><br>Former President and<br>Chief Executive Officer | 2019                 | 225,000   | -            | -                                | -                           | -                             | 225,000                   |
|  | 2018                 | 225,000   | -            | -                                | -                           | -                             | 225,000                   |
| NICHOLAS PRICE <sup>(3)</sup><br>Former President of<br>VCI                      | 2019                 | 64,000  | -            | -                                | -                           | -                             | 64,000                    |
|  | 2018                 | 214,000   | -            | -                                | -                           | 14,000                        | 228,000                   |
| MICHAEL GALLORO <sup>(4)</sup><br>Former Director                                | 2019                 | -   | -            | -                                | -                           | -                             | -                         |
|  | 2018                 | -   | -            | -                                | -                           | -                             | -                         |
| ADAM SZWERAS<br>DIRECTOR   | 2019                 | -   | -            | -                                | -                           | -                             | -                         |
|  | 2018                 | -   | -            | -                                | -                           | -                             | -                         |

*Note:*

- (1) Mr. Hazelton was appointed the Chief Executive Officer and a director on June 10, 2020. Prior to which he was the Chief Financial Officer of the Company.
- (2) Mr. David retired from the Company on June 10, 2020.
- (3) Mr. Price left the employment of VCI, effective February 21, 2019.
- (4) Mr. Galloro resigned as a director on July 28, 2020.

### Compensation Securities Table

The following table discloses the particulars of the option-based awards outstanding to NEOs and directors of the Company as at August 31, 2019, including awards granted before the most recently completed financial year.

| Name and Position  | Number of securities underlying unexercised options | Date of issue or grant | Option Exercise Price (\$) | Closing price of underlying security on date of grant (\$) | Closing price of underlying security at year end (\$) | Option Expiration Date |
|--|---|------------------------|----------------------------|--|---|------------------------|
| CHRIS HAZELTON<br>Chief Executive Officer                      | 25,000  | April 1, 2015          | 2.00                       | 2.20   | 0.14  | March 31, 2020         |
|  | 250,000   | August 15, 2017        | 0.15                       | 0.125  | 0.14  | August 15, 2022        |
| EMLYN J. DAVID<br>Former President and Chief Executive Officer | 42,500  | April 1, 2015          | 2.00                       | 2.20   | 0.14  | March 31, 2020         |
|  | 250,000   | August 15, 2017        | 0.15                       | 0.125  | 0.14  | August 15, 2022        |
| ADAM SZWERAS<br>Director                                       | 100,000   | August 15, 2017        | 0.15                       | 0.125  | 0.14  | August 15, 2022        |
| MICHAEL GALLORO<br>Former Director                             | 5,000   | April 1, 2015          | 2.00                       | 2.20   | 0.14  | March 31, 2020         |
|  | 100,000   | August 15, 2017        | 0.15                       | 0.125  | 0.14  | August 15, 2022        |

### Exercise of Stock Options by NEOs and Directors

The following table sets forth information concerning the exercise of options by NEOs and directors that vested during the year ended August 31, 2019.

| Name and Position                                | Number of underlying securities exercised (#) | Exercise Price per security (\$) | Date of exercise | Closing price per security on date of exercise (\$) | Difference between exercise price and closing price on date of exercise (\$) | Total value on exercise date (\$) |
|--|---|----------------------------------|------------------|---|--|-----------------------------------|
| CHRIS HAZELTON<br>Chief Executive Officer        | -   | N/A                              | N/A              | N/A   | N/A  | N/A                               |
| EMLYN J. DAVID<br>Former Chief Executive Officer | -   | N/A                              | N/A              | N/A   | N/A  | N/A                               |
| MICHAEL GALLORO<br>Former Director               | -   | N/A                              | N/A              | N/A   | N/A  | N/A                               |
| ADAM SZWERAS<br>Director                         | -   | N/A                              | N/A              | N/A   | N/A  | N/A                               |

### Employment Management and Consulting Agreements

SustainCo currently has an employment agreement in place with Chris Hazelton and a management services agreement with Branson Corporate Services Inc. ("**Branson**"), pursuant to which Mr. Li provides his services as Chief Financial Officer.

Other than as set out below, the Company does not have any compensatory plan, contract or arrangement where an executive officer is entitled to receive any compensation from the Company in the event of the resignation, retirement or any other termination of employment of an executive officer or from a change of control of the Company.

#### *Hazelton Employment Agreement*

Chris Hazelton, the Chief Executive Officer of the Company, entered into an employment agreement with the Company on June 10, 2020, with an indefinite term. The employment agreement provides that Mr. Hazelton will be employed as Chief Executive Officer of SustainCo and its affiliates.

If SustainCo terminates Mr. Hazelton's employment as a result of the death or disability of Mr. Hazelton, SustainCo shall thereupon pay to him, in a single payment within 30 days of the date of termination, accrued salary, benefits, perquisites and vacation pay to the date of termination. The Corporation estimates that if Mr. Hazelton employment had been terminated on August 31, 2019 for the reasons described above (and the employment agreement has been in place at such time), no further payments would have been made to Mr. Hazelton beyond what was due to him on such date.

Upon the termination by SustainCo of the employment of Mr. Hazelton other than for cause or Mr. Hazelton terminates his employment for good reason, SustainCo shall thereupon pay to him (i) in a single payment within 30 days of the date of termination, accrued vacation pay and perquisites, (ii) in a single payment within 30 days of the date of termination, an amount equal to six months of his base salary, and (iii) employee benefits up to a maximum of 12 months. The Corporation estimates that if Mr. Hazelton's employment had been terminated on the last day of the most recently complete financial year for any of the reasons described above, he would be entitled to an aggregate payment of up to approximately \$87,500 (excluding supplementary benefits and other perquisites).

