

## **THE GREEN ORGANIC DUTCHMAN HOLDINGS LTD.**

### **STATEMENT OF EXECUTIVE COMPENSATION FOR THE YEAR ENDED DECEMBER 31, 2019**

**October 15, 2020**

#### **COMPENSATION OF EXECUTIVE OFFICERS**

The Board has assessed the Corporation's compensation plans for its executive officers to ensure alignment with the Corporation's business plan and to evaluate the potential risks associated with those plans and programs. The Board has concluded that the compensation policies and practices do not create any risks that are reasonably likely to have a material adverse effect on the Corporation. The Board considers the risks associated with executive compensation and corporate incentive plans when designing and reviewing such plans and programs.

The Corporation has adopted a policy restricting its executive officers and directors from purchasing financial instruments designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by its corporate officers or directors. To the knowledge of the Corporation, none of the executive officers or directors have purchased such financial instruments.

#### **Compensation Discussion and Analysis**

This section provides details regarding the Corporation's approach to executive compensation by outlining the processes and decisions supporting the determination of the amounts the Corporation paid to its NEOs. While this discussion relates to the NEOs, the other executives of the Corporation participate in the same plans and are subject to a similar process.

The Board's responsibilities relating to the compensation and retention of executive officers include, but are not limited to:

- setting policies for remuneration of executive officers;
- reviewing the recommendations of the Compensation Committee and approving of salary, bonus, and other benefits, direct or indirect, and any change-of-control packages of the CEO;
- considering recommendations of the CEO and Compensation Committee and setting the terms and conditions of employment including, approving the salary, bonus, and other benefits, direct or indirect, and any change-of-control packages, of the executive officers of the Corporation; and
- overseeing the administration of the Corporation's compensation plans, including its New Option Plan, Amended and Restated RSU Plan, Amended and Restated ESPP and such other compensation plans or structures as are adopted by the Corporation from time to time.

The following executive compensation principles guide the Board in fulfilling its roles and responsibilities in the design and ongoing administration of the Corporation's executive compensation program:

- compensation levels and opportunities must be market competitive to attract and retain qualified and experienced executives, while being fair and reasonable to Shareholders;
- compensation must incorporate an appropriate balance of short and long-term rewards; and
- compensation programs must align executives' long-term financial interests with those of Shareholders by providing equity-based incentives.

## Compensation Committee

**Chair:** *Marc Bertrand*  
**Other Members:** *Jeffrey Scott*  
*Jacques Dessureault*

The Compensation Committee was established on January 2, 2018 to assist the Board in fulfilling its obligations relating to human resource and compensation matters.

Our Board believes that the members of the Compensation Committee individually and collectively possess the requisite knowledge, skills and experience in compensation matters, including human resource management and executive compensation matters, to fulfill the committee’s mandate. All members of the Compensation Committee have substantial knowledge and experience as current and former senior executives of large and complex organizations and, in the case of certain members, experience on the boards of other publicly traded entities. Each member of the Compensation Committee is considered to be independent within the meaning of Section 1.4 of *National Instrument 51-110 Audit Committee*.

The Compensation Committee’s mandate includes:

- setting policies for senior officers’ remuneration;
- reviewing and approving and recommending to the Board salary, bonus, and other benefits of the CEO;
- considering the recommendations of the CEO regarding compensation of the key executives of the Corporation; and
- overseeing the administration of the Corporation’s compensation plans, including the New Option Plan.

The Corporation reviews compensation programs of companies in its peer group to ensure that executive compensation is within the parameters of companies of a similar size and in the same industry and aims to position its executives in the 50<sup>th</sup> percentile relative to their peers. Levels of compensation are also established and maintained with the intent of attracting and retaining superior quality employees while ensuring that the levels are not contrary to the interests of Shareholders. In support of the fulfilment of the Compensation Committee’s role, in 2019 the committee retained the services of an external independent advisor skilled in executive compensation and compensation governance, Compensation Governance Partners (“CGP”), to assess the Corporation’s executive compensation program. In determining the appropriate peer group for 2019 in an emerging market sector, the Compensation Committee and CGP considered the following primary factors: consumer staples with a focus on similar operations; healthcare including a mix of organizations which focus on the development of pharmaceutical drugs or medications and those specializing in medical marijuana; and revenue of CAD \$3 billion or less. The secondary factors included: Canadian organizations with some U.S. based organizations to balance the peer group from a sizing perspective; and organization with peer groups of direct competitors.

### 2019 Peer Group

Healthcare	Consumer Staples	
Akorn Inc.	Premium Brands Holdings Corp.	MGP Ingredients Inc.
Corcept Therapeutics Inc.	SunOpta Inc.	Andrew Peller Ltd.
Canopy Growth Corp.	Lassonde Industry Inc.	Village Farms International
Aurora Cannabis Inc.	AGT Food & Ingredients Inc.	Corby Spirit and Wine Ltd.

Aphria Inc.	High Liner Foods Inc.	
Hexo Corp.	Clearwater Seafoods Inc.	

The fees billed by CPG during fiscal 2019 are provided in the table below:

	<b>Fiscal 2019</b>
Executive Compensation-Related Fees <sup>(1)</sup> .....	\$52,703
All Other Fees <sup>(2)</sup> .....	<u>\$0</u>
<b>Total Fees</b> .....	<b><u>\$52,703</u></b>

- (1) Represents the aggregate fees billed by CPG for services related to determining compensation for any of the Corporation’s directors and executive officers. CPG was originally retained in 2019.
- (2) Represents the aggregate fees billed for all other services provided by CPG that are not reported under “Executive Compensation-Related Fees”.

The Corporation’s general executive compensation philosophy is, whenever possible, to pay its executive officers “base” compensation in the form of salaries that are competitive in comparison to those earned by executive officers holding comparable positions with other Canadian entities similar to the Corporation while at the same time providing its executive officers with the opportunity to earn above average “total” compensation through the New Option Plan and other equity-based compensation structures.

The Corporation’s executive compensation program is designed to encourage, compensate and reward employees on the basis of individual and corporate performance, both in the short and the long term. For NEOs, the compensation program is designed to provide a larger portion of variable incentives tied to corporate performance. NEO compensation includes base salary, benefits, and long-term incentives. Salaries are a base level of compensation designed to attract and retain executive officers with the appropriate skills and experience. Grants through the Corporation’s long-term incentive plans are designed to provide incentives to increase shareholder value over the longer term and thereby better align executive compensation with the interests of Shareholders. Perquisites and benefits do not comprise of a significant part of our NEO’s overall compensation.

Each element of executive compensation is carefully considered by the Board to ensure that there is the right mix of short-term and long-term incentives for the purpose of achieving the Corporation’s goals and objectives.

*Base Salary*

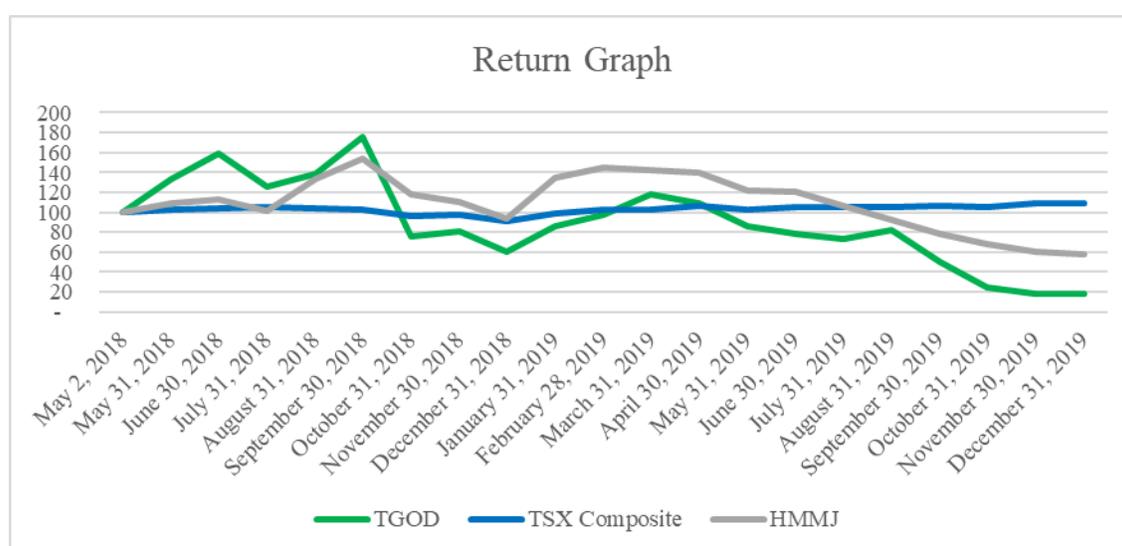
A NEO’s base salary is intended to remunerate the NEO for discharging job responsibilities and reflects the executive’s performance over time. Individual salary adjustments take into account performance contributions in connection with an executive’s specific duties. The base salary of each executive officer is determined by the Board based on an assessment by the Board of his or her sustained performance and consideration of competitive compensation levels for the markets in which the Corporation operates. In making its determinations, the Board also considers the particular skills and experience of the individual. A final determination on executive compensation, including salary, is made by the Board in its sole discretion and its knowledge of the industry and geographic markets in which the Corporation operates. The Board does not use any type of quantitative formula to determine the base salary level of any of the NEOs.

Base salaries are reviewed annually to ensure that they properly reflect a balance of market conditions, the levels of responsibility and accountability of each individual, their unique experience, skills and capability and level of sustained performance.

On April 1, 2019, due to the financial pressures caused by the global COVID-19 pandemic, the Corporation instituted a temporary base salary reduction of 20% for all executive officers and a 30% reduction for a smaller number of executives, including the CEO.

*Market Performance – Shareholder Return Performance Graph*

The following is a line graph that compares (a) the yearly cumulative total shareholder return on the Corporation’s common shares with (b) the cumulative total return of the TSX Composite index and (c) the Horizons Marijuana Life Sciences Index (“HMMJ index”) for the period of time indicated, assuming an initial investment of \$100, from the date of public listing May 2, 2018 until December 31, 2019. The trend shown in the graph does not necessarily correspond to the Corporation’s compensation to its NEOs for the financial year ended December 31, 2019 or any prior fiscal periods. The trading price of the Corporation’s common shares is subject to fluctuation based on several factors, many of which are outside the control of the Corporation. In determining compensation, the Corporation strives to be competitive in order to attract and retain talented high-achievers capable of achieving the Corporation’s strategic and performance objectives.



	May 2, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019
<b>TGOD</b>	100	158	176	60	118	79	50	18
<b>TSX Composite</b>	100	104	103	92	103	105	107	109
<b>HMMJ</b>	100	113	154	94	142	120	78	58

*Option Based and Share Based Awards*

The Option based and share based component (which is in the form of RSUs) of executive officers’ compensation is intended to advance the interests of the Corporation by encouraging executive officers to remain associated with the Corporation and providing them with additional incentive in their efforts on behalf of the Corporation in the conduct of its affairs. Grants under the New Option Plan and the RSU Plan (and the Amended and Restated RSU Plan, if applicable) are intended to provide long-term awards linked directly to the market value performance of the Corporation’s Common Shares. The Board or the Compensation Committee, as applicable, review

management’s recommendations and Options and RSUs are granted according to the specific level of responsibility of the particular executive and the number of Options and RSUs for each level of responsibility is determined by the Board or the Compensation Committee, as applicable.

The number of outstanding Options and RSUs are considered by the Board when determining the number of Options and RSUs, as applicable, to be granted in any particular year due to the limited number of Options and RSUs which are available for grant under the New Option Plan and the RSU Plan (and Amended and Restated RSU Plan, if applicable).

Refer to the heading “*Securities Authorized for Issuance under Equity Compensation Plans – Equity Compensation Plan Information*” below for the details, concerning the Options outstanding pursuant to the Corporation’s Share Option Plans and RSUs outstanding pursuant to the Corporation’s RSU Plan.

#### *Annual Incentives*

The Board has not approved a bonus plan for its executives and no bonuses were awarded to executives for fiscal 2019.

#### *Compensation Criteria*

The compensation policy for the Corporation’s directors and NEOs is primarily tied to financial performance of the business and not specifically to Common Share performance. See “*Statement of Executive Compensation*” below.

### STATEMENT OF EXECUTIVE COMPENSATION

During the fiscal year ended December 31, 2019, the NEOs were: Brian Athaide, CEO; Sean Bovingdon, CFO; Csaba Reider, Former President; Ravinder Kumar, Former Chief Science Officer; and Nadine Jean-Francois, Vice President, Supply Chain.

#### **Summary Compensation Tables**

The table below summarizes the compensation earned or received by the NEOs for the fiscal periods ended December 31, 2019, December 31, 2018 and December 31, 2017.

Name and principal position	Year <sup>(1)</sup>	Salary (\$)	Share-based awards (\$)	Option-based awards <sup>(2)</sup> (\$)	Non-equity incentive plan compensation		Pension value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual incentive plan <sup>(2)</sup> (\$)	Long-term incentive plans (\$)			
Brian Athaide <sup>(3)</sup> CEO and Director,	2019	341,250	Nil	1,073,745	Nil	Nil	Nil	30,491	1,445,486
	2018	229,437	Nil	3,508,385	Nil	Nil	Nil	12,705	3,750,527
	2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Name and principal position	Year <sup>(1)</sup>	Salary (\$)	Share-based awards (\$)	Option-based awards <sup>(2)</sup> (\$)	Non-equity incentive plan compensation		Pension value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual incentive plan <sup>(2)</sup> (\$)	Long-term incentive plans (\$)			
Sean Bovingdon <sup>(4)</sup> <i>CFO</i>	2019	276,250	Nil	939,527	Nil	Nil	Nil	Nil	1,215,777
	2018	49,359	Nil	1,462,005	Nil	Nil	Nil	79	1,511,443
	2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Csaba Reider <sup>(5)</sup> <i>Former President</i>	2019	300,000	Nil	343,554	Nil	Nil	Nil	37,154	680,708
	2018	284,965	Nil	909,590	Nil	Nil	Nil	10,500	1,205,055
	2017	133,333	Nil	615,150	100,000	Nil	Nil	Nil	848,483
Ravinder Kumar <sup>(6)</sup> <i>Former Chief Science Officer</i>	2019	241,506	150,000	1,107,000	Nil	Nil	Nil	Nil	1,498,506
	2018	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Nadine Jean-Francois <sup>(7)</sup> <i>Vice President, Supply Chain</i>	2019	116,667	Nil	504,000	Nil	Nil	Nil	Nil	620,667
	2018	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

(1) The Corporation became a reporting issuer on March 29, 2018.

(2) Options are valued using the Black-Scholes option-pricing model as described in the Corporation's audited consolidated financial statements for the years ended December 31, 2019 and December 31, 2018. The Black-Scholes model is an acceptable model used in international financial reporting standards. These amounts represent the fair value of the Options at the date of grant. Options granted are subject to a vesting schedule determined by the Board at the date of grant. See the Corporation's annual financial statements for the year ended December 31, 2019, available on SEDAR.

(3) Mr. Athaide is the CEO of the Corporation. Mr. Athaide's annualized salary was \$315,000, then increased to \$350,000 effective April 1, 2019. Mr. Athaide also has a \$1,500 monthly commuting allowance. On April 1, 2020, Mr. Athaide's base salary was reduced by 30%.

(4) Mr. Bovingdon was appointed CFO on October 22, 2018. Mr. Bovingdon's annualized salary was \$250,000, then increased to \$285,000 effective April 1, 2019. On April 1, 2020, Mr. Bovingdon's base salary was reduced by 20%.

(5) Mr. Reider was appointed President of the Corporation on May 1, 2017. Mr. Reider's annualized salary was \$300,000. Mr. Reider also had a \$1,500 monthly commuting allowance. On January 9, 2020, Mr. Reider's employment was terminated.

(6) Mr. Kumar was appointed Chief Science Officer, R&D on January 14, 2019. His annualized salary was \$250,000. On April 1, 2020, Mr. Kumar resigned as Chief Science Officer and accepted a new position as Science Advisor to the Corporation with an annualized base salary of \$50,000.

(7) Ms. Jean-Francois was appointed Vice President, Supply Chain on January 21, 2019. Her annualized salary is \$200,000. On April 1, 2020, Ms. Jean-Francois' base salary was reduced by 20%.

## Compensation Oversight

The Board considers the compensation, including grants of equity-based compensation, to directors and officers of the Corporation.

Compensation oversight responsibilities are also carried out by the Compensation Committee. The Compensation Committee reviews, assesses and approves the compensation package of the CEO and considers the CEO's compensation package recommendations for other key executives of the Corporation. Employment contracts or arrangements with the CEO and any key executives are reviewed by the Compensation Committee. Overseeing the

administration of the Corporation's compensation plans is also the responsibility of the Compensation Committee. Director compensation is reviewed by the Compensation Committee and recommendations are made to the Board.

The Compensation Committee is also responsible for reviewing compensation policies, processes and new compensation plans and making recommendations to the Board.

### Incentive Plan Awards

During the fiscal year ended December 31, 2019, the Corporation granted 7,172,000 Options to its employees and directors with exercise prices ranging from \$0.83 and \$5.13 per Common Share, expiring between January 8, 2024 and November 18, 2024. The Options are subject to certain vesting conditions over three years from the date of grant, based on years of service and share price appreciation.

The Corporation records compensation expense for the fair value of the Options granted under its New Option Plan using the Black-Scholes option-pricing model. This model determines the fair value of Options granted and amortizes it to earnings over the vesting period in accordance with international financial reporting standards ("IFRS").

#### *Option-based Awards for the fiscal year ended December 31, 2019*

The Corporation granted an aggregate of 1,750,000 option-based awards and an aggregate of 54,348 share-based awards to the NEOs during the fiscal year ended December 31, 2019. The following table sets out all option-based and share-based awards outstanding at December 31, 2019 for each NEO.

Name	Option-Based Awards				Share-Based Awards		
	Number of securities underlying unexercised Options (#)	Option exercise price (\$)	Option expiration date mm/dd/yyyy	Value of unexercised in-the-money Options (\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Brian Athaide <i>CEO and Director</i>	750,000	3.65	03/28/2021	Nil	Nil	Nil	Nil
	550,000	5.25	08/13/2023	Nil	Nil	Nil	Nil
	400,000	5.13	03/21/2024	Nil	Nil	Nil	Nil
Sean Bovingdon <i>CFO</i>	450,000	4.53	10/22/2023	Nil	Nil	Nil	Nil
	350,000	5.13	03/21/2024	Nil	Nil	Nil	Nil
Csaba Reider <i>Former President</i>	510,000	1.15	06/01/2020	Nil	Nil	Nil	Nil
	550,000	3.65	03/28/2021	Nil	Nil	Nil	Nil
	200,000	3.30	08/16/2024	Nil	Nil	Nil	Nil
Ravinder Kumar <i>Former Chief Science Officer</i>	600,000	2.76	01/14/2024	Nil	54,348	40,761	Nil
Nadine Jean Francois <i>Vice President, Supply Chain</i>	200,000	3.41	01/28/2024	Nil	Nil	Nil	Nil

Notes:

<sup>(1)</sup> The value of unexercised in-the-money Options is based on the difference between the price of the Common Shares as of December 31, 2019 of \$0.75 and the exercise price of the applicable Options. None of the Options were in-the-money as at December 31, 2019.

*Value Vested or Earned During the fiscal year ended December 31, 2019*

The following table sets out all incentive plan values vested (or earned) during the fiscal year ended December 31, 2019 for each NEO:

<b>Named Executive Officer</b>	<b>Option-based awards – Value vested during the period<sup>(1)</sup> (\$)</b>	<b>Share-based awards – Value vested during the period (\$)</b>	<b>Non-equity incentive plan compensation – Value earned during the period (\$)</b>
Brian Athaide <i>CEO and Director</i>	282,500	Nil	Nil
Sean Bovingdon <i>CFO</i>	Nil	Nil	Nil
Csaba Reider <i>Former President</i>	490,366	Nil	Nil
Ravinder Kumar <i>Former Chief Science Officer</i>	Nil	Nil	Nil
Nadine Jean Francois <i>Vice President, Supply Chain</i>	Nil	Nil	Nil

Note:

<sup>(1)</sup> The value of vested Options that would have been realized if exercised on the vesting date is determined by the difference between the deemed value of the underlying securities and the exercise price of the Options on the vesting date.

**Employment Agreements, Termination and Change in Control Benefits**

In addition to the descriptions below, the NEOs are entitled to the accelerated vesting of Options and RSUs upon a change of control in accordance with the terms of the applicable equity plan (as further described herein). The Corporation currently has employment agreements with each of its NEOs as follows:

*Brian Athaide*

The Corporation entered into an employment agreement with Brian Athaide effective March 19, 2018 and amended effective July 1, 2018. Under the terms of the amended agreement, Mr. Athaide agreed to act as CEO to the Corporation. In consideration for his services, commencing on October 1, 2018, the Corporation agreed to pay Mr. Athaide an annual base salary of \$315,000, a discretionary bonus of up to 50% of base salary based on the achievement of performance targets, a one-time grant of 550,000 Options and a commuting allowance of \$1,500 per month. On April 1, 2019, Mr. Athaide’s base salary was increased to \$350,000 and on April 1, 2020, it was reduced by 30% as part of the Corporation’s cost-saving initiatives in the context of financial pressures caused by the global COVID-19 pandemic. The agreement may be terminated upon Mr. Athaide’s death or disability, by the Corporation at any time with or without cause, or by Mr. Athaide’s voluntary termination by giving the Corporation not less than three weeks of prior notice. While employed by the Corporation and for a period of 6 months after the termination of employment for any reason, Mr. Athaide is subject to non-compete and non-solicit covenants. Mr. Athaide’s entitlements upon termination without cause will be a severance amount equivalent to 24 months base salary, bonus and benefits. If such termination without cause occurred as at December 31, 2019, Mr. Athaide would have been entitled to a payment valued at \$700,000.

*Sean Bovingdon*

The Corporation entered into an employment agreement with Sean Bovingdon effective October 22, 2018. Under the terms of the agreement, Mr. Bovingdon agreed to act as CFO to the Corporation. In consideration for his services, the Corporation agreed to pay Mr. Bovingdon an annual base salary of \$250,000 and a one-time grant of 450,000 Options. On April 1, 2019, Mr. Bovingdon’s base salary was increased to \$280,000 and on April 1, 2020, it

was reduced by 20% as part of the Corporation's cost-saving initiatives in the context of financial pressures caused by the global COVID-19 pandemic. While employed by the Corporation and for a period of 12 months after the termination of employment for any reason, Mr. Bovingdon is subject to non-compete and non-solicit covenants. The agreement provides that Mr. Bovingdon may terminate his employment with the Corporation at any time by providing the Corporation with four weeks' notice in writing. The Corporation may terminate the agreement at any time with or without cause. Provided he signs a release in favour of the Corporation, Mr. Bovingdon's entitlements upon termination without cause will be a severance amount equivalent to twelve months base salary, bonus and benefits. If such termination without cause occurred as at December 31, 2019, Mr. Bovingdon would have been entitled to a payment valued at \$280,000.

#### *Csaba Reider*

The Corporation entered into an employment agreement with Csaba Reider effective May 1, 2017 and amended July 11, 2018. Under the terms of the amended agreement, Mr. Reider agreed to act as President of the Corporation. In consideration for his services, the Corporation agreed to pay Mr. Reider an annual base of \$300,000, a discretionary bonus of up to 75% of base salary based on the achievement of certain milestones, which are currently undefined, a one-time grant of 550,000 Options of the Corporation and a commuting allowance of \$1,500 per month. The agreement may be terminated upon Mr. Reider's death or disability, by the Corporation at any time with or without cause, or by Mr. Reider's voluntary termination by giving the Corporation not less than four weeks of prior notice. Mr. Reider's entitlements upon termination without cause will be a severance amount equivalent to 24 months base salary, bonus and benefits. In the event that the Corporation undergoes a change of control while Mr. Reider is employed, following receipt of Mr. Reider's signed release, he will be entitled to a severance amount equivalent to 24 months base salary, bonus and benefits if, within two years of the change of control, his employment is terminated without cause or if Mr. Reider resigns for good reason. Mr. Reider was terminated on January 9, 2020 and was provided with separation payments in the form of salary continuation for a period of 24 months.

#### *Dr. Ravinder Kumar*

The Corporation entered into an employment agreement with Dr. Ravinder Kumar effective January 14, 2019. Under the terms of the agreement, Dr. Kumar agreed to act as Chief Science Officer to the Corporation. In consideration for his services, the Corporation agreed to pay Dr. Kumar an annual base salary of \$250,000, a one-time grant of 600,000 Options and a retention bonus valued at \$150,000 in RSUs, to vest in two equal tranches on the first and second anniversary of his employment commencement date. Dr. Kumar is subject to non-compete and non-solicit covenants while employed by the Corporation and for a period of 12 months after the termination of employment for any reason. The agreement provides that Dr. Kumar may terminate his employment with the Corporation at any time by providing the Corporation with five weeks' notice in writing. The Corporation may terminate the agreement at any time with or without cause. Provided he signs a release in favour of the Corporation, Dr. Kumar's entitlements upon termination without cause will be a severance amount equivalent to twelve months base salary and benefits. If such termination without cause occurred as at December 31, 2019, Dr. Kumar would have been entitled to a payment valued at \$250,000.

#### *Nadine Jean Francois*

The Corporation entered into an employment agreement with Nadine Jean Francois effective January 21, 2019. Under the terms of the agreement, Ms. Jean Francois agreed to act as VP, Supply Chain to the Corporation. In consideration for her services, the Corporation agreed to pay Ms. Jean Francois an annual base salary of \$200,000 and a one-time grant of 200,000 Options. Ms. Jean Francois is subject non-solicit covenants while employed by the Corporation and for a period of 6 months after the termination of employment for any reason. The agreement provides that Ms. Jean Francois may terminate her employment with the Corporation at any time by providing the Corporation with four weeks' notice in writing. The Corporation may terminate the agreement at any time with or without cause. Provided she signs a release in favour of the Corporation, Ms. Jean Francois' entitlements upon termination without cause will be a severance amount in accordance with the Corporation's then applicable severance policies. If such

termination without cause occurred as at December 31, 2019, Ms. Jean Francois would have been entitled to a payment valued at \$100,000.

### **Employee Stock Purchase Plan**

The terms of the Corporation's Employee Stock Purchase Plan remain subject to review by the TSX, as well as approval by the Corporation's shareholders at its annual and special meeting of shareholders scheduled for December 15, 2020. Any revised terms of the Corporation's Employee Stock Purchase Plan resulting from review by the TSX will be described in the Corporation's management information circular for the upcoming meeting.

The NEOs are eligible to participate in the ESPP and if approved by Shareholders, will instead be eligible to participate in the Amended and Restated ESPP. The ESPP enables eligible employees to acquire Common Shares in a convenient and systematic manner through payroll deductions and employer contributions, so as to encourage a proprietary interest in the operation, growth and development of the Corporation. The Board approved the Amended and Restated ESPP on October 9, 2020, which amends the ESPP to permit Common Share issuances from treasury, amends the amendment provision of the ESPP, includes insider participation limits and makes other changes of a housekeeping nature.

At the Meeting, Shareholders will be called upon to approve the adoption of the Amended and Restated ESPP. If the Shareholders do not approve the adoption of the Amended and Restated ESPP, the Corporation will continue to maintain the ESPP but will not issue Common Shares from treasury thereunder.

#### *Administration*

The Board and the Compensation Committee, acting severally, have full power and authority to construe, interpret and administer the Amended and Restated ESPP. The Corporation has also entered into a services agreement with an administrative agent to administer the Amended and Restated ESPP and keep the records for the plan.

#### *Eligible Participants*

Employees of the Corporation and its designated subsidiaries who are permanent full-time employees or permanent part-time employees, who work, in each case, a minimum of twenty (20) hours per week are eligible to participate in the Amended and Restated ESPP after completing three (3) months of continuous service. Participation is voluntary.

#### *Personal Contributions*

An eligible employee (a "participant") may authorize payroll deductions in amounts equal to a whole number percentage of his or her eligible earnings, to a maximum of five percent (5%). A participant may change the amount of his or her personal contributions no more than once in each calendar quarter. A participant may voluntarily suspend his or her personal contributions (and accordingly any employer contributions will also be suspended) no more than once in each calendar quarter, for up to six (6) months.

#### *Employer Contributions*

Where a participant has made a personal contribution, each applicable pay period his or her employer will make an employer contribution to the plan for the benefit of that participant in an amount equal to fifty percent (50%) of the participant's personal contribution during that pay period, to a maximum contribution of two-and-a-half percent (2.5%) of the participant's eligible earnings for that pay period, such employer contribution never to exceed CAD\$5,000.00 in any calendar year. Additionally, a participant's employer may make discretionary employer contributions for the benefit of any employee or group of employees in such amounts and at such times as the Board or the Compensation Committee may approve.

#### *Purchase of Common Shares*

At the end of each month, a participant's employer will deposit with the administrative agent the amount of all personal contributions and all employer contributions in respect of that month. The administrative agent will then use all funds received by it, including all cash dividends paid on the Common Shares held by the agent for and on behalf of the participants, to purchase Common Shares. Common Shares purchased by the administrative agent under the

Amended and Restated ESPP will either be issued from treasury or acquired on the open market through the facilities of the TSX. The price paid for the Common Shares purchased on the open market will be the market price at the time of the acquisition and the price paid for Common Shares issued from treasury will be the volume weighted average trading price of the Common Shares over the five (5) consecutive trading days immediately preceding the date of the acquisition. The administrative agent will then allocate the Common Shares purchased on behalf of the participants, on a full or fractional share basis, to the account of each participant in proportion to the personal contributions and employer contributions made on behalf of that participant.

Any brokerage commissions, transfer taxes and other charges or expenses for the purchase of Common Shares will be the responsibility of the Corporation. The participant will be responsible for paying all income and other taxes applicable to employer contributions and to transactions involving the Common Shares held by the administrative agent on his or her behalf.

#### *Vesting*

All funds and Common Shares acquired with personal contributions are not subject to a vesting period. Employer contributions made on behalf of a participant will be used to acquire restricted shares, which are Common Shares that generally vest on the first anniversary of the date on which such restricted share was allocated to a participant's account.

#### *Withdrawals*

A participant may withdraw whole Common Shares from his or her account after satisfying any applicable vesting requirements or as otherwise authorized by Corporation. No fractional Common Shares may be withdrawn under the Amended and Restated ESPP. A participant will be provided with any funds that remain in his or her account following the sale or transfer of all of the participant's Common Shares in his or her account.

#### *Maximum Number of Common Shares Issued From Treasury*

The maximum number of Common Shares made available for issuance from treasury pursuant to the Amended and Restated ESPP shall not exceed a fixed maximum of 3,000,000 Common Shares, subject to any Adjustments (as defined below), which represents approximately 0.96% of the issued and outstanding Common Shares as of December 31, 2019 and 0.78% of the issued and outstanding Common Shares as at October 15, 2020. No Common Shares have been issued from treasury under the Amended and Restated ESPP to-date.

The aggregate number of Common Shares issuable from treasury to Insiders under the Amended and Restated ESPP and under all other security-based compensation arrangements of the Corporation, will not exceed 10% of the total number of outstanding Common Shares. In addition, the maximum number of Common Shares issued to Insiders under the Amended and Restated ESPP, together with any Common Shares issued to Insiders pursuant to any other security-based compensation arrangement of the Corporation within any one (1) year period, will not exceed 10% of the total number of outstanding Common Shares.

Any Common Shares that are issued from treasury under the Amended and Restated ESPP that are forfeited by a participant will again be available for future issuance under the plan.

#### *Blackout Period*

If a blackout period is in effect which is applicable to an eligible employee or participant, such employee or participant may not enroll in the plan or make any changes to or suspend his or her personal contributions, terminate or resume participation in the plan or withdraw Common Shares until the first day following the end of the applicable blackout period.

#### *Cessation of Entitlement*

Upon termination of employment, a participant is no longer considered to be an eligible employee under the Amended and Restated ESPP and his or her participation will terminate. A participant whose participation in the plan has been terminated, or his or her executors or administrators, as the case may be, may elect to deal with the Common Shares in his or her account by filing a notice with the administrative agent within sixty (60) days after termination of his or her participation requesting that all Common Shares be: (i) transferred and issued in his or her name or as directed; or (ii) sold and the proceeds (net of brokerage commissions, sales administration fees and withholding tax) distributed to the participant. If no such notice is filed, the participant or his or her executors or administrators will be

deemed to have elected to sell all the Common Shares in his or her account, and will distribute the proceeds (net of brokerage commissions, sales administration fees and withholding tax) to the participant.

However, if a participant experiences a termination of employment for cause or resigns, in each case before his or her restricted shares have vested, such unvested restricted shares will be forfeited. Additionally, if a participant experiences a termination of employment without cause before his or her restricted shares have vested, such unvested restricted shares will be forfeited, unless the restricted shares vest during a participant's working notice and/or severance period.

#### *Offer for Common Shares of the Corporation*

In the event that, at any time, an offer to purchase is made to all holders of Common Shares, notice of such offer shall be given by the administrative agent to each participant to enable a participant to tender his or her Common Shares should he or she so desire. This would include all restricted shares. In the event the Corporation experiences a change in control, all restricted shares will be deemed to have immediately vested on the business day preceding the date on which the change of control takes place.

#### *Adjustments*

In the event that the Common Shares are subdivided, consolidated, converted or reclassified by the Corporation, or any action of a similar nature affecting such Common Shares is taken by the Corporation, then the Common Shares held by the administrative agent for the benefit of the participants will be appropriately adjusted (an "**Adjustment**").

#### *Transferability*

All rights of participation in the Amended and Restated ESPP are personal and no assignment or transfer of any interest in the Common Shares held by the administrative agent under the plan will be permitted or recognized.

Subject to meeting any applicable vesting requirements, a participant may request that all or a portion of the Common Shares in his or her account be transferred and issued in his or her name, that all or a portion of such Common Shares be transferred, or be sold and the proceeds transferred, to an equivalent account in the participant's name. The participant will be responsible for paying any brokerage commissions, sales administration fees and withholding taxes, where applicable on Common Share sales.

#### *Amendments to the Amended and Restated ESPP Plan*

The Board or Compensation Committee may amend or terminate the Amended and Restated ESPP in whole or in part; however, it may not be amended or terminated in a manner that would deprive a participant of any benefits that have accrued to the date of amendment or termination or which would cause or permit any Common Shares or cash held pursuant to the plan or any personal contributions or employer contributions to revert to or become the property of the Corporation, except to the extent required by applicable law or the TSX Policies. Without limiting the generality of the foregoing, the Corporation may make certain amendments to the plan or Common Shares acquired under the plan without obtaining the approval of the Shareholders including, but not limited to, amendments which are intended to:

- a. ensure compliance with applicable laws, regulations or policies, including, but not limited to the TSX Policies;
- b. remove any conflicts or other inconsistencies which may exist between any terms of the plan and any provisions of any applicable laws, regulations or policies, including, but not limited to the TSX Policies;
- c. cure or correct any typographical error, ambiguity, defective or inconsistent provision, clerical omission, mistake or manifest error;
- d. facilitate the administration of the plan;
- e. amend the definitions of the terms used in the plan, the dates on which employees may become eligible to participate in the plan, the amount of personal contributions and the procedures for making, changing, processing, holding and using such contributions, vesting, the rights of holders of Common Shares, the rights to sell or withdraw Common Shares, including any holding period, and cash credited to a participant's account and the procedures for doing the same, the interest payable on cash credited to a participant's account (if any), the transferability or assignment of Common Shares, contributions or

rights under the plan, the adjustments to be made in the event of certain transactions, plan expenses, restrictions on corporate action, or use of funds; or

- f. make any other change that is not expected to materially adversely affect the interests of the Shareholders.

Notwithstanding the foregoing, no amendments to the plan or to Common Shares acquired under the Plan to:

- a. increase the fixed maximum number of Common Shares reserved for issuance under the Plan, other than pursuant to an Adjustment;
- b. reduce the purchase price payable for Common Shares under the plan for the benefit of an Insider;
- c. remove or increase the insider participation limits;
- d. revise the definition of employer contributions that would result in an increase to the employer matching contribution amount; or
- e. revise the amending provisions of the plan,

will be made without obtaining approval of the Shareholder in accordance with the requirements of the TSX Policies.

If the Amended and Restated ESPP is terminated, all Common Shares and cash belonging to a participant in their account will be paid to the participant or as directed by the participant, within ninety (90) days of the termination of the Plan. All restricted shares held for the benefit of the participant will immediately vest.

#### **Pension Plan Benefits**

The Corporation has no pension plans that provide for payments or benefits at, following, or in connection with the retirement of the NEOs.

#### **Director Compensation**

Effective January 1, 2019, the Board approved the following annual cash compensation structure for the directors:

<b>Services Provided</b>	<b>Compensation Payable (\$)</b>
Chairman.....	\$100,000 per year
Independent director.....	\$50,000 per year
Chair, Audit Committee.....	\$20,000 per year
Chair, Other Committees.....	\$10,000 per year
Board Meeting Fees.....	\$1,000 per meeting
Committee Meeting Fees.....	\$1,000 per meeting

As of April 1, 2020, the Corporation reduced all cash compensation payable to Directors by 20% as part of its cost-saving initiatives in the context of financial pressures caused by the global COVID-19 pandemic.

*Director Compensation Table for fiscal year ended December 31, 2019*

Non-employee directors of the Corporation earned or were paid fees in their capacity as director during the fiscal year ended December 31, 2019 as set out in the following table.

Name	Fees Earned (\$)	Share-Based Awards (\$)	Option-Based Awards (\$) <sup>(1)</sup>	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All other Compensation (\$)	Total (\$)
Marc Bertrand	87,000	Nil	402,655	Nil	Nil	Nil	489,655
Nicholas G. Kirton	96,000	Nil	402,655	Nil	Nil	Nil	498,655
Jeffrey J. Scott	134,667	Nil	671,091	Nil	Nil	Nil	805,758
Caroline MacCallum	79,000	Nil	418,000	Nil	Nil	Nil	497,000
Jacques Dessureault	77,333	Nil	418,000	Nil	Nil	Nil	495,333

Notes:

<sup>(1)</sup> Options are valued using the Black-Scholes option-pricing model as described in the Corporation's audited consolidated financial statements for the years ended December 31, 2019 and December 31, 2018. The Black-Scholes model is an acceptable model used in international financial reporting standards. These amounts represent the fair value of the Options at the date of grant. Options granted are subject to a vesting schedule determined by the Board at the date of grant. See the Corporation's annual financial statements for the year ended December 31, 2019, available on SEDAR.

*Option-Based Awards for the fiscal year ended December 31, 2019*

The following table sets out all option-based awards outstanding at December 31, 2019, for each non-employee director.

Name	Option-based Awards				Share-Based Awards		
	Number of securities underlying unexercised Options	Option exercise price	Option expiration date	Value of unexercised in-the-money Options <sup>(1)</sup>	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested	Market or payout value of vested share based awards not paid out or distributed
	(#)	(\$)	(mm/dd/yyyy)	(\$)	(#)	(\$)	(\$)
Marc Bertrand	153,000	1.15	06/01/2020	Nil	39,060	29,295	Nil
	315,000	1.15	10/02/2020	Nil	Nil	Nil	Nil
	150,000	5.13	03/21/2024	Nil	Nil	Nil	Nil
Nicholas G. Kirton	250,000	1.65	01/08/2021	Nil	Nil	Nil	Nil
	250,000	3.65	03/28/2021	Nil	Nil	Nil	Nil

Name	Option-based Awards				Share-Based Awards		
	Number of securities underlying unexercised Options	Option exercise price	Option expiration date	Value of unexercised in-the-money Options <sup>(1)</sup>	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested	Market or payout value of vested share based awards not paid out or distributed
	(#)	(\$)	(mm/dd/yyyy)	(\$)	(#)	(\$)	(\$)
	150,000	5.13	03/21/2024	Nil	Nil	Nil	Nil
Jeffrey J. Scott	450,000	1.15	10/02/2020	Nil	54,720	41,040	Nil
	150,000	1.65	03/28/2021	Nil	Nil	Nil	Nil
	250,000	5.13	03/21/2024	Nil	Nil	Nil	Nil
Caroline MacCallum	300,000	2.67	01/08/2024	Nil	Nil	Nil	Nil
Jacques Dessureault	300,000	2.67	01/08/2024	Nil	Nil	Nil	Nil

Notes:

<sup>(1)</sup> The value of unexercised in-the-money Options is based on the difference between the price of the Common Shares as of December 31, 2019 \$0.75 and the exercise price of the applicable options.

*Value Vested or Earned for the fiscal year ended December 31, 2019*

The following table sets out all incentive plan values vested (or earned) during the fiscal year ended December 31, 2019 for each non-employee director:

Name	Option-based awards – Value vested during the period <sup>(1)</sup> (\$)	Share-based awards – Value vested during the period (\$)	Non-equity incentive plan compensation - Value earned during the period (\$)
Marc Bertrand	317,760	115,965	Nil
Nicholas G. Kirton	192,966	Nil	Nil
Jeffrey J. Scott	374,640	162,458	Nil
Caroline MacCallum	Nil	Nil	Nil
Jacques Desserault	Nil	Nil	Nil

Note:

<sup>(1)</sup> The value of vested Options that would have been realized if exercised on the vesting date is determined by the difference between the deemed value of the underlying securities and the exercise price of the Options on the vesting date.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

### Equity Compensation Plan Information

The following table sets out equity compensation plan information at fiscal year ended December 31, 2019:

Plan Category	Number of securities to be issued upon exercise of outstanding Options and settlement of outstanding RSUs under equity compensation plans (a)	Weighted-average exercise price of outstanding Options (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c) <sup>(1)</sup>
Equity Compensation Plans Approved by Shareholders at December 31, 2019	17,951,847	3.24	13,321,377
Equity Compensation Plans not approved by securityholders	N/A	N/A	N/A

Note:

<sup>(1)</sup> As at December 31, 2019, there were 312,733,244 issued and outstanding Common Shares, allowing for the reserve of up to 31,273,324 Common Shares for exercise of Options and settlement of RSUs. As at October 14, 2020, there were 384,852,272 issued and outstanding Common Shares, allowing for the reserve of up to 38,485,227 Common Shares for exercise of Options and settlement of RSUs. On October 2, 2020, the Corporation filed a preliminary prospectus for a bought deal equity financing which would result in 46,316,000 units where each unit shall consist of one Common Share and three quarters of one Common Share purchase warrant of the Corporation (“Unit”). Each warrant shall be exercisable to acquire one Common Share of the Corporation for a period of 60 months from the closing of the transaction at an exercise price of \$0.30 per warrant. The Corporation has granted the underwriter an option (the “**Over-Allotment Option**”) to purchase up to an additional 6,947,400 Units at a price of C\$0.24 per Unit, exercisable at any time, for a period of 30 days after and including the closing date, which would result in additional proceeds of approximately \$1.65 million. The Over-Allotment Option is exercisable to acquire Units, Common Shares and/or warrants (or any combination thereof) at the discretion of the underwriter. The offering is expected to close on October 22, 2020 and is subject to certain conditions including, but not limited to, the receipt of all necessary regulatory and stock exchange approvals, including the approval of the TSX and the applicable securities regulatory authorities.

### Share Option Plan

The Corporation adopted the Legacy Option Plan on January 31, 2018.

On November 7, 2018, the Corporation adopted the New Option Plan, which superseded the Legacy Option Plan. All Options granted under the Legacy Option Plan that were outstanding on November 7, 2018 are now governed by the terms of the New Option Plan. There were 5,200,732 Options issued and outstanding pursuant to the Legacy Option at such time. No new grants of Options will be made under the Legacy Option Plan. Under the New Option Plan, Options may be granted for up to 10% of the Common Shares outstanding at the time of grant, less any Common Shares reserved for issuance under the Corporation’s other security-based compensation arrangements. As at December 31, 2019, total Common Shares underlying Options outstanding were 17,897,599, representing 5.7% of the issued and outstanding Common Shares as of December 31, 2019. As of December 31, 2019, there were 13,375,725 Common Shares underlying Options available for future grants under the New Option Plan, representing 4.2% of the issued and outstanding Common Shares as of such date.

#### *Material Terms of the New Option Plan*

The following is a summary of material terms of the New Option Plan.

**Eligible Persons.** Options may be granted to directors, officers, employees or consultants of the Corporation or any of its subsidiaries as determined by the Board as being eligible for participation in the New Option Plan.

**Plan Administrator.** As plan administrator, the Board is authorized to interpret the New Option Plan from time to time and to adopt, amend and rescind rules and regulations for carrying out the Plan. The interpretation and construction of any provision of the New Option Plan by the Board shall be final and conclusive. Administration of

the New Option Plan shall be the responsibility of the appropriate officers of the Corporation and all costs in respect thereof shall be paid by the Corporation.

**Maximum Number of Shares Issuable.** The number of Common Shares issuable under the New Option Plan, together with all of the Corporation's other previously established or proposed share compensation arrangements, may not exceed 10% of the total number of issued and outstanding Common Shares. In addition to this 10% cap,

- (a) The aggregate number of Common Shares issuable upon the exercise of all Options granted under the New Option Plan and under all other share compensation arrangement (pre-existing or otherwise) shall not exceed 10% of the issued and outstanding Common Shares as at the date of grant of each Option under the New Option Plan. If any Option granted hereunder shall expire, terminate for any reason in accordance with the terms of the New Option Plan or be exercised, Common Shares subject thereto shall again be available for the purpose of the New Option Plan.
- (b) The aggregate number of Common Shares which may be issuable at any time pursuant to the New Option Plan or any other share compensation arrangement (pre-existing or otherwise) to Insiders shall not exceed 10% of the Common Shares then outstanding.
- (c) The aggregate number of Common Shares which may be issued pursuant to the New Option Plan or any other share compensation arrangement (pre-existing or otherwise) to Insiders within a one-year period shall not exceed 10% of the Common Shares then outstanding.
- (d) Notwithstanding the rolling 10% maximum number available for reserve and issuance pursuant to all share compensation arrangements of the Corporation, the number of Common Shares that may be issued to U.S. residents pursuant to the exercise of Incentive Stock Options, is an aggregate maximum of 5,000,000 Common Shares.

**Exercise Price.** The exercise price per Common Share shall be, pursuant to TSX Policies, the market price being the volume weighted average trading price of the Common Shares, calculated by dividing the total value by the total volume of Common Shares traded on the TSX over the five (5) consecutive Trading Days immediately preceding the grant date of an Option.

**Vesting of Options.** Options granted pursuant to the New Option Plan shall vest and become exercisable by an Optionee at such time or times as may be determined by the Board, and may be made subject to performance conditions as the Board may determine at the time of granting such Options.

**Term of Options.** Subject to the blackout period provisions described below, the Option Period shall be determined by the Board at the time of granting the Options provided, however, that the Option Period must not extend beyond ten years from the grant date of the Option.

**Termination of Options.** Subject to any provisions with respect to vesting of Options in an Optionee's employment agreement with the Corporation, if an Optionee ceases to be an Eligible Person, other than as a result of termination for cause, any vested Option held by such Optionee at the date such person ceases to be an Eligible Person shall be exercisable only to the extent that the Optionee is entitled to exercise the vested Option on such date and only for 90 days thereafter (or such longer period as may be prescribed by law or as may be determined by the Board in its sole discretion) or prior to the expiration of the Option Period in respect thereof, whichever is sooner. Subject to the provisions with respect to vesting of Options in an Optionee's employment agreement with the Corporation, in the case of an Optionee being dismissed from employment or service for cause, such Optionee's Options, whether or not vested at the date of dismissal, shall immediately terminate and shall no longer be exercisable as of the date of such termination, subject to the Board determining otherwise. Notwithstanding the foregoing, when an Optionee ceases to be an Eligible Person, the Board has discretion to accelerate the vesting of his/her Options and/or allow such Options to continue for a period beyond 90 days, except however, that such Options may not be extended beyond the expiry of their original Option Period. In the case of death or Disability (as defined in the New Option Plan) of an Optionee, the legal heirs or personal representatives of the Optionee, as the case may be, has up to a maximum of 12 months from the date of death or Disability to exercise all vested Options held by such Optionee.

**Termination of Options at Date of Death or Disability.** Options not vested at date of death or Disability of an Optionee will terminate immediately without payment of consideration and without right of exercise.

***Assignability or Transferability of Options.*** Options are not assignable or transferable other than by will or by the applicable laws of descent, except to a Holding Company of the Optionee or by a Holding Company to the Optionee, with the consent of the Corporation. During the lifetime of an Optionee, all Options may only be exercised by the Optionee or such Holding Company.

***Exercise of Options.*** An Optionee may choose how he/she would like to exercise his/her options pursuant to the New Option Plan, including the following options:

- (1) the exercise from time to time by delivery to the Corporation of a written notice of exercise specifying the number of Common Shares with respect to which the Option is being exercised, which notice should be accompanied by payment in full of the exercise price of the Common Shares to be purchased and any amount required to be withheld for tax purposes. At the discretion of the Chief Financial Officer, a declaration of residency may also be required from an Optionee prior to the issuance of Common Shares. Certificates for such Common Shares issued pursuant to an exercise of Options shall be issued and delivered to the Optionee within a reasonable time following the receipt of such notice and payment. Unless otherwise determined by the Board, the Corporation shall not offer financial assistance regarding the exercise of an Option and any such financial assistance will require shareholder approval.
- (2) An Optionee may, by specifying in the applicable notice of exercise, elect the “cashless exercise” method with the assistance of a broker in order to facilitate the exercise of their vested Options, which “cashless exercise” procedure may include a sale of such number of Common Shares as is necessary to raise an amount equal to the aggregate exercise price for all Options being exercised by that Optionee under the notice of exercise. Pursuant to the notice of exercise, the Optionee may authorize the broker to sell Common Shares on the open market by means of a short sale and forward the proceeds of such short sale to the Corporation to satisfy the aggregate exercise price. In addition, the Optionee may elect, in its sole discretion, to satisfy the withholding requirement, in whole or in part, by withholding such number of Common Shares issuable upon exercise of the Options as it determines as required to be sold by the Corporation, as agent for the Optionee, to satisfy any withholding obligations net of selling costs, promptly following which the Corporation shall issue the Common Shares underlying the number of Options as provided for in the notice of exercise. The Optionee shall comply with all procedures and policies that the Corporation may prescribe or determine to be necessary or advisable from time to time in connection with such “cashless exercise” broker-assisted exercise of options and any amounts required to be withheld for tax purposes.

***Blackout Period.*** A blackout period is any period of time during which a participant in the New Option Plan is unable to trade securities of the Corporation as a consequence of the implementation of a general restriction on such trading by an authorized officer or director pursuant to the Corporation’s governance policies that authorize general and/or specific restrictions on trading by participants in circumstances where there may exist undisclosed material changes or undisclosed material facts in connection with the Corporation’s affairs, but excludes any period where a participant is unable to trade securities by reason of a trading interruption imposed by an exchange or a securities regulator.

In the event that the expiry of an Option Period falls within, or within two (2) Trading Days after the end of, a trading blackout period imposed by or on the Corporation, the expiry date of such Option Period shall be automatically extended to the close of the 10th Trading Day following the end of the blackout period.

***Amendment, Modification or Termination of the New Option Plan.*** Subject to the requisite regulatory approvals, and Shareholder approval as prescribed under the New Option Plan and applicable TSX Policies, the Board may, from time to time, amend or revise the terms of the New Option Plan (including Options granted thereunder) or may discontinue the New Option Plan at any time provided however that no such amendment may, in any manner, without the consent of the Optionee, materially adversely affect his or her rights under any Option theretofore granted under the New Option Plan.

The Board may, subject to receipt of requisite Shareholder and regulatory approval, make the following amendments to the New Option Plan (including Options granted thereunder):

- (i) any amendment to increase the maximum number of Common Shares issuable under the New Option Plan, other than as may be effected pursuant to the adjustment provisions provided in the New Option Plan;
- (ii) any amendment to remove or exceed the Insider participation limits of the Plan;
- (iii) any change to the definition of “Eligible Persons” that would have the potential of narrowing or broadening or increasing Insider participation;
- (iv) the addition of any form of financial assistance;
- (v) any amendment to a financial assistance provision that is more favourable to Eligible Persons;
- (vi) the addition of deferred or restricted share unit or any other provision which results in Eligible Persons receiving securities while no cash consideration is received by the Corporation;
- (vii) any amendment to the New Option Plan to permit Options to be transferred or assigned other than for normal estate settlement purposes;
- (viii) any amendment that reduces the exercise price or permits the cancellation and re-issuance of Options;
- (ix) any amendment that extends Options beyond the original Option Period of such Options;
- (x) any other amendments that may lead to significant or unreasonable dilution in the Corporation’s outstanding securities; and
- (xi) any reduction to the range of amendments requiring Shareholder and regulatory approval contemplated in the New Option Plan.

Subject to receipt where required, of requisite regulatory approval, the Board may, in its sole discretion without Shareholder approval, make all other amendments to the New Option Plan (including Options granted thereunder) that are not of the type contemplated above, including, without limitation:

- (i) amendments which are of a typographical, grammatical, clerical or of a housekeeping nature;
- (ii) the addition of or a change to vesting provisions of an Option or the New Option Plan;
- (iii) the addition or modification of a cashless exercise feature to the New Option Plan;
- (iv) a change to the termination provisions of an Option or the New Option Plan that does not entail an extension beyond the original Option Period; and
- (v) amendments necessary to suspend or terminate the New Option Plan.

Notwithstanding the provisions of the New Option Plan, the Corporation shall obtain requisite Shareholder approval in respect of amendments to the New Option Plan that are contemplated pursuant to the New Option Plan to the extent such approval is required by any applicable law or regulations. The Corporation has not made any amendments to the New Option Plan since its adoption.

**U.S. Optionees.** Incentive Stock Options granted to Eligible Persons who are residents of the U.S. pursuant to the New Option Plan will be subject to TSX Policies as well as to the Code, in respect of U.S. tax regulations and withholding procedures.

*Option Plan Approval Frequency*

Pursuant to TSX Policies, the New Option Plan must be approved by the Shareholders every three years for continuation. Accordingly, it is expected the Board will present the New Option Plan to the Shareholders at its Shareholder meeting anticipated to be held in 2021 to approve the New Option Plan for continuation for a further three years.

*Burn Rate*

The annual burn rate for the New Option Plan for 2018 was 1.94% and for 2019 was 1.35%.

### *TGOD Share-Based Incentive Plans*

The terms of the Corporation's Share-Based Incentive Plans remain subject to review by the TSX, as well as approval by the Corporation's shareholders at its annual and special meeting of shareholders scheduled for December 15, 2020. Any revised terms of the Corporation's Share-Based Incentive Plans resulting from review by the TSX will be described in the Corporation's management information circular for the upcoming meeting.

To augment the Corporation's incentive compensation scheme, on November 7, 2018, the Corporation adopted a fixed number RSU Plan and a fixed number DSU Plan. On October 9, 2020, the Board terminated the DSU Plan and consequently, the Corporation will no longer be able to grant DSUs under the plan. As of the date hereof, there have been no DSUs granted under the DSU plan.

The NEOs are eligible to participate in the RSU Plan and if approved by Shareholders, will instead be eligible to participate in the Amended and Restated RSU Plan. The RSU Plan provides for the acquisition of Common Shares by Participants for the purpose of advancing the interests of the Corporation through the attraction, motivation and retention of employees and directors of the Corporation and its designated affiliates. The Board approved the Amended and Restated RSU Plan on October 9, 2020, which amends the RSU Plan to increase the share reserve from 5,000,000 Common Shares to 10,000,000 Common Shares, to permit consultants to participate in the plan, to amend the amendment provision of the plan and to make certain other changes of a housekeeping nature. The revisions to the amendment provision broaden the list of amendments that can be made without Shareholder approval to include amendments such as correcting typographical errors, amendments to facilitate the administration of the plan and amendments necessary for the RSUs to qualify for favourable treatment under applicable tax laws (see "Amendments" below for a comprehensive list).

At the Meeting, Shareholders will be called upon to approve the adoption of the Amended and Restated RSU Plan. If the Shareholders do not approve the adoption of the Amended and Restated RSU Plan, the Corporation will continue to maintain the RSU Plan.

### *Administration*

The Amended and Restated RSU Plan is administered by the Board, or the Compensation Committee of the Board or such other Committee of the Board as may be designated by the Board (in either case, the "Committee"). The Committee has the full authority to administer the Amended and Restated RSU Plan including the authority to interpret and construe any provision of the Amended and Restated RSU Plan and to adopt, amend and rescind such rules and regulations for administering the Amended and Restated RSU Plan as the Committee may deem necessary in order to comply with the requirements of the Amended and Restated RSU Plan.

### *Eligible Participants*

Employees, consultants and directors of the Corporation and its designated affiliates are eligible to participate in the Amended and Restated RSU Plan. In accordance with the terms of the Amended and Restated RSU Plan, the Corporation, under the authority of the Board through the Committee, will approve those employees, consultants and directors who are entitled to receive RSUs and the number of RSUs to be awarded to each Participant. RSUs awarded to Participants are credited to them by means of an entry in a notional account in their favour on the books of the Corporation. Each RSU awarded conditionally entitles the Participant to receive one Common Share upon attainment of the RSU vesting criteria.

### *Vesting*

The vesting of RSUs is conditional upon the expiry of a time-based vesting period, which vesting period may be tied, at the sole discretion of the Committee, to achievement of specified performance criteria within the vesting period. The duration of the vesting period and other vesting terms applicable to the grant of the RSUs shall be determined at the time of the grant by the Committee.

Once the RSUs vest, the Participant is entitled to and will automatically receive the equivalent number of underlying Common Shares. Notwithstanding the foregoing, in the event that the expiry of the time-based vesting period or deferred payment date (as described below) falls within a trading blackout period imposed by or on the Corporation, the expiry date of such period or the deferred payment date, as applicable, will automatically be extended to the close of the 10<sup>th</sup> business day following the end of the blackout period.

In the event a cash dividend is paid to shareholders of the Corporation on the Common Shares while an RSU is outstanding, the Committee may, in its sole discretion, elect to credit each Participant with additional RSUs. In such

case, the number of additional RSUs will be equal to the aggregate amount of dividends that would have been paid to the Participant if the RSUs in the Participant's account on the record date had been Common Shares, divided by the market price of a Common Share on the date on which dividends were paid by the Corporation. If the foregoing results in a fractional RSU, the fraction will be disregarded.

Participants who are residents of Canada for the purposes of the Income Tax Act (Canada) and not subject to the provisions of the Internal Revenue Code (United States) may elect to defer to receive all or any part of their Common Shares until a deferred payment date, which is the earlier of (i) the date to which the Participant has elected to defer receipt of the Common Shares; and (ii) the Participant's termination of employment or services. Any other Participants may not elect a deferred payment date.

#### *Maximum Number of Common Shares Reserved for Issuance*

The maximum number of Common Shares made available for issuance upon settlement of RSUs pursuant to the Amended and Restated RSU Plan shall not exceed a fixed maximum of 10,000,000 Common Shares, which represents approximately 3.2% of the issued and outstanding Common Shares as of December 31, 2019 and 2.6% of the issued and outstanding Common Shares as at October 15, 2020. As of December 31, 2019, there were 54,348 RSUs outstanding under the RSU Plan, which represents approximately 0.02% of the issued and outstanding Common Shares at such time. If Shareholders approve the Amended and Restated RSU Plan, there will be 7,870,652 RSUs available for grant thereunder, which represents approximately 2.0% of the issued and outstanding Common Shares as of October 15, 2020. If Shareholders do not approve the Amended and Restated RSU Plan, there will be 2,870,652 RSUs available for grant under the RSU Plan, which represents approximately 0.75% of the issued and outstanding Common Shares as of October 15, 2020.

The Amended and Restated RSU Plan provides that the maximum number of Common Shares issuable to Insiders pursuant to the plan, together with any Common Shares issuable pursuant to any other security-based compensation arrangements of the Corporation, will not exceed 10% of the total number of outstanding Common Shares. In addition, the maximum number of Common Shares issued to Insiders under the Amended and Restated RSU Plan, together with any Common Shares issued to Insiders pursuant to any other security-based compensation arrangements of the Corporation within any one year period, will not exceed 10% of the total number of outstanding Common Shares.

If any RSUs are cancelled due to expiry or termination prior to settlement, such Common Shares will again become available for subsequent grants pursuant to the Amended and Restated RSU Plan.

#### *Cessation of Employment or Services*

Subject to any provisions with respect to vesting of RSUs in a Participant's employment agreement or services agreement, in the event of termination of a Participant during the time-vesting period, any RSUs held by the Participant shall immediately terminate and be of no further force or effect, provided that the Committee has the absolute discretion to waive such termination.

Subject to any provisions with respect to vesting of RSUs in a Participant's employment agreement or services agreement, in the event of the termination of the Participant following the time-vesting period and prior to the deferred payment date, the Participant shall be entitled to receive and the Corporation will issue Common Shares in satisfaction of the RSUs then held by the Participant.

In the event of the death of a Participant who is an employee or director, any RSUs held by the Participant on the date of death will vest immediately and the Corporation will issue Common Shares to the legal personal representative(s) of the Participant in full satisfaction thereof.

#### *Change of Control*

Subject to any provisions with respect to vesting of RSUs in a Participant's employment agreement or services agreement, in the event of a change of control of the Corporation, all RSUs outstanding will vest or be deemed to have vested immediately prior to the change of control and be settled by the issuance of applicable Common Shares.

#### *Adjustments*

In the event there is any change in the Common Shares, whether by reason of a stock dividend, consolidation, subdivision, reclassification or otherwise, an appropriate adjustment shall be made by the Committee in: (i) the number of Common Shares available under the Amended and Restated RSU Plan; and (ii) the number of Common Shares

subject to any outstanding RSUs. If the foregoing adjustment will result in a fractional Common Share, the fraction will be disregarded.

#### *Transferability*

Except as otherwise may be expressly provided for under the Amended and Restated RSU Plan or pursuant to a will or by the laws of descent and distribution, no RSU and no other right or interest of a Participant is assignable or transferable.

#### *Amendments*

Following receipt of Shareholder approval, the Committee may, in its discretion (without Shareholder approval), provided however that no such amendment may materially adversely affect the rights of a Participant under any RSU theretofore granted under the plan, amend, modify and change the provisions of the Amended and Restated RSU Plan or any RSU granted hereunder, including, without limitation:

- (a) to ensure compliance with applicable laws, regulations or policies, including, but not limited to the TSX Policies;
- (b) to remove any conflicts or other inconsistencies which may exist between any terms of the Amended and Restated RSU Plan and any provisions of any applicable laws, regulations or policies, including, but not limited to the TSX Policies;
- (c) to cure or correct any typographical error, ambiguity, defective or inconsistent provision, clerical omission, mistake or manifest error;
- (d) to facilitate the administration of the Amended and Restated RSU Plan;
- (e) amendments necessary for RSUs to qualify for favourable treatment under applicable tax laws;
- (f) amendments to the vesting provisions of the Amended and Restated RSU Plan or any RSUs;
- (g) amendments to the termination or early termination provisions of the Amended and Restated RSU Plan or any RSU, whether or not such RSU is held by an Insider, provided such amendment does not entail an extension beyond the original expiry date of the RSU;
- (h) amendments necessary to suspend or terminate the Amended and Restated RSU Plan; and
- (i) to change to the time-vesting period of any RSU.

Provided, however, that any amendment, modification or change to the provisions of the Amended and Restated RSU Plan or any RSU outstanding pursuant to the plan, which would:

- (a) materially increase the benefits of the holder under the Amended and Restated RSU Plan to the detriment of the Corporation and its Shareholders;
- (b) increase the maximum number of Common Shares, other than by virtue of the adjustment provision of the Amended and Restated RSU Plan, which may be issued pursuant to the Amended and Restated RSU Plan;
- (c) delete or reduce the range of amendments requiring shareholder approval contemplated in the Amended and Restated RSU Plan;
- (d) permit RSUs to be transferred other than for normal estate settlement purposes;
- (e) change Insider participation limits in the Amended and Restated RSU Plan, which would require disinterested shareholder approval; or
- (f) materially modify the requirements as to eligibility for participation in the Amended and Restated RSU Plan,

will only be effective upon such amendment, modification or change being approved by the Shareholders. In addition, any such amendment, modification or change of any provision of the Amended and Restated RSU Plan shall be subject to the approval, if required, by any regulatory authority having jurisdiction over the securities of the Corporation.

### *Burn Rate*

The annual burn rate for the RSU Plan for 2018 was 0% and for 2019 was 0.01%.

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

At no time during the Corporation's last completed financial year, was any director, executive officer, employee, proposed management nominee for election as a director of the Corporation nor any associate of any such director, executive officer, or proposed management nominee of the Corporation or any former director, executive officer or employee of the Corporation or any of its subsidiaries, indebted to the Corporation or any of its subsidiaries or indebted to another entity where such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries, other than routine indebtedness.

## **GLOSSARY OF DEFINED TERMS**

In this document, unless there is something in the context or subject matter inconsistent therewith, the following defined terms have the meanings hereinafter set forth:

**"Amended and Restated ESPP"** means the amended and restated employee stock purchase plan adopted by the Board;

**"Amended and Restated RSU Plan"** means the amended and restated restricted share unit plan adopted by the Board;

**"Board"** means the board of directors of the Corporation;

**"Business Day"** means a day other than a Saturday, Sunday or other than a day when banks in the City of Toronto, Ontario are not generally open for business;

**"CEO"** means Chief Executive Officer;

**"CFO"** means Chief Financial Officer;

**"Code"** means U.S. Internal Revenue Code of 1986;

**"Common Shares"** means the common shares in the capital of the Corporation;

**"Corporation"** or **"TGOD"** means The Green Organic Dutchman Holdings Ltd.;

**"CRA"** means the Canada Revenue Agency;

**"CSA"** means the Canadian Securities Administrators;

**"CSE"** means the Canadian Securities Exchange;

**"DSU"** refers to a deferred stock unit awarded under the DSU Plan;

**"DSU Plan"** means the non-employee directors deferred share unit plan adopted by the Board;

**"Eligible Persons"** means any director, officer, employee or consultant, of the Corporation or any of its subsidiaries as determined by the Board as being eligible for participation in the Corporation's Share Option Plans;

**"ESPP"** means the employee stock purchase plan adopted by the Board;

**"Governance Committee"** means the Corporate Governance and Nominating Committee;

“**Incentive Stock Options**” has the meaning ascribed thereto in the Section 422 of the Code;

“**Insider**” has the meaning ascribed thereto in the TSX Company Manual;

“**Legacy Option Plan**” means the option plan adopted by the Shareholders at the Corporation’s annual general and special shareholder meeting held on January 31, 2018;

“**NEOs**” means (a) the CEO; (b) the CFO; (c) the three (3) most highly compensated executive officers of the Corporation (other than the CEO and CFO) during the financial year ended December 31, 2018 earning more than \$150,000 annually, including, in aggregate, all salaries, fees, bonuses and perquisites; and (d) each individual who would be captured under (c) but for the fact that the individual is neither an executive officer of the Corporation, nor acting in a similar capacity, at the end of that financial year;

“**New Option Plan**” means the new form of 10% rolling share option plan adopted by the Board on November 7, 2018;

“**Option Period**” shall mean the period from the date of grant of an Option to the expiry date;

“**Optionee**” shall mean an Eligible Person to whom an Option has been granted under the terms of the Corporation’s Share Option Plans;

“**Options**” means an option granted under the terms of the Legacy Option Plan or the New Option Plan;

“**Participant**” means employees, consultants and directors of the Corporation and its designated affiliates who are eligible to participate in the RSU Plan and the Amended and Restated RSU Plan;

“**RSU Plan**” means the restricted share unit plan adopted by the Board;

“**RSU**” means restricted share units awarded under the RSU Plan or the Amended and Restated RSU Plan;

“**Share Option Plans**” means the Legacy Option Plan and the New Option Plan;

“**Shareholder**” or “**TGOD Shareholder**” means a holder of Common Shares;

“**Tax Act**” means the Income Tax Act (Canada) and the regulations thereunder, all as amended from time to time;

“**Trading Day**” means a day on which the TSX is open for trading and on which the Common Shares have not been halted;

“**TSX Policies**” means rules and policies of the TSX as amended from time to time;

“**TSX**” means the Toronto Stock Exchange and any successor thereto;