



**MARTINREA INTERNATIONAL INC.**

**NOTICE OF MEETING AND MANAGEMENT INFORMATION CIRCULAR**

**FOR THE ANNUAL GENERAL AND SPECIAL MEETING  
TO BE HELD ON JUNE 8, 2021**

**May 7, 2021**



## MARTINREA INTERNATIONAL INC.

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

**NOTICE IS HEREBY GIVEN THAT** an annual general and special meeting (the “Meeting”) of the shareholders of Martinrea International Inc. (the “Company”) will be held on **Tuesday, June 8, 2021 at 10:00 am. (Eastern time)** for the following purposes:

1. **TO RECEIVE** the consolidated financial statements of the Company for the year ended December 31, 2020, together with the report of the auditors thereon;
2. **TO ELECT** directors of the Company;
3. **TO REAPPOINT** auditors and authorize the directors to fix the auditors’ remuneration;
4. **TO CONSIDER**, and if deemed appropriate, adopt, with or without variations, a resolution approving, ratifying and confirming By-law Number 3 of the Company;
5. **TO CONSIDER**, and if deemed appropriate, adopt, with or without variations, a resolution approving, ratifying and confirming By-Law Number 4 of the Company;
6. **TO VOTE**, in an advisory, non-binding manner, on Martinrea’s approach to executive compensation described in the accompanying Management Information Circular; and
7. **TO TRANSACT** such further and other business as may properly come before the Meeting or any adjournment or adjournments thereof.

Details of the foregoing transactions are contained in the accompanying Management Information Circular.

**In light of the unprecedented impact of the coronavirus outbreak (COVID-19) and in consideration of the health and safety of the Company’s shareholders, colleagues and the broader community, the Company is holding the Meeting as a completely virtual on-line meeting, which will be conducted via live webcast, where all shareholders regardless of geographic location and equity ownership will have an equal opportunity to participate at the Meeting and engage with directors of the Company and management as well as other shareholders. Shareholders will not be able to attend the Meeting in person.** Registered shareholders and duly appointed proxyholders will be able to attend, participate, submit questions and vote at the Meeting online at <https://web.lumiagm.com/285091494>. Non-registered shareholders (being shareholders who hold their shares through a broker, investment dealer, bank, trust company, custodian, nominee or other intermediary) who have not duly appointed themselves as proxyholder may also virtually attend as guests. Guests will be able to virtually attend and listen to the Meeting but will not be able to vote or ask questions at the Meeting.

**As a shareholder of the Company, it is very important that you read the Management Information Circular of the Company dated May 7, 2021 and other Meeting materials carefully. They contain important information with respect to voting your Shares and attending and participating at the Meeting.**

A Registered Shareholder who is unable to attend the Meeting is requested to date, complete, sign and return the form of proxy and deposit it with the Company’s transfer agent and registrar, Computershare Investor Services Inc., 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1 no later than 10:00 a.m. (Eastern time) on June 4, 2021 or if the Meeting is postponed or adjourned, by no later than 48 hours, excluding Saturdays and holidays, preceding the time of such postponed or adjourned meeting at which the proxy is to be used. Alternatively, a

Registered Shareholder may vote by fax, telephone or over the internet. The time limit for deposit of proxies may be waived by the Chair of the Meeting at his or her discretion without notice. Non-Registered Shareholders who hold shares through a bank, broker or other financial intermediary should carefully follow the instructions found on their voting instruction form.

Management and the Board **UNANIMOUSLY** recommend that Shareholders vote **FOR** all of the proposed resolutions. You are encouraged to vote today. Your vote is important no matter how many or how few shares you own.

**DATED** at Vaughan, Ontario this 7<sup>th</sup> day of May, 2021.

**BY ORDER OF THE BOARD**

(SIGNED) "*Rob Wildeboer*"  
Executive Chairman

## MANAGEMENT INFORMATION CIRCULAR

### TABLE OF CONTENTS

GENERAL INFORMATION.....	- 1 -
Voting Information and Solicitation of Proxies .....	- 1 -
VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF .....	- 5 -
BUSINESS OF THE MEETING.....	- 5 -
FINANCIAL STATEMENTS.....	- 6 -
ELECTION OF DIRECTORS .....	- 6 -
2021 Nomination Process .....	- 6 -
Board Skills and Expertise.....	- 7 -
Nominee Independence.....	- 9 -
2020 Annual Meeting Vote Results.....	- 9 -
Background of Directors.....	- 9 -
Director and Senior Executive Ownership of Shares and Deferred Share Units, Restricted Share Units and Performance Share Units .....	- 16 -
ADOPTION OF BY-LAW NUMBER 3 .....	- 17 -
ADOPTION OF BY-LAW NUMBER 4.....	- 18 -
CORPORATE GOVERNANCE .....	- 19 -
Sustainable Business.....	- 19 -
Governance General Overview .....	- 20 -
CSA Guidelines .....	- 21 -
Code of Conduct .....	- 23 -
Mandate of the Board of Directors .....	- 23 -
Composition and Independence of the Board of Directors .....	- 24 -
Directorships with Other Reporting Issuers.....	- 24 -
Majority Voting for Election of Directors .....	- 25 -
Retirement Policy and Director Term Limits.....	- 25 -
Diversity and Inclusion Policy .....	- 25 -
Board Committees .....	- 26 -
Board of Directors and Committee Participation.....	- 27 -
The Compensation Committee .....	- 27 -
The Corporate Governance and Nominating Committee.....	- 28 -
Succession Planning .....	- 28 -
Audit Committee.....	- 28 -
Orientation of New Directors, Continuing Education and Strategic Planning Review.....	- 29 -
Director Performance Review.....	- 30 -
Chief Executive Officer Performance .....	- 31 -
Shareholder Feedback and Communication.....	- 31 -
Board of Directors' Expectations of Management, Strategic Planning Oversight, Sustainability and Risk Management Oversight.....	- 31 -