If, during the six months following a "change of control" (as defined in Mr. Hazelton's employment agreement), SustainCo terminates Mr. Hazelton's employment, SustainCo shall pay to him a lump sum "change of control" payment equivalent to the aggregate of (i) one-half his then current base salary; (ii) one-half of the average of any bonus paid to Mr. Hazelton for the previous two years, (iii) accrued vacation pay and perquisites, and (iv) employee benefits for the six month period following the date of retirement. The Company currently estimates that in the event that the "change of control" provisions were triggered in 2019 and Mr. Hazelton had terminated his employment for good reason in accordance with his employment agreement on the last day of the most recently completed financial year, Mr. Hazelton would have been entitled to a lump sum "change of control" payment of up to approximately \$137,500 (excluding supplementary benefits, value from accelerated equity vesting and other perquisites).

#### *Branson Agreement*

On June 8, 2020, SustainCo entered into an agreement with Branson to provide a Chief Financial Officer, controllership and bookkeeping services for an annual fee of \$55,000. Keith Li is employed by Branson and is compensated by Branson.

#### **Equity Compensation Plan Information as of the Fiscal Year Ended August 31, 2019**

Pursuant to the Plan, the maximum aggregate number of Common Shares which may be subject to options is 10% of the Common Shares outstanding from time to time.

| <b>Plan Category</b>                                  | <b>Number of shares issuable upon exercise of outstanding options</b><br>(a) | <b>Weighted-average exercise price of outstanding options</b><br>(b) | <b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b><br>(c) |
|---|--|--|---|
| Equity compensation plans approved by securityholders | 772,500  | \$0.15   | 805,112   |



| <b>Plan Category</b>                                      | <b>Number of shares issuable upon exercise of outstanding options<br/>(a)</b> | <b>Weighted-average exercise price of outstanding options<br/>(b)</b> | <b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))<br/>(c)</b> |
|---|---|---|--|
| Equity compensation plans not approved by securityholders | N/A   | N/A   | N/A  |
| <b>Total</b>  | 772,500   | \$0.15  | 805,112  |

### **Indebtedness of Directors and Officers**

No individual who is, or at any time during the most recently completed fiscal year of the Company was, a director or executive officer of the Company, nor any proposed nominee for election as a director of the Company, nor any associate of any of the foregoing is, or at any time since the beginning of the most recently completed fiscal year of the Company has been, indebted to the Company or any of its subsidiaries (other than in respect of amounts which would constitute routine indebtedness) or was indebted to another entity, which such indebtedness is, or was at any time since the beginning of the most recently completed fiscal year of the Company, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

### **Interests of Informed Persons in Material Transactions**

No "informed person" (as such term is defined under applicable securities laws) of the Company or proposed nominee for election as a director of the Company, or any associate or affiliate of any informed person or proposed nominee, has or had a material interest, direct or indirect, in any transaction since the beginning of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or its subsidiaries.

## **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

### **General**

National Policy 58-201 – *Corporate Governance Guidelines* sets out a series of guidelines for effective corporate governance (the "**Guidelines**"). The Guidelines address matters such as the constitution and independence of corporate boards, the functions to be performed by boards and their committees and the effectiveness and education of board members. National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**") requires the disclosure by each listed corporation of its approach to corporate governance with reference to the Guidelines as it is recognized that the unique characteristics of individual corporations will result in varying degrees of compliance. Set out below is a description of the Company's approach to corporate governance in relation to the Guidelines.

### **Board of Directors**

#### *Independence*

The Board of Directors is currently comprised of three members. Mr. Emlyn J. David is not considered to be "independent" within the meaning of NI 58-101 as a result of his role as President, Chief Executive Officer, Secretary and Chairman of the Company. Messrs. Adam Szweras and Michael Galloro are each considered to be "independent" directors within the meaning of NI 58-101 since they are free from any material relationship with the Company.

### *Common Board Memberships*

The board has not adopted a policy limiting the number of directors who sit on the board of another public company but believes disclosure of common board memberships is important, which can be found under "*Statement of Corporate Governance Practices - Other Public Company Directorships Held*".

### *Mandate of the Board of Directors*

The Board is responsible for supervising the management of SustainCo business and affairs. The Board's principal responsibilities relate to the stewardship of management and are summarized below:

- **Strategic planning** - the Board reviews and approves SustainCo's strategic planning process and strategic plan in light of Management's assessment of emerging trends, the competitive environment, risk issues and significant business practices and products;
- **Risk management** - the Board reviews management reports on material risks associated with our businesses and operations, the implementation by Management of systems to manage these risks and material deficiencies in the operation of these systems;
- **Human resources management** - the Board reviews SustainCo's approach to human resource management and executive compensation, the extent to which senior management fosters a culture of integrity and succession planning for the Chief Executive Officer and key senior management positions;
- **Financial corporate governance** - the Board reviews SustainCo's approach to corporate governance, director independence, SustainCo's code of ethics and conduct, and policies relating to reputation and legal risk;
- **Financial information** - the Board with assistance from the Audit Committee reviews SustainCo's internal controls relating to financial information, management reports on material deficiencies relating to those controls and the integrity of SustainCo's financial information and systems;
- **Communications** - the Board reviews SustainCo's overall communications strategy, measures for receiving shareholder feedback and compliance with SustainCo's disclosure policy;
- **Board Committees** - the Board establishes committees and their mandates and requires committee chairs to present a report to the board on material matters considered by the committee at the next board meeting;

The mandate of the Board is reviewed each year.

### **Other Public Company Directorships Held**

The following table sets out the directors and officers of the Company that are, or have been within the last five years, directors, officers or promoters of other reporting issuers:

| <b>Name of Director, Officer or Promoter</b> | <b>Name of Reporting Issuer</b>  | <b>Name of Trading Market</b>        |
|--|--|--------------------------------------|
| Chris Hazelton                               | Canada Pacific Capital Corp.<br>Sagittarius Capital Corp.<br>Psyched Wellness Corp.<br>WaterWays Technologies Ltd. | TSXV / OTC<br>TSXV / OTC<br><br>TSXV |
| Keith Li                                     | Quinsam Capital Corporation<br>Pharmadrug Inc.<br>BitRush Corp.  | CSE<br>CSE<br>CSE                    |

| <b>Name of Director, Officer or Promoter</b> | <b>Name of Reporting Issuer</b>  | <b>Name of Trading Market</b> |
|--|--|-------------------------------|
|  | Jubilee Gold Exploration Ltd<br>Rigel Technologies Inc.<br>Harborside Inc. | TSXV<br>TSXV<br>CSE           |
| Daniel Cohen                                 | Pharmadrug Inc.  | CSE                           |
| Al Quong                                     | Lakeside Minerals Inc. (now Harborside Inc.)                               | TSXV (now CSE)                |
|  | The Tinley Beverage Company Inc.   | CSE                           |
|  | Pharmadrug Inc.  | CSE                           |

### **Orientation and Continuing Education**

While the Company currently has no formal orientation and education program for new members of the Board of Directors, sufficient information (such as recent annual reports, financial statements, management discussion and analysis, proxy solicitation materials, technical reports and various other operating, property and budget reports) is provided to any new member of the Board of Directors to ensure that new directors are familiarized with the Company's business and the procedures of the Board of Directors. As well, new directors meet with management of the Company to receive a detailed overview of the operations of the Company. All directors are encouraged to visit and meet with management on a regular basis. The Company also encourages continuing education of its directors and officers where appropriate in order to ensure that they have the necessary skills and knowledge to meet their respective obligations to the Company.

### **Nomination of Directors**

The Board of Directors is responsible for identifying new candidates for nomination to the Board of Directors. The process by which the Board of Directors identifies new candidates is through recommendations from members of the Board of Directors based on corporate law and regulatory requirements as well as relevant education and experience related to the Company's business and status as a reporting issuer.

The Corporation recognizes and embraces the benefits of having diversity on the Board and in its senior management. The Corporation also recognizes that the Board and its senior management appointments must be based on performance, ability, merit and potential. Therefore, the Corporation ensures a merit-based competitive process for appointments. The Corporation's commitment to diversity will include ensuring that diversity is fully considered by the Board in identifying, evaluating and recommending Board appointees/nominees. Accordingly, the Corporation has not adopted a diversity policy at this time.

With respect to the Board composition, as appropriate, the Board will: (i) assess the effectiveness of the Board appointment/nomination process at achieving the Corporation's diversity objectives; and (ii) consider and, if determined advisable, recommend for adoption, measurable objectives for achieving diversity on the Board. At any given time, the Board may seek to adjust one or more objectives concerning diversity and measure progress accordingly.

### **Compensation**

None of the members of the Board of Directors or the executive officers currently earns any compensation for services rendered as directors and officers of the Company or in any other capacity except as otherwise disclosed herein. Currently, non-management directors of SustainCo are not paid a cash retainer. Directors are also reimbursed for out-of-pocket expenses incurred with such duties.

## **Board Committees**

### *Audit Committee*

The Audit Committee consists of Mr. Galloro, Mr. Szweras and Mr. David, two of whom are considered to be "independent", and all of whom are "financially literate" within the meaning of National Instrument 52-110 — *Audit Committees*. Mr. David is not considered to be "independent" as he is the CEO of SustainCo. Each of the Audit Committee members has an understanding of the accounting principles used to prepare SustainCo's financial statements, experience preparing, auditing, analyzing or evaluating comparable financial statements and experience as to the general application of relevant accounting principles, as well as an understanding of the internal controls and procedures necessary for financial reporting.

The Audit Committee has the primary function of fulfilling its responsibilities in relation to reviewing the integrity of SustainCo's financial statements, financial disclosures and internal controls over financial reporting; monitoring the system of internal control; monitoring SustainCo's compliance with legal and regulatory requirements, selecting the external auditor for shareholder approval; reviewing the qualifications, independence and performance of the external auditor; and reviewing the qualifications, independence and performance of SustainCo's internal auditors. The Audit Committee has specific responsibilities relating to SustainCo's financial reports; the external auditor; the internal audit function; internal controls; regulatory reports and returns; and legal or compliance matters that have a material impact on SustainCo. In fulfilling its responsibilities, the Audit Committee meets regularly with the internal and external auditor and key management members. Information concerning the relevant education and experience of the Audit Committee members can be found in "*Business of the Meeting – Election of Directors*". The full text of the Audit Committee's charter is disclosed in Exhibit "C".

### **ADDITIONAL INFORMATION**

The Company will provide to any person or corporation, upon request, one copy of any of the following documents: (i) this Circular; (ii) the Company's most recently filed consolidated annual financial statements, together with the accompanying report of the auditor; and (iii) any interim financial statements of the Company that have been filed for any period after the end of the Company's most recently completed financial year.

Copies of the above documents will be provided, upon request, by the corporate secretary or investor relations at 1 Royal Gate Blvd, Suite D, Vaughan, ON L4L 8Z7. Copies of these documents and other information relating to the Company are available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **APPROVAL**

The contents and delivery of this management information circular has been approved by the board of directors and a copy has been sent to each shareholder who is eligible to receive notice of and vote his or her shares at the Meeting, as well as to each director and to the auditors.

On behalf of the board of directors,

/s/ "Chris Hazelton"

Chris Hazelton  
Chief Executive Officer  
& Director

**EXHIBIT "A"**  
**INCENTIVE STOCK OPTION PLAN**

**BELLAIR VENTURES INC.**  
**STOCK OPTION PLAN**  
**effective as of November 7, 2008**

**1. Purpose of Plan**

The purpose of the stock option plan (the "**Plan**") of Bellair Ventures Inc. (the "**Corporation**"), is to advance the interests of the Corporation by encouraging the Directors, Employees and Consultants (as such terms are defined under TSX Venture Exchange Inc. (the "**Exchange**") Policy 4.4 (the "**Policy**")) of the Corporation, and of its subsidiaries and affiliates, if any, to acquire common shares in the capital of the Corporation (the "**Shares**"), thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation and furnishing them with additional incentive in their efforts on behalf of the Corporation in the conduct of its affairs.

**2. Administration**

The Plan shall be administered by the board of directors of the Corporation (the "**Board**") or by a special committee of the directors appointed from time to time by the Board pursuant to rules of procedure fixed by the Board (such committee, if appointed, is also hereinafter referred to as the "**Board**"). A majority of the Board shall constitute a quorum, and the acts of a majority of the directors; present at any meeting at which a quorum is present, or acts unanimously approved in writing by the Board, shall be binding and conclusive on all Participants (as hereinafter defined) and on their legal personal representatives and beneficiaries, the Corporation and all other interested individuals.

Subject to the provisions of the Plan, the Board shall have authority to construe and interpret the Plan and all option agreements entered into hereunder, to define the terms used in the Plan and in all option agreements entered into thereunder, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations deemed necessary or advisable for the administration and implementation of the Plan. No member of the Board or any person acting pursuant to authority delegated by it hereunder shall be liable for any action or determination in connection with the Plan made or taken in good faith, and each member of the Board and each such person shall be entitled to indemnification by the Corporation with respect to any such action or determination.

Each option granted hereunder may be evidenced by an agreement in writing, signed on behalf of the Corporation and by the optionee, substantially in the form attached hereto as Schedule "A" - Notice of Option Grant, or in such other form as is determined by the Board.

Each option granted by the Corporation prior to the date of the approval of the Plan by the shareholders of the Corporation be and are continued under and shall be subject to the terms of the Plan after the Plan has been approved by the shareholders of the Corporation.

**3. Stock Exchange Rules**

All options granted pursuant to this Plan shall be subject to the rule and policies of the Exchange, or, if the Shares are not then listed on the Exchange, such stock exchange or exchanges on which the Shares are then listed and any other government or regulatory body having jurisdiction.

#### **4. Shares Subject to Plan**

Subject to adjustment as provided in Section 19 hereof, the Shares to be offered under the Plan shall consist of authorized but unissued Shares. The aggregate number of Shares issuable upon the exercise of all options granted under the Plan shall not exceed 10% of the issued and outstanding Shares at the time of the stock option grant. If any option granted hereunder shall expire or terminate for any reason in accordance with the terms of the Plan without being exercised in full, the unpurchased Shares subject thereto shall again be available for the purpose of this Plan.

#### **5. Maintenance of Sufficient Capital**

The Corporation shall at all times during the term of the Plan reserve and keep available such numbers of Shares as will be sufficient to satisfy the requirements of the Plan.

#### **6. Eligibility and Participation**

Directors, Employees and Consultants (such persons hereinafter collectively referred to as "**Participants**") of the Corporation shall be eligible for selection by the Board to participate in the Plan on a voluntary basis and a selected Participant shall execute a Notice of Option Grant substantially in the form attached hereto as Schedule "A". Subject to compliance with applicable Exchange requirements, Participants may elect to hold options granted to them in a Company (as defined in Exchange Policy 1.1) wholly owned by them and such Company shall be bound by the Plan in the same manner as if the options were held by the Participant; provided, however, that such Company must agree not to effect or permit any transfer of ownership or option of shares of such Company nor to issue further shares of any class in such Company to any other individual or entity as long as the option granted under the Plan remains outstanding, except with the written consent of the Exchange.

Subject to the terms hereof, the Board shall determine to whom options shall be granted, the terms and provisions of the respective option agreements, the time or times at which such options shall be granted and vested, the number of Shares to be subject to each option and the exercise price of the options. In the case of options granted to Employees, Consultants or Management Company Employees (as defined in the Policy), the option agreements to which they are party must contain a representation of the Corporation that such Employee, Consultant or Management Company Employee, as the case may be, is a bona fide Employee, Consultant or Management Company Employee of the Corporation or its subsidiaries.

A Participant who has been granted an option may, if such Participant is otherwise eligible, and if permitted under the policies of the Exchange, be granted an additional option or options if the Board shall so determine.

#### **7. Exercise Price**

- (a) The exercise price of the Shares subject to each option shall be determined by the Board, subject to applicable Exchange approval, at the time any option is granted and shall be specified on the Notice of Option Grant substantially in the form attached hereto as Schedule "A". In no event shall such exercise price be lower than the exercise price permitted by the Exchange.
- (b) Once the exercise price of the Shares subject to each option has been determined by the Board, accepted by the Exchange and the option has been granted, the exercise price of the Shares subject to the option may be reduced upon receipt of Board and Exchange

approval, provided that in the case of options held by Insiders (as defined by Exchange Policy 1.1) of the Corporation, the exercise price of the Shares subject to such option may be reduced only if disinterested shareholder approval is obtained in accordance with Exchange requirements.

#### **8. Number of Optioned Shares**

- (a) The number of Shares subject to an option granted to any one Participant shall be determined by the Board, but no one Participant shall be granted an option which exceeds the maximum number permitted by the Exchange.
- (b) At any time, (i) the number of Shares reserved for issuance under options granted to Insiders (as defined by Exchange Policy 1.1) under the Plan shall not exceed 10% of the issued and outstanding Shares, and (ii) Insiders (as defined by Exchange Policy 1.1) shall not be granted, within any 12 month period, a number of options exceeding 10% of the issued and outstanding Shares.
- (c) No single Participant may be granted options to purchase a number of Shares equalling more than 5% of the issued Shares in any one twelve-month period unless the Corporation is classified as a "Tier 1" issuer by the Exchange and has obtained the requisite disinterested shareholder approval in respect of such grant and meets applicable Exchange requirements.
- (d) No more than 2% of the issued Shares may be issued to any one Consultant in any twelve-month period pursuant to the exercise of options granted under the Plan.
- (e) No more than an aggregate of 2% of the issued Shares may be issued to an Employee conducting Investor Relations Activities (as defined in Exchange Policy 1.1) in any twelve-month period pursuant to the exercise of options granted under the Plan. Options granted to Consultants performing Investor Relations Activities must contain vesting provisions such that vesting occurs over at least 12 months with no more than 1/4 of the options vesting in any 3 month period.

#### **9. Duration of Option**

Each option and all rights thereunder shall be expressed to expire on the date set out in the Notice of Option Grant and shall be subject to earlier termination as provided in Sections 12 and 13, provided that in no circumstances shall the duration of an option exceed the maximum term permitted by the Exchange. For greater certainty, if the Corporation is listed on the Exchange, the maximum term may not exceed 10 years if the Corporation is classified as a "Tier 1" issuer, and the maximum term may not exceed 5 years if the Corporation is classified as a "Tier 2" issuer.

#### **10. Option Period, Consideration and Payment**

- (a) The option period shall be a period of time fixed by the Board not to exceed the maximum term permitted by the Exchange, provided that the option period shall be reduced with respect to any option as provided in Sections 12 and 13 covering cessation as a Director, Employee or Consultant of the Corporation or its subsidiaries, or death of the Participant.

- (b) Subject to any vesting restrictions imposed by the Exchange, the Board may, in its sole discretion, determine the time during which options shall vest and the method of vesting, or that no vesting restriction shall exist.
- (c) Subject to any vesting restrictions imposed by the Board, options may be exercised in whole or in part at any time and from time to time during the option period. To the extent required by the Exchange, no options may be exercised under this Plan until this Plan has been approved by a resolution duly passed by the shareholders of the Corporation.
- (d) Except as set forth in Sections 12 and 13, no option may be exercised unless the Participant is at the time of such exercise a Director, Employee or Consultant of the Corporation or any of its subsidiaries.
- (e) The exercise of any option will be contingent upon receipt by the Corporation at its head office of a written notice of exercise substantially in the form attached hereto as Schedule "B" - Notice of Option Exercise, specifying the number of Shares with respect to which the option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such Shares with respect to which the option is exercised.

#### **11. Share Certificates**

Upon exercise of the option and payment in full of the Shares subject to exercise of the option, the Corporation shall cause to be issued to the optionee within a reasonable period of time a duplicate certificate or certificates in the name of the optionee representing the number of Shares the optionee has purchased. The original share certificate(s) may be held by the Corporation as custodian, at the Corporation's option, to ensure compliance with the terms and conditions of the Plan and Notice of Option Grant, for delivery to the optionee in accordance with the Plan and Notice of Option Grant.

#### **12. Ceasing To Be a Director, Officer, Consultant or Employee**

If a Participant shall cease to be a Director, Employee or Consultant of the Corporation, or its subsidiaries, for any reason (other than death), such Participant may exercise his option to the extent that the Participant was entitled to exercise it at the date of such cessation, provided that if the Corporation is classified by the Exchange as a Tier 2 issuer at the time of grant, such exercise must occur within 90 days after the Participant ceases to be a Director, Employee or Consultant, unless such Participant was engaged in Investor Relations Activities, in which case such exercise must occur within 30 days after such Participant ceases to be employed to provide investor Relations Activities to the Corporation.

The granting of an option under the Plan does not confer upon the optionee any right to continue in the employment of the Corporation or any subsidiary of the Corporation or as a member of the Board, as the case may be, or any right to continue as a Consultant of the Corporation or any subsidiary of the Corporation, nor does it interfere in any way with the rights of the Participant or of the Corporation's rights to terminate the employment of the Participant's services at any time or of the shareholders' right to elect directors.

#### **13. Death of Participant**

Notwithstanding section 12, in the event of the death of a Participant, the option previously granted to him shall be exercisable only within the one (1) year after such death and then only:



- (a) by the person or persons to whom the Participant's rights under the option shall pass by the Participant's will or the laws of descent and distribution; and
- (b) if and to the extent that such Participant was entitled to exercise the Option at the date of his death.

#### **14. Rights of Optionee**

Optionees shall not have any rights as a shareholder with respect to Shares subject to option until (a) a share certificate or share certificates have been duly issued; and (b) payment has been made to the Corporation and provision satisfactory to the Corporation has been made for payment of, any federal, provincial or local withholding taxes required by law to be withheld in respect of an option.

#### **15. Non-Exclusivity**

Nothing contained herein shall prevent the Board from adopting other or additional compensation arrangements for the benefit of any Participant, subject to any required stock exchange, regulatory or shareholder approval.

#### **16. Notices**

All written notices to be given by the optionee to the Corporation may be delivered personally or by registered mail, postage prepaid, addressed.

Any notice given by the optionee pursuant to the terms of the option shall not be effective until actually received by the Corporation. Any notice to be given to the optionee shall be sufficiently given if delivered personally (effective at the time of delivery), by facsimile transmission (effective one day after transmission) or by postage prepaid mail to the last address of the optionee on the records of the Corporation and shall be effective five days after mailing.

#### **17. Corporate Action**

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

#### **18. Proceeds from Sale of Shares**

The proceeds from the sale of Shares issued upon the exercise of options shall be added to the general funds of the Corporation and shall thereafter be used from time to time for such corporate purposes as the Board may determine.

#### **19. Adjustments**

The Board shall make such adjustments as it deems appropriate to (i) the number of Shares reserved for issuance pursuant to the Plan; (ii) the number of vested and unvested Shares subject to option; and (iii) the exercise price of Shares subject to option, to give effect to capital adjustments by reason of a stock dividend or split, recapitalization, consolidation, combination or exchange of shares, reclassification, conversion or other fundamental change in the authorized or issued capital of the Corporation.

Furthermore, in the event of an amalgamation, merger, arrangement or any similar change affecting the Corporation or its securities, the Board may, in its sole discretion, treat the vested and unvested options issued under the Plan in the manner it deems fair and reasonable in light of the circumstances of the change, including without limitation taking any actions and/or making such adjustments to the number and kind of shares which thereafter may be offered to Participants under the Plan as it may deem equitable.

## **20. Sale Transaction**

Notwithstanding the vesting dates set forth in the Notice of Option Grant, in the event that the Corporation or its shareholders receive and accept an offer to acquire all of the Shares or all or substantially all of the assets of the Corporation, whether effected through an acquisition for cash or securities, and whether structured as a purchase, business combination, amalgamation, merger, arrangement, reorganization or otherwise (in each case, a "**Sale Transaction**") at the purchase price for each Share of the Corporation as set forth in the sale transaction agreement (the "**Sale Price**"), the Board may, in its sole discretion, treat the options issued under the Plan in a manner it deems fair and reasonable in light of the circumstances of the Sale Transaction. Without limiting the generality of the foregoing, in connection with a Sale Transaction, the Board may, without any action or consent required on the part of any optionee, (i) accelerate, conditionally or otherwise, and on such terms as it sees fit the first vesting date or first date of the exercise period; (ii) deem any or all options (vested or unvested) under the Plan to have been exercised and the shares subject to any or all of such option to have been tendered to the Sale Transaction, (iii) apply a portion of the optionee's proceeds from the closing of the Sale Transaction to the exercise price payable by that optionee for the exercise of his or her options, (iv) cancel the options and pay to an optionee the amount that the optionee would have received, after deducting the exercise price of the options, had the Options been exercised, (v) exchange unvested options, or any portion of them, for options to purchase shares in the capital of the acquirer or any corporation which results from an amalgamation, merger or similar transaction involving the Corporation made in connection with the Sale Transaction, or (vi) take such other actions, and combinations of the foregoing actions, as it deems fair and reasonable under the circumstances.

## **21. Transfer and Assignment**

The options and the rights relating thereto granted under the Plan are not assignable or transferable by the optionee or subject to any other alienation, gift, bequest, sale, pledge, mortgage, charge or encumbrance by such optionee during the optionee's lifetime and therefore, subject to Section 13, the options are exercisable during the optionee's lifetime only by the optionee. The obligations of each optionee shall be binding on his or her heirs, executors and administrators. Any purported assignment or transfer of options or the rights relating thereto will not be recognized by the Corporation and will result in the immediate expiry and termination of any such options and any rights relating thereto.

## **22. Amendment and Termination of Plan**

The Board reserves the right, in its sole discretion, to amend, suspend or terminate this Plan or any portion thereof at any time, in accordance with applicable legislation, without obtaining the approval of shareholders of the Corporation. Any amendment to any provision of the Plan will be subject to any required regulatory or shareholder approval. Subject to compliance with the applicable rules of the Exchange, no amendment, suspension or termination will alter or impair any options under the Plan, or any rights pursuant thereto, granted previously to any Participant without the consent of that Participant.

If this Plan is terminated, the provisions of this Plan and any administrative guidelines, and other rules adopted by the Board and in force at the time of this Plan, will continue in effect as long as any options

under the Plan or any rights pursuant thereto remain outstanding. However, notwithstanding the termination of the Plan, the Board may make any amendments to the Plan or options it would be entitled to make if the Plan were still in effect.

**23. Necessary Approvals**

The ability of a Participant to exercise options and the obligation of the Corporation to issue and deliver Shares in accordance with the Plan is subject to any approvals which may be required from shareholders of the Corporation and any regulatory authority or stock exchange having jurisdiction over the securities of the Corporation. If any Shares cannot be issued to any Participant for whatever reason, the obligation of the Corporation to issue such Shares shall terminate and any option exercise price paid to the Corporation will be returned to the Participant.

**24. Effective Date of Plan**

The Plan will become effective upon the approval of the Plan by the Board, subject to any required regulatory and/or shareholder approval.

**25. Governing Law**

The Plan is established under the laws of the Province of Ontario and the rights of all parties and the construction and effect of each provision of the Plan shall be according to the laws of the Province of Ontario and the laws of Canada applicable therein.

**Schedule "A"**  
**Notice of Option Grant**

BELLAIR VENTURES INC.  
10 Bellair Street, Suite 509  
Toronto, Ontario  
M5L 1B9

[Date]

[Name & Address]

Dear [Name]:

This is to advise you that in recognition of your contribution to our business, you have been selected to participate in the 2008 Stock Option Plan (the "**Plan**") of Bellair Ventures Inc. (the "**Corporation**"). On ►, ►, you were granted non-assignable, non-transferable options (the "**Options**") to acquire ► common shares of the Corporation ("**Shares**") at a price of \$ ► per Share.

The Options will vest as follows: ►

The Options will expire on ►, ►.

By accepting the Options, you represent and warrant to the Corporation that your participation in the Plan is voluntary and that you have not been induced to participate by expectation of engagement, appointment, employment, continued engagement, continued appointment or continued employment, as applicable.

In addition to any resale restrictions under applicable securities laws, you acknowledge that in the event that the Corporation is classified as a "Tier 2 Issuer" by TSX Venture Exchange Inc. (the "**Exchange**"), the Shares issued on the exercise of the Options must be legended with a four-month Exchange hold period commencing on the date the Options were granted.

To the extent you are not a resident of Canada, you further represent and warrant to the Corporation that the grant and exercise of the Options, and the sale of the underlying Shares, is exempt from the prospectus (or similar) requirements of all applicable securities legislation.

To the extent that the Options being granted hereunder are being granted to a Company (as defined in Exchange Policy 1.1), you further represent and warrant to the Corporation that such Company is wholly owned by you and you further agree not to effect or permit any transfer of ownership or option of shares of such Company, nor to issue further shares of any class in such Company to any other individual or entity as long as the Option being granted hereunder remains outstanding, except with the written consent of the Exchange.

To the extent that the Options being granted hereunder are being granted to an Employee, Consultant, or Management Company Employee (as such terms are defined in Exchange Policy 4.4) of the Corporation, the Corporation represents that such optionee is a *bona fide* Employee, Consultant, or Management Company Employee, as the case may be, of the Corporation.

Yours sincerely,

**BELLAIR VENTURES INC.**

Per: \_\_\_\_\_

Emlyn J. David,  
President, CEO, Secretary and Director

The undersigned acknowledges receipt of a copy of the Plan and acknowledges and agrees that the undersigned's options are subject to and governed by the provisions of the Plan. The undersigned further acknowledges and agrees that the Plan and the grant of options to acquire ► Shares at a price of \$► per Share on the terms described in the foregoing notice of grant (the "**Notice**") constitutes the entire agreement between the parties with respect to the subject matter addressed herein and supersedes all prior agreements relating to the subject matter hereof. Other than the grant of options described in this Notice, the undersigned has no other written or oral agreement, option, understanding or commitment, or any right or privilege capable of becoming such for the purchase of Shares or any other interest in the Corporation.

Dated this ► day of ►, ►.

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[Name of Optionee]

**Schedule "B"**  
**NOTICE OF OPTION EXERCISE**

BELLAIR VENTURES INC.  
STOCK OPTION PLAN

To: Chief Financial Officer, Bellair Ventures Inc. (the "**Corporation**")

Please be advised that in connection with stock options granted to me (the "**Options**") under the Corporation's Stock Option Plan pursuant to the Notice of Option Grant dated ►, ►, the undersigned hereby wishes to exercise his or her option to purchase ► common shares (the "**Option Shares**") in the capital of the Corporation at a price of \$► per Option Share, for a total payment of \$► (the "**Exercise Payment**"). I hereby agree to assist the Corporation in the filing of, and will file on a timely basis, all reports that I may be required to file under applicable securities laws or regulatory requirements. I hereby covenant, at the request of the Corporation, to pay to the Corporation, or make provision satisfactory to the Corporation for payment of any federal, provincial or other applicable taxes required by law to be withheld in respect of the Option prior to the issuance of such Option Shares. I understand that this request to exercise my Options is irrevocable.

Please find enclosed a cash payment, bank draft or certified cheque in the amount of \$► representing the aggregate Exercise Payment payable to the Corporation in full payment for the Option Shares.

The Option Shares issued on the exercise of my Options specified above are to be registered as follows:

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Print Registree's Name

---

Address

---

---

Telephone Number

---

Facsimile Number

---

Optionee's Signature

---

E-mail Address

---

Date

**EXHIBIT "B"**  
**AUDIT COMMITTEE CHARTER**

**TERMS OF REFERENCE FOR THE AUDIT COMMITTEE**

**I. PURPOSE**

The overall purpose of the audit committee (the "Committee") is to provide oversight of SustainCo Inc.'s (the "Corporation") financial management and the design and implementation of an effective system of internal financial controls, to review and report to the Board of Directors (the "Board") on the integrity of the financial statements of the Corporation, and to oversee, report, and make recommendations to the Board in respect of financial and non-financial risks faced by the Corporation.

**II. PROCEDURES AND ORGANIZATION**

- A. The Committee shall consist of at least three Board members, who are each financially literate .
- B. The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the Committee's chair (the "Chair") and members of the Committee for the ensuing year. It is desirable that at least one member of the previous Committee be carried over to any newly constituted Committee. Any member may be removed from the Committee or replaced at any time by the Board and shall cease to be a member of the Committee upon ceasing to be a director of the Board.
- C. The Corporate Secretary of the Corporation shall be the secretary of the Committee (the "Secretary"), unless otherwise determined by the Committee.
- D. In the absence of the Chair or Secretary at any meeting of the Committee, the members present at the meeting shall appoint one of their members to act as chair of the Committee meeting and shall designate any director, officer or employee of the Corporation to act as secretary.
- E. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak to and hear each other.
- F. The Committee shall have access to such officers and employees of the Corporation, to the Corporation's independent auditors, and to such information and records of the Corporation as it considers necessary or advisable in order to perform its duties and responsibilities.
- G. Meetings of the Committee shall be conducted as follows:
  - (i) the Committee shall meet at least four times annually at such times and at such locations as may be requested by the Chair, one of which shall be to review the annual financial statements of the Corporation and three of which shall be to review the interim financial statements of the Corporation. Notice of meetings shall be given to each member not less than 24 hours before the time of the meeting. However, meetings of the Committee may be held without formal notice if all the members are present and do not object to notice not having been given, or if those absent waive notice in any manner before or after the meeting.
  - (ii) notice of meeting may be given verbally or by letter, facsimile, email or telephone and need not be accompanied by an agenda or any other material. The notice shall specify the purpose of the meeting;

- (iii) the independent auditors shall receive notice of and be entitled to attend all meetings of the Committee; and
  - (iv) management representatives shall be invited to attend meetings as determined by the Committee, with the exception of those meetings deemed by the Committee as executive sessions and private sessions with the independent auditors.
- H. The independent auditors shall have a direct line of communication to the Committee through its Chair. The Committee, through its Chair, may contact an employee in the Corporation as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper practices or transactions.
- I. The Committee shall take to the Board at its next regular meeting all such action it has taken since the previous report.
- J. The Chair shall call and convene a meeting of the Committee at the request of the Chief Executive Officer, a member of the Committee, or the independent auditors of the Corporation.
- K. Any matter to be voted upon shall be decided by a majority of the votes cast on the question. In the case of an equality of votes, the Chair shall be entitled to a second or the deciding vote.

### III. DUTIES AND RESPONSIBILITIES

- A. The general duties and responsibilities of the Committee shall be as follows:
  - (i) to review the annual (consolidated) financial statements of the Corporation, including the notes and management discussion and analysis thereto, and recommend whether such financial statements should be approved by the Board;
  - (ii) to assist the Board in the discharge of its fiduciary responsibilities relating to the Corporation's accounting principles, reporting practices and internal controls;
  - (iii) to provide oversight of the management of the Corporation in designing, implementing and maintaining an effective system of internal controls; and
  - (iv) to report regularly to the Board on the fulfillment of its duties and responsibilities.
- B. The duties and responsibilities of the Committee as they relate to the independent auditors shall be as follows:
  - (i) to recommend to the Board a firm of auditors, established by the Committee to be independent, for recommendation to the shareholders of the Corporation for appointment by the Corporation;
  - (ii) to review the fee, scope and timing of the audit and other related services rendered by the independent auditors and recommend to the Board the compensation of the independent auditors;
  - (iii) to pre-approve all non-audit services to be provided to the Corporation by the independent auditors or, alternatively, to adopt specific policies and procedures for the engagement of non-audit services; and
  - (iv) to provide oversight of the work of the independent auditors and then to review with the independent auditors, upon completion of their audit:



- (a) contents of their report;
- (b) scope and quality of the audit work performed;
- (c) adequacy of the Corporation's financial and auditing personnel;
- (d) cooperation received from the Corporation's personnel during the audit;
- (e) internal resources used;
- (f) significant transactions outside of the normal business of the Corporation;
- (g) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems;
- (h) the non-audit services provided by the independent auditors; and
- (i) "management" letters and recommendations and management's response and follow-up of any identified issues or weaknesses.

C. The duties and responsibilities of the Committee as they relate to the internal control procedures of the Corporation shall be:

- (i) to review the appropriateness of the Corporation's policies and practices with respect to internal auditing, insurance, accounting and financial controls, including through discussions with the Chief Executive Officer and Chief Financial Officer;
- (ii) to review any unresolved issues between management and the independent auditors that could affect financial reporting or internal controls of the Corporation;
- (iii) to review the appropriateness and soundness of the Corporation's procedures for the review of the Corporation's disclosure of financial information extracted or derived from its financial statements;
- (iv) to establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters;
- (v) to establish procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters; and
- (vi) to periodically review the Corporation's financial and auditing procedures and the extent to which recommendations made by the staff or by the independent auditors have been implemented.

D. The duties and responsibilities of the Committee as they relate to risk management shall be:

- (i) to inquire of management and the dependent auditor about significant business, political, financial and control risk or exposure to such risk;
- (ii) to document the material risks that the corporation faces and update as events change and risks shift;
- (iii) to assess the steps management has taken to control identified risks to the Corporation, such as the use of hedging and insurance;

- (iv) to review, at least annually, and more frequently if necessary, the Corporation's policies for risk assessment and risk management (the identification, monitoring, and mitigation of risks);
- (v) to submit risk reports to the board and the independent auditors;
- (vi) to review the following with management, with the objective of obtaining reasonable assurance that financial risk is being effectively managed and controlled:
  - (a) management's tolerance for financial risks;
  - (b) management's assessment of significant financial risks facing the Corporation; and
  - (c) the Corporation's policies, plans, processes and any proposed changes to those policies for controlling significant financial risks; and
- (vii) to review with the Corporation's counsel legal matters which could have a material impact on the financial statements.

E. Other responsibilities of the Committee shall be:

- (i) to review the Corporation's quarterly statements of earnings, including the impact of unusual items and changes in accounting principles and estimates and the associated management discussion and analysis;
- (ii) to review, appraise and report to the Board on difficulties and problems with regulatory agencies which are likely to have a significant financial impact;
- (iii) to review any earnings press releases before the Corporation publicly discloses such information;
- (iv) to review the appropriateness of the accounting policies used in the preparation of the Corporation's financial statements, and consider recommendations for any material change to such policies;
- (v) to review and approve the hiring policies of the Corporation regarding employees and former employees of the present and former independent auditors of the Corporation;
- (vi) to review with the Corporation's counsel legal matters which could have a material impact on the financial statements;
- (vii) to determine that the Corporation has implemented adequate internal controls to ensure compliance with legal, ethical and regulatory requirements and that these controls are operating effectively; and
- (viii) to develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board.

F. In the carrying out of its responsibilities, the Committee has the authority:

- (i) to engage independent counsel and other advisors at the expense of the Corporation, as may be appropriate in the determination of the Committee;
- (ii) to set and pay the compensation for any advisors employed by the Committee; and

(iii) to communicate directly with the internal and external auditors.

- G. The Committee may delegate to one or more independent members the authority to pre-approve non-audit services, so long as the pre-approval is presented to the full Committee at its first scheduled meeting following such pre-approval.