Advisory Vote on Approach to Executive Compensation .....	32 -
EXECUTIVE COMPENSATION.....	34 -
Compensation Discussion and Analysis .....	34 -
Composition of the Compensation Committee .....	34 -
Executive Compensation Experience and Expertise of the Compensation Committee .....	34 -
Objectives of Compensation Program/Strategy .....	35 -
Elements of Compensation .....	36 -
Clawback Policy .....	41 -
Managing Compensation Related Risk .....	41 -
Compensation Review .....	43 -
Retention of Compensation Consultants .....	43 -
Performance Graph .....	43 -
Summary Compensation Table .....	45 -
Incentive Plan Awards .....	46 -
Termination and Change of Control Benefits .....	48 -
Director Compensation .....	49 -
SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS.....	52 -
Stock Option Plan .....	52 -
OTHER COMPENSATION PLANS .....	54 -
DSU Plan .....	54 -
PRSU Plan .....	55 -
PSUs.....	56 -
RSUs .....	56 -
DIRECTORS’ AND OFFICERS’ LIABILITY INSURANCE.....	57 -
INDEBTEDNESS OF DIRECTORS AND OFFICERS .....	57 -
INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS .....	57 -
APPOINTMENT OF AUDITORS .....	57 -
OTHER MATTERS WHICH MAY COME BEFORE THE MEETING .....	58 -
ADDITIONAL INFORMATION.....	58 -
GENERAL .....	59 -
DIRECTORS’ APPROVAL.....	59 -
SCHEDULE “A” BY-LAW NUMBER 3 .....	60 -
SCHEDULE “B” BY-LAW NUMBER 4 .....	72 -
SCHEDULE “C” CODE OF CONDUCT .....	76 -
SCHEDULE “D” BOARD MANDATE .....	79 -
SCHEDULE “E” MANDATE OF THE BOARD CHAIR .....	81 -
SCHEDULE “F” LEAD DIRECTOR MANDATE .....	83 -
SCHEDULE “G” HUMAN RESOURCES AND COMPENSATION COMMITTEE CHARTER .....	84 -
SCHEDULE “H” CORPORATE GOVERNANCE AND NOMINATING COMMITTEE CHARTER .....	86 -
SCHEDULE “I” AUDIT COMMITTEE CHARTER .....	88 -
SCHEDULE “J” POSITION DESCRIPTION FOR THE CHIEF EXECUTIVE OFFICER.....	91 -

**MARTINREA INTERNATIONAL INC.**  
**MANAGEMENT INFORMATION CIRCULAR FOR THE**  
**ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

**To be Held on Tuesday, June 8, 2021**

**GENERAL INFORMATION**

This Management Information Circular is furnished in connection with the solicitation by management of Martinrea International Inc. (the “Company”) of proxies to be used at the annual general and special meeting of the shareholders of the Company (the “Meeting”) to be held on Tuesday, June 8, 2021 at 10:00 a.m. (Eastern time) and at any adjournment thereof for the purposes set forth in the enclosed notice of meeting (the “Notice of Meeting”).

The Meeting will be held as a completely virtual on-line meeting, which will be conducted via live webcast. Shareholders will not be able to attend the Meeting in person. A summary of the information shareholders will need to attend the Meeting online is provided below.

**Voting Information and Solicitation of Proxies**

The following questions and answers provide guidance on how to vote your shares.

**Who is Soliciting My Proxy and How Will My Proxy Be Solicited?**

Management of the Company is soliciting your proxy. The persons named in the form of proxy and voting instruction form, namely Pat D’Eramo and Rob Wildeboer, are the President and Chief Executive Officer and the Executive Chairman of the Company, respectively. **A registered shareholder (“Registered Shareholder”) desiring to appoint some other person, who need not be a shareholder of the Company, to represent the shareholder at the Meeting may do so by filling in the name of such person in the blank space provided in the proxy or by completing another proper form of proxy. See “How do I Vote” and “Appointment of a Third Party as Proxy” below.**

**Proxies will be solicited primarily by mail but may also be solicited personally, by telephone or by facsimile by the directors and/or officers of the Company at nominal costs. The Company has also retained Laurel Hill Advisory Group (“Laurel Hill”) to assist in connection with the Company’s communications with shareholders and solicitation of proxies. In connection with these services, Laurel Hill is expected to receive a fee of \$27,500, plus reasonable out-of-pocket expenses. The costs of solicitation by management will be borne by the Company. Pursuant to National Instrument 54-101 Communication with Beneficial Owners of Securities of a Reporting Issuer, arrangements have been made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy solicitation material to the beneficial owners of the common shares of the Company (“Common Shares”). The cost of any such solicitation will be borne by the Company.**

**Who Can Vote?**

Shareholders registered on the books of the Company at the close of business on May 4, 2021 (the “record date”) are entitled to vote.

**How Will My Proxy be Voted and Exercise of Discretion by Proxies?**

The Common Shares represented by proxies in favour of management nominees will be voted in accordance with the instructions of the shareholder on any ballot that may be called for and, if a shareholder specifies a choice with respect to any matter to be acted upon at the Meeting, the Common Shares represented by proxy shall be voted accordingly. **Where no choice is specified, the proxy will confer discretionary authority and will be voted FOR all matters proposed by management at the Meeting.** The enclosed form of proxy also confers discretionary

authority upon the persons named therein to vote with respect to any amendments or variations to the matters identified in the Notice of Meeting and with respect to any other matters which may properly come before the Meeting in such manner as the nominee in his judgement may determine. At the time of printing this Management Information Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

### **What Will I be Voting on?**

Shareholders will be voting on the matters listed in the Notice and under “**Business of the Meeting**” below.

### **How Will These Matters be Decided at the Meeting?**

A simple majority of the votes cast at the Meeting will constitute approval of each of the matters specified in this Management Information Circular.

### **How Many Votes do I Have?**

Each Common Share carries one vote.

### **How do I Vote?**

#### **Vote by Proxy before the Meeting**

##### Registered Holders

Registered shareholders as of the record date are entitled to attend and vote at the Meeting. You are a registered shareholder if you have a share certificate for Common Shares and they are registered in your name or if you hold Common Shares through direct registration. In order for your vote to be valid, if you are a Registered Shareholder, we urge you to vote the form of proxy by using one of the following methods:

- by telephone at 1-866-732-8683 (toll free in North America) or 312-588-4290 (international); or
- via the internet at [www.investorvote.com](http://www.investorvote.com); or
- by fax to Computershare Investor Services Inc., Attention: Proxy Department at 1-866-249-7775 (toll free in North America) or 416-263-9524 (international); or
- by mail to Computershare Investor Services Inc., Attention: Proxy Department, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1; or
- by personal delivery to Computershare Investor Services Inc. at the address set out above;

in each case so as to be deposited with the Company’s Transfer Agent no later than 10:00 a.m. (Toronto time) on June 4, 2021 or if the Meeting is adjourned, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the time set for the adjourned Meeting.

##### Beneficial Holders

**The information set forth in this section is of significant importance to many shareholders of the Company as a substantial number of shareholders do not hold their Common Shares in their own name and thus are considered non-Registered Shareholders (“Beneficial Shareholders”).** Beneficial Shareholders should note that only proxies deposited by shareholders whose names appear on the records of the Company as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a shareholder by a broker then, in almost all cases, those Common Shares will not be registered in the shareholder’s name on the records of the Company. Such Common Shares will more likely be registered under the name of the shareholder’s broker or an agent of that broker or another similar entity (an “Intermediary”). Shares held by an Intermediary can only be voted by the Intermediary upon the instructions of the Beneficial Shareholder. Without specific instructions, Intermediaries are prohibited from voting shares.



**Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated in a timely manner and in accordance with the instructions provided by their Intermediary.** Applicable regulatory rules require Intermediaries to seek voting instructions from Beneficial Shareholders in advance of meetings of shareholders. **Every Intermediary has its own mailing procedures and provides its own return instructions to clients, which instructions should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting.** The majority of intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications Corporation in Canada and its counterpart in the United States (“Broadridge”).

Beneficial Shareholders may vote via the internet, by phone or fax by following the instructions found on their voting instruction form or form of proxy. Additionally, there are two kinds of Beneficial Shareholders: (i) those who object to their name being made known to the issuers of securities which they own, known as objecting beneficial owners or “OBOs”; and (ii) those who do not object to their name being made known to the issuers of securities which they own, known as non-objecting beneficial owners or “NOBOs”. Martinrea may utilize the Broadridge QuickVote™ service to assist Beneficial Shareholders that are NOBOs with voting their Common Shares. NOBOs may be contacted by Laurel Hill to conveniently obtain a vote directly over the telephone.

### **Voting at the Meeting**

The Meeting will be hosted online by way of a live webcast. A summary of the information shareholders will need to attend the online Meeting is provided below. The Meeting will begin at 10:00 a.m. (Eastern Time) on June 8, 2021.

A Registered Shareholder or a Beneficial Shareholder who has appointed themselves or a third party proxyholder to represent them at the Meeting will appear on a list of shareholders prepared by Computershare Investor Services Inc. (“Computershare”), the transfer agent and registrar for the Meeting, and may vote at the Meeting. To have their Common Shares voted at the Meeting, each Registered Shareholder or proxyholder will be required to enter their control number or Username provided by Computershare at <https://web.lumiagm.com/285091494> prior to the start of the Meeting.

**Beneficial Shareholders who have not duly appointed themselves as proxyholder will not be able to vote at the Meeting. This is because the Company and its transfer agent do not have a record of the Beneficial Shareholders of the Company, and as a result, will have no knowledge of your shareholdings or entitlement to vote, unless you appoint yourself as proxyholder.** If you are a Beneficial Shareholder and wish to vote at the Meeting, you have to appoint yourself as proxyholder, by inserting your own name in the space provided on the voting instruction form sent to you and must follow all of the applicable instructions provided by your intermediary. See “**Appointment of a Third Party as Proxy**” and “**How do I attend and participate at the Meeting.**”

In order to vote, Beneficial Shareholders who appoint themselves as a proxyholder **MUST ALSO** register with Computershare at <http://www.computershare.com/Martinrea> **after** submitting their voting instruction form in order to receive a Username (please see the information under the heading “**Appointment of a Third Party as Proxy**” below for details).

### Appointment of a Third Party as Proxy

**Shareholders who wish to appoint a third party proxyholder to represent them at the online Meeting must submit their proxy or voting instruction form (if applicable) prior to registering your proxyholder. Registering your proxyholder is an additional step once you have submitted your proxy or voting instruction form. Failure to register the proxyholder will result in the proxyholder not receiving a Username to participate in the Meeting. To register a proxyholder, shareholders MUST visit <https://www.computershare.com/Martinrea> by 10:00 a.m. (Eastern time) on June 4, 2021 and provide Computershare with their proxyholder’s contact information, so that Computershare may provide the proxyholder with a Username via email.**

A proxy can be submitted to Computershare in accordance with the instructions under “**How Do I Vote**” above.

If you are a shareholder who has submitted a proxy and attends the Meeting via the webcast and has accepted the terms and conditions when entering the Meeting online, you will NOT be revoking any and all previously submitted proxies. You will NOT be provided the opportunity to vote by ballot on the matters put forth at the meeting, unless you have revoked your proxy prior to the cutoff (See “How can I revoke my Proxy”).

**Without a Username, proxyholders will not be able to participate online at the Meeting.**

**How Can I Attend and Participate at the Online Meeting?**

It is important that you are connected to the internet at all times during the Meeting in order to vote when balloting commences. It is your responsibility to ensure connectivity for the duration of the Meeting.

Registered Shareholders and duly appointed proxyholders can attend the Meeting online by going to <https://web.lumiagm.com/285091494> prior to the start of the Meeting.

- Registered Shareholders and duly appointed proxyholders who were assigned a Username by Computershare can participate in the Meeting by clicking “**I have a login**” and entering a Username and Password before the start of the meeting.
  - **Registered Shareholders** - The 15-digit control number located on the form of proxy or in the email notification you received is the Username and the Password is “martinrea2021”.
  - **Duly appointed proxyholders** – Computershare will provide the proxyholder with a Username after the voting deadline of 10:00 a.m. (Eastern time) on June 4, 2021 has passed. The Password to the meeting is “martinrea2021”.
- Voting at the Meeting will only be available for Registered Shareholders and duly appointed proxyholders. Beneficial Shareholders who have not appointed themselves as a proxyholder and who do not have a 15-digit control number or Username may attend the Meeting by clicking “**I am a guest**” and completing the online form. Beneficial Shareholders attending as a guest will be allowed to listen to the Meeting however will not be able to vote or submit questions.
- See also “**Voting at the Meeting**” and “**Appointment of a Third Party Proxy**” above.
- United States Beneficial Shareholders: To attend and vote at the Meeting virtually, you must first obtain a valid legal proxy from your broker, bank or other agent and then register in advance to attend the Meeting. Follow the instructions from your broker or bank included with these proxy materials, or contact your broker or bank to request a legal proxy form. After first obtaining a valid legal proxy from your broker, bank or other agent, to then register to attend the Meeting, you must submit a copy of your legal proxy to Computershare at:

Computershare  
100 University Avenue  
8<sup>th</sup> Floor  
Toronto, Ontario  
M5J 2Y1  
OR  
Email at [uslegalproxy@computershare.com](mailto:uslegalproxy@computershare.com)

Submission of the legal proxy must be labeled as “Legal Proxy” and be received no later than **10:00 a.m. (Eastern time) on June 4, 2021**. You will receive a confirmation by email. Please note that you are also required to register your appointment at [www.computershare.com/appointee](http://www.computershare.com/appointee).

- If you are using a 15-digit control number to login to the online Meeting and you accept the terms and conditions, you will NOT be revoking any and all previously submitted proxies. You will NOT be provided the opportunity to vote by ballot on the matters put forth at the Meeting, unless you have revoked your proxy prior to the cutoff (See “How can I revoke my Proxy”).

### **How Can I Deposit My Proxy?**

A Registered Shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must, in all cases, deposit the completed proxy with Computershare Investor Services Inc., 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, or via the internet at [www.investorvote.com](http://www.investorvote.com) no later than 10:00 a.m. (Eastern time) on June 4, 2021 or if the Meeting is postponed or adjourned, by no later than 48 hours, excluding Saturdays and holidays, preceding the Meeting or any adjournment thereof at which the proxy is to be used. A proxy should be executed by the shareholder or his or her attorney duly authorized in writing or, if the shareholder is a corporation, by an officer or attorney thereof duly authorized.

### **How Can I Revoke my Proxy?**

In addition to any other manner permitted by law, a proxy may be revoked before it is exercised by instrument in writing executed in the same manner as a proxy and deposited at the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used or with the Chairman of the Meeting on the day of such Meeting or any adjournment thereof and thereupon the proxy is revoked. Shareholders who hold their shares through a bank, broker or other financial intermediary should carefully follow the instructions found on their voting instruction form for delivery, appointment and revocations instructions.

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

The authorized share capital of the Company consists of an unlimited number of Common Shares.

As at May 4, 2021, the Company has 80,312,595 Common Shares issued and outstanding, each of which carries one vote. To the knowledge of the directors and officers of the Company, based on public filings on SEDAR on May 4, 2021, (the information not being within the knowledge of the Company), there are no persons or corporations beneficially owning, directly or indirectly, or exercising control or direction over securities carrying in excess of 10% of the voting rights attached to any class of outstanding voting securities of the Company.

## **BUSINESS OF THE MEETING**

1. **TO RECEIVE** the consolidated financial statements of the Company for the year ended December 31, 2020, together with the report of the auditors thereon;
2. **TO ELECT** directors of the Company;
3. **TO REAPPOINT** auditors and authorize the directors to fix the auditors' remuneration;
4. **TO CONSIDER**, and if deemed appropriate, adopt, with or without variations, a resolution approving, ratifying and confirming By-law Number 3 of the Company;
5. **TO CONSIDER**, and if deemed appropriate, adopt, with or without variations, a resolution approving, ratifying and confirming By-Law Number 4 of the Company;
6. **TO VOTE**, in an advisory, non-binding manner, on Martinrea's approach to executive compensation described herein; and
7. **TO TRANSACT** such further and other business as may properly come before the meeting or any adjournment or adjournments thereof.

## FINANCIAL STATEMENTS

The audited consolidated financial statements of the Company for the fiscal year ended December 31, 2020 and the report of the auditors thereon are provided in the Company's 2020 Report to Shareholders for the financial year ended December 31, 2020, which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## ELECTION OF DIRECTORS

The board of directors of the Company (the "Board" or "Board of Directors") presently consists of eight (8) directors, to be elected annually. In accordance with the *Business Corporations Act* (Ontario) (the "Act"), the directors are authorized from time to time to fix the number of directors, between a minimum of three and a maximum of ten persons, without the prior consent of shareholders. The number of directors to be elected at the Meeting has been fixed by the Board of Directors at eight (8) persons. **Unless the shareholder directs that its Common Shares be otherwise voted or 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 eight (8) nominees whose names are set forth below.** Management does not contemplate that any of the following nominees will be unable to serve as a director but if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy shall have the right to vote for another nominee in their discretion. Each director elected at the Meeting will hold office until the next annual meeting or until his or her successor is duly elected or appointed. Each of the nominees will be voted on individually.

The directors of a corporation are elected by shareholders to act as stewards of the company and to represent and oversee the interests of shareholders. The corporate governance of the Company is described below under "Corporate Governance". The Board of Directors is responsible for overseeing management, appointing the Chief Executive Officer of the Company, and other duties. The directors have statutory and fiduciary obligations to act honestly and in good faith with a view to the best interests of the Company. The directors also have a duty of care in making decisions, including to be properly informed so that they can perform the tasks their position entails. The Board of Directors demands that these standards are met by its members at all times.

### 2021 Nomination Process

Nominees for election at the Meeting are seven (7) directors who were elected at the Company's 2020 annual meeting of shareholders (Rob Wildeboer, Pat D'Eramo, Fred Olson, Terry Lyons, Sandra Papatello, David Schoch and Molly Shoichet) and one candidate (Edward Waitzer) who was appointed by the Board as a director in March, 2021 and has been nominated for election at the Meeting for the first time. A vacancy on the Board had been created with the passing of Roman Doroniuk in November, 2020. Mr. Doroniuk had ably served the Company as a director since March, 2014.

In recommending to the Board the nominees who currently serve as directors, the Corporate Governance and Nominating Committee (the "CGNC") has considered a number of factors in accordance with its Mandate, including:

- reviewing the skills matrix, strategic priorities and analysis of potential skills gaps in relation to the strategic priorities;
- the nominees' respective skills, expertise and experience, as well as the extent to which the nominees meet the minimum qualifications for directors;
- results of the Board's periodic self-assessment process;
- individual voting results from the 2020 annual meeting;
- feedback from other sources such as shareholders;
- relevant industry experience; and
- alignment with the culture of the Company, including a commitment to promote the implementation of the policies adopted by the Company.

## Board Skills and Expertise

The CGNC attempts to recruit candidates who have a diversity of skills, experience and perspectives which are relevant to the Company's business. While the specific mix may vary from time to time and alternative categories may be considered in addition to or instead of those below, the following skills and types of experience are generally sought by the CGNC, and have been utilized in seeking additions to the Company's Board:

- **Accounting/Audit:** accounting and audit expertise are valued in order to enable the Board to oversee management's handling of financial and financial reporting matters, including by: critically assessing the Company's financial performance and projections; understanding the Company's critical accounting policies, as well as technical issues relevant to the internal and external audit; and evaluating the robustness of the Company's internal controls.
- **Automotive:** as substantially all of the Company's business is derived from sales within the automotive industry, the CGNC seeks candidates who possess a solid understanding of industry dynamics on a global and regional basis, preferably gained through management or board service with the Company's customers, suppliers or competitors. Candidates with experience in capital-intensive manufacturing or industrial industries are also relevant, as experience gained in such industries is typically applicable to the automotive industry.
- **Finance/Financial Advisory:** the CGNC values candidates who have experience in senior financial roles and/or in financial advisory roles. Such experience enhances the Board's oversight of financial performance, assists it in its assessment of strategic opportunities and risks and allows it to more effectively address issues relevant to capital and capital structure.
- **Governance/Board:** in light of the competing demands of stakeholders and the increasingly complex governance environment in which public companies operate, the CGNC values candidates who possess a sophisticated understanding of corporate governance practices and norms, and/or board expertise.
- **Larger Company/Organization Experience:** while experience with companies of different scale can be valuable, the CGNC has sought candidates who have board, executive management and/or other applicable experience with companies or organizations that have revenues in excess of \$1 billion and are mid-cap or large-cap companies (or otherwise large organizations). The Company has grown significantly, and experience with larger companies is valued.
- **Legal/Regulatory/Public Policy:** the Company operates in, and is required to comply with, the laws of many countries around the world. Candidates who possess an understanding of legal systems and regulatory perspectives are valued by the CGNC since such experiences assist the Board in more effectively carrying out its compliance oversight responsibilities. Additionally, the CGNC values candidates with experience in relevant areas of government and public policy to support the Board in understanding the regulatory trends shaping the automotive industry and assessing the Company's strategic response to such trends.
- **Mergers & Acquisitions ("M&A"):** the CGNC views board-level M&A expertise as critical to the Board's ability to effectively fulfil its oversight responsibilities relating to corporate strategy, particularly since the Company has pursued in the past and in future intends to pursue strategic M&A opportunities in certain automotive product or geographic areas.
- **Innovation/Technology:** the Company has developed and is developing and bringing to market innovative products and manufacturing techniques which have been significant contributors to the Company's success, in product areas such as fluid systems, metal forming, aluminium casting and lightweighting in general. The CGNC seeks candidates with technological expertise and skill to support the Board in assessing the Company's innovation efforts.

- **Risk Management:** the CGNC seeks candidates with practical expertise in enterprise risk management frameworks, systems, processes, tools and techniques, to assist the Board in understanding and assessing the risks and opportunities faced by the Company generally, including those inherent in its strategic initiatives.
- **Senior/Executive Leadership:** the CGNC seeks business and other leaders who have demonstrated leadership, mature judgment, operating success and an understanding of complex organizations in progressively challenging roles. Such individuals are believed to provide the most effective counsel to management, as well as critical oversight on behalf of stakeholders. Chief Executive Officer, Chief Financial Officer or Board/Committee Chair level experience is valued.
- **Strategy Development:** recognizing the importance of the Board's oversight role with respect to corporate strategy, the CGNC seeks candidates who possess board, senior management and/or other experience in strategy development or analysis.
- **Talent Management/Compensation:** the CGNC values candidates with hands-on roles in developing, managing, compensating and motivating people. Such skills and experience assist the Board in fulfilling its responsibility to ensure that the Company maintains effective incentive programs which attract, motivate and retain top talent, while at the same time reinforcing the Company's strategic priorities. Talent management and compensation expertise also serve to align the Board with one of the Company's key strategic priorities - leadership development and succession planning.

A skill matrix showing the skills, expertise and qualifications for each of the nominees is set forth below:

	Accounting/ Audit	Automotive/ Industrial	Finance/ Financial Advisory	Governance/ Board	Large Company/Organization Experience	Legal/ Regulatory/ Public Policy	Mergers & Acquisitions	R&D/ Innovation/ Technology	Risk Management	Senior/ Executive Leadership	Strategy Development	Talent Management/ Compensation	Professional Designation
Pat D'Eramo		✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	BSME, MS
Terry Lyons	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	MBA, ICD
Fred Olson	✓	✓	✓	✓	✓		✓		✓	✓	✓	✓	BBA, ICD
Sandra Papatello		✓	✓	✓	✓	✓			✓	✓	✓	✓	BA, ICD
David Schoch	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	MBA
Molly Shoichet		✓		✓	✓	✓		✓	✓	✓	✓	✓	PhD, FRS, NAE
Edward Waitzer	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	LLB, LLM
Rob Wildeboer	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	LLB, LLM, MBA

## Nominee Independence

Six out of eight, or 75%, of the nominees for election at this Meeting are independent. A summary of the independence determination for each nominee is set forth below:

Nominee Name	Independent	Non-Independent	Basis for Determination
Pat D'Eramo		✓	Management
Terry Lyons	✓		No material relationship
Fred Olson	✓		No material relationship
Sandra Pupatello	✓		No material relationship
David Schoch	✓		No material relationship
Molly Shoichet	✓		No material relationship
Edward Waitzer	✓		No material relationship
Rob Wildeboer		✓	Management

## 2020 Annual Meeting Vote Results

Each nominee elected at our 2020 annual meeting of shareholders received a substantial majority of votes “for” his or her election, as set forth in the table below:

Nominee Name	Votes FOR (%)	Votes WITHHELD (%)
Pat D'Eramo	98.85	1.15
Terry Lyons	95.66	4.34
Fred Olson	97.42	2.58
Sandra Pupatello	99.82	0.18
David Schoch	99.94	0.06
Molly Shoichet	99.93	0.07
Rob Wildeboer	98.33	1.67

At the 2020 annual meeting of shareholders, KPMG, the Company’s auditors, were approved as auditors with 96.38% votes FOR.

At the 2020 annual meeting of shareholders, the Advisory Resolution on Executive Compensation was approved with 98.63% votes FOR.

## Background of Directors

The following table and the notes thereto state the names of all persons proposed to be nominated for election as directors, the date on which each of them first became a director of the Company, all positions and offices with the Company held by each of them and the principal occupation or employment of each of them. The approximate number of Common Shares, Deferred Share Units (“DSUs”), Restricted Share Units (“RSUs”) and Performance Share Units (“PSUs”) beneficially owned, directly or indirectly, by each of them as at the date of this Management Information Circular are set out in the table under “Director and Senior Executive Ownership of Shares and Deferred Share Units, Restricted Share Units and Performance Share Units”. All eight director nominees are current directors of the Company.

A brief biography of each of the director nominees follows the table. The biographical information set out below as to the principal occupation of and number of Common Shares owned by each of the nominees (specified below under *Director and Senior Executive Ownership of Shares and Deferred Share Units, Restricted Share Units and Performance Share Units*), not being within the knowledge of the Company, has been furnished by the nominees. The Company’s standing committees are the Audit Committee, the Compensation Committee and the CGNC, the members of such committees being indicated below.

Name and Present Principal Occupation	Director Since	Positions with the Company
<b>Rob Wildeboer</b> Executive Chairman of the Board of Directors of the Company	September 10, 1996	Director, Executive Chairman of the Board, Co-Founder
<b>Pat D'Eramo</b> President and Chief Executive Officer of the Company	June 11, 2015	Director, President and Chief Executive Officer
<b>Terry Lyons</b> <sup>(2), (3)</sup> Corporate Director Director, Canaccord Genuity Group Inc.	February 1, 2014	Director
<b>Fred Olson</b> <sup>(1), (2), (3), (4)</sup> Retired President and Chief Executive Officer of Webasto Product North America	June 27, 2002	Lead Director
<b>Sandra Papatello</b> <sup>(3)</sup> President, Canadian International Avenues Ltd., management consulting firm	June 19, 2014	Director
<b>David Schoch</b> <sup>(1), (2)</sup> Retired, Group Vice President and President, Asia Pacific, Ford Motor Company, Chairman and Chief Executive Officer of Ford China	August 8, 2018	Director
<b>Molly Shoichet</b> <sup>(1)</sup> University Professor & Michel E Charles Professor of Chemical Engineering, Department of Chemical Engineering and Applied Chemistry at the University of Toronto	June 11, 2019	Director
<b>Edward Waitzer</b> <sup>(3)</sup> Lawyer, Waitzer Professional Corporation	March 4, 2021	Director

(1) Member of the Compensation Committee.

(2) Member of the Audit Committee.

(3) Member of the CGNC.

(4) Lead Director.



**Rob Wildeboer**, 61, resides in Burlington, Ontario. He has been a director of the Company since September, 1996 and Chairman since September, 1997. He joined the Company as Executive Chairman in August, 2001, and as a full-time employee in January, 2002. He is a founder of the Company. Prior to joining the Company as a full-time executive, Mr. Wildeboer was a partner of Wildeboer Dellelce LLP, a law firm that practises corporate, securities and tax law that he co-founded in 1993; prior to that, Mr. Wildeboer had been a lawyer with Stikeman, Elliott LLP; an associate professor of law at Osgoode Hall Law School, where he taught corporate law and corporate finance; and a regulator with the Ontario Securities Commission. Mr. Wildeboer was director and Vice Chair of the Automotive Parts Manufacturers Association (APMA), retiring in 2015; is co-Chair of the Canadian Automotive

Partnership Counsel (CAPC) and was co-chair of CAPC's COVID-19 Response Task Force; is a past member of the Science, Technology and Innovation Council of Canada, retiring in 2014; was a member of the Ontario Manufacturing Council; is Chair of the CEO Manufacturing Advisory Council of the Canadian Manufacturers and Exporters



Association; was a member of the Economic Advisory Council to the Minister of Finance of Canada until 2015; was a member of the Advanced Manufacturing Economic Strategy Table to the federal Minister of Innovation, Science and Development in 2018 and 2019; is a member of the Public Health Canada Industry Advisory Roundtable on COVID-19 Testing, Screening, Tracing and Data Management; was Chair of the Macdonald-Laurier Institute, a leading public policy think tank, retiring in 2018, and remains on its Advisory Board; is past Chair of Cardus, a leading Christian public policy think tank; and is involved with numerous charitable and public policy organizations. He has been an advisor to the governments of Canada and Ontario on a variety of economic, manufacturing and technology mandates. Mr. Wildeboer previously served as a director of Aecon Group Inc. (TSX : ARE) from 1993 to 2013, serving for many years as Vice-Chair and Chair of Aecon's compensation committee. Mr. Wildeboer is Chair of the board of directors of NanoXplore Inc. (TSX-V: GRA), a Canadian graphene company in which the Company has a significant investment. Mr. Wildeboer was appointed as Chair of NanoXplore in January, 2019. In 2012, he received the Queen Elizabeth II Diamond Jubilee Medal in recognition of his contributions to Canada. In 2018, he received the Jay Hennick Award from Osgoode Hall Law School and the Schulich School of Business for career achievement. Mr. Wildeboer holds an undergraduate degree from the University of Guelph, a law degree from Osgoode Hall Law School, an MBA from York University and an LLM from Harvard University.

#### *CGNC's Recommendation of Mr. Wildeboer*

Mr. Wildeboer, the Company's Executive Chairman and a co-founder of the Company, is a management representative on the Board. He brings a deep and intricate knowledge of the Company's culture, industry, key personnel, strategy, history and development, and relationships with key constituencies such as capital providers and governments, to the Board. See Schedule "E", "Mandate of the Board Chair". He has also been intimately involved in negotiating the purchase and financing of every acquisition in the Company's history, as the Company has been one of the fastest growing automotive parts companies in the industry. He has been involved in the automotive industry for many years in many roles, whether as a representative of the Company in negotiations or as an advisor to public policy makers and others. He has demonstrated an unwavering commitment to the best interests of the Company since its early days, and a commitment to integrity, leadership and promoting and protecting the interests of the Company's most important asset, its people. In 2020, Mr. Wildeboer, together with Mr. D'Eramo, the Directors and the rest of the leadership team, worked tirelessly and steered the Company through the COVID-19 pandemic, which had an unprecedented impact on the automotive industry. In 2014, Mr. Wildeboer was also heavily involved in the succession planning process for a new President and Chief Executive Officer of the Company, who would work with him to lead the Company in the pursuit of its vision and mission. Mr. Wildeboer has maintained a 100% attendance record as an active participant at all Board meetings since the inception of the Company. Mr. Wildeboer also brings a deep experience in board and committee work, and corporate governance, from a variety of public and private sector sources, as well as his background as a lawyer and executive. **The CGNC believes Mr. Wildeboer is a diligent director, as well as a responsible steward of the Company and, accordingly, recommends that shareholders vote FOR Mr. Wildeboer's re-election.**



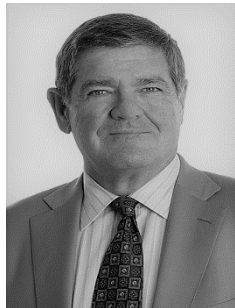
**Pat D'Eramo**, 58, resides in Caryville, Tennessee. He joined the Company as President and Chief Executive Officer in November, 2014 and was elected to the Board of Directors in June, 2015. Mr. D'Eramo has had a long and successful career in the automotive business, with extensive metalforming and parts manufacturing experience. Prior to joining the Company, he was the President of Dana Corporation's Commercial Vehicle Technology group, leading the global heavy truck driveline business, with presence in the Americas, Europe, India, Australia and a major joint venture in China. Previously, he was the Chief Manufacturing Officer, Asia Pacific, North America and South America and President North America for Benteler Automotive, an international automotive metalforming company. As President, Mr. D'Eramo was responsible for manufacturing, engineering, purchasing, logistics, sales and business development. From 2001 to 2009, Mr. D'Eramo worked for Toyota, serving as a

Vice President of manufacturing after holding several general manager roles. As Vice President, he had responsibility for all vehicle manufacturing operations in Toyota's Georgetown, Kentucky assembly plant, Toyota's second largest facility globally, which earned JD Power quality awards for one of the best facilities for quality in the world. Prior to that, Mr. D'Eramo spent 16 years with General Motors working in a variety of manufacturing positions, including plant manager of GM's metal fabricating division in Oshawa, Ontario and manager of the stamping plant for NUMMI, the joint venture of GM and Toyota. Mr. D'Eramo began his automotive career at Saturn Corporation. Mr. D'Eramo earned a Bachelor of Science degree in mechanical engineering from Michigan State University and a master's degree in manufacturing management from Kettering University. He also completed the Toyota Executive Development Program through The Wharton School of the University of Pennsylvania. He also sits on the Board of the Original

Equipment Suppliers Association (OESA) in the U.S. and is a member of the Center for Automotive Diversity, Inclusion and Advancement (CADIA) CEO Coalition for Change.

#### *CGNC's Recommendation of Mr. D'Eramo*

Mr. D'Eramo is a management representative on the Board. He brings a deep and intricate knowledge of the automotive industry to the Board, and, as the Chief Executive Officer of the Company, has full responsibility for the day-to-day operations of the Company's business in accordance with its strategic plan as approved by the Board. See Schedule "J", "Position Description for the Chief Executive Officer". He, along with the Executive Chairman, has the responsibility to lead the Company to fulfill its vision, to achieve its mission, and to operate the business in accordance with its guiding principles. In 2020, Mr. D'Eramo, together with Mr. Wildeboer, the Directors and the rest of the leadership team, worked tirelessly and steered the Company through the COVID-19 pandemic, which had an unprecedented impact on the automotive industry. Since joining the Company, Mr. D'Eramo has attended and has been an active, effective and engaged participant in all Board meetings. He is also intimately familiar with the Company's operations, personnel, customers and overall business. **The CGNC believes that Mr. D'Eramo is a diligent director, as well as a responsible steward of the Company and, accordingly, recommends that shareholders vote FOR Mr. D'Eramo's re-election.**



**Terry Lyons**, 71, resides in Vancouver, British Columbia. Mr. Lyons has over 45 years of experience in the development, financing and management of natural resource, manufacturing, real estate and merchant banking companies. He is a member of the Institute of Corporate Directors. Mr. Lyons currently serves as an Independent Director and Chairman of the Audit Committee of Canaccord Genuity Group Inc. He is also a director of several public corporations including SRHI Inc. (Chairman) and Mineral Mountain Resources Ltd. Mr. Lyons is a retired Managing Partner of Brookfield Asset Management and President and Managing Partner of B.C. Pacific Capital Corporation, past Chairman of Polaris Materials Corporation, recently acquired by U.S. Concrete, Northgate Minerals Corporation, which was acquired by Aurico Gold (now Alamos) and past Chairman of Eacom Timber Corporation which was sold to a private equity firm. He was previously a Director of the B.C. Pavilion Corporation (Pavco), Chairman of Westmin Mining and Vice Chairman of Battle Mountain Gold. Mr. Lyons has been active in Junior Achievement, the United Way, Special Olympics and other charitable and sports organizations. He is past Chairman of the Mining Association of B.C., past Co-Chairman of the B.C. Business Hall of Fame, a past Governor and Member of the Executive Committee of the B.C. Business Council, a past Governor of the Olympic Foundation of Canada, former Chairman of Sport B.C., a past President of Shaughnessy Golf and Country Club and a past member of the B.C. Board of the Institute of Corporate Directors and is currently a member of the Advisory Board of the Richard Ivey School of Business at Western University. In 2007, Mr. Lyons was awarded the Inco Medal by the Canadian Institute of Mining and Metallurgy for distinguished service to the mining industry. Mr. Lyons is a Civil Engineer (UBC) with an MBA from the University of Western Ontario. Mr. Lyons is Chair of the Audit Committee and a member of the CGNC. In addition to the committees he currently serves on, he has been a member of the Compensation Committee.

#### *CGNC's Recommendation of Mr. Lyons*

Mr. Lyons brings to the Board a broad range of operational, financial and governance experience. He is a specialist in corporate governance with his involvement in the Institute of Corporate Directors and his board experience with a governance focus, whether as a chairman of the board, lead director or chair of audit or governance committees. He has significant large company experience and also broad international exposure, working with companies with international operations. He also has a deep understanding of the capital markets, whether debt or equity, and audit committee work, including risk. Mr. Lyons joined the Board of Directors in early 2014 upon recommendation of the CGNC, after consultation with several advisors and shareholders, and held the position of Chair of the CGNC until 2019. Mr. Lyons has been an active, effective and engaged participant in all Board and committee meetings, and has been busy with the affairs of the Company, including, as previous Chair of the CGNC, working with other Board members, focusing on the constitution of the board, and now using his financial expertise as Chair of the Audit Committee. Mr. Lyons was heavily involved with the oversight of the Company's response to the COVID-19 pandemic, to help ensure the Company survived the crisis. **The CGNC believes that Mr. Lyons is a diligent independent director, as well as a responsible steward of the Company and, accordingly, recommends that shareholders vote FOR Mr. Lyons' re-election.**



**Fred Olson**, 74, resides in Rochester Hills, Michigan. Until the end of 2007, he was the President and Chief Executive Officer of Webasto Roof Systems Inc. and until June, 2009, was the President of Webasto Product North America, the North American subsidiary of Webasto AG of Stockdorf, Germany. Webasto is a worldwide leader in developing and manufacturing innovative roof and thermo systems for passenger cars and light truck vehicles. Mr. Olson was responsible for all car and truck platforms produced in the United States, Canada and Mexico. Prior to July 2000, Mr. Olson was Vice-President, Operations and Chief Operating Officer of Webasto Sunroofs, Inc., which was a joint venture between Webasto AG and Magna International Inc. In July, 2000, Webasto AG purchased Magna's 50% share in Webasto Sunroofs, Inc. Prior to that, Mr. Olson held a variety of senior management positions with increasing responsibility with several leading automotive manufacturers, including Dortec Industries, TRW, Chrysler and American Motors. Mr. Olson is a past member of the Board of Directors for three of the operating companies within Webasto. He has operated a casting facility as a general manager, experience relevant to the business of the Company's aluminium products subsidiary, where Mr. Olson sits on the board and routinely visits its operations. Mr. Olson has a BBA from Lambton College. He completed the Directors Education Program from the Institute of Corporate Directors which is provided by the Rotman School of Management at the University of Toronto in 2011. Mr. Olson is the Lead Director and a member of the Audit Committee, Compensation Committee (acting as Chair of the Compensation Committee due to the passing of Mr. Doroniuk) and CGNC.

#### *CGNC's Recommendation of Mr. Olson*

Mr. Olson brings to the Board a deep, intimate knowledge of the automotive and automotive supplier industry, having over 45 years' experience in a variety of operational and executive roles with several major automotive supplier companies that are leaders in their product areas, and at Chrysler, now FCA, one of the Company's largest customers. Mr. Olson has been a board member for many years, and Lead Director for many years, and has an intimate knowledge of the history of the Company and its development. He has been involved in the review of every acquisition made by the Company since mid-2002, including the review of operational due diligence, and provides his expertise as a director of Martinrea Honsel. Mr. Olson has been very involved with the work of the Board. He has been an active, effective and engaged participant in all Board and committee meetings, and has been busy with the affairs of the Company. Mr. Olson was heavily involved with the oversight of the Company's response to the COVID-19 pandemic, to help ensure the Company survived the crisis. **The CGNC believes that Mr. Olson is a diligent independent director, as well as a responsible steward of the Company and, accordingly, recommends that shareholders vote FOR Mr. Olson's re-election.**



**Sandra Pupatello**, 58, resides in Windsor, Ontario. She was elected as a director at the Company's annual general and special meeting in 2014. Ms. Pupatello is President of Canadian International Avenues Ltd., a management consulting firm. She spent five years as a Strategic Advisor (Industry, Global Markets and Public Sector) for PricewaterhouseCoopers Canada. She was also past Chair of Hydro One, the Province of Ontario's crown corporation responsible for electrical transmission, which is Canada's largest transmission company from 2014 to 2015. She was previously also the Chief Executive Officer of the Economic Development Corporation of Windsor and Essex County. Ms. Pupatello served as a member of the provincial parliament of the Province of Ontario for 16 years, including leadership roles as a Member of the Premier's Executive of Cabinet. In 2003, she was appointed to cabinet as Minister of Community and Social Services with responsibility for Women's Issues. From

2003 to 2007 she served as Vice-Chair of the Treasury Board for the Government of Ontario. She was the Ontario Minister of Economic Development & Trade from 2006 to 2011 and Ontario's Chief Investment Officer, her agency being awarded the top ranking in North America for economic development and for foreign direct investment in 2011. In this role, Ms. Pupatello was a leading advocate for, as well as participant in, the Canadian automotive industry, and was a member of the Canadian Automotive Partnership Council (CAPC). In 2008 and 2009, as Minister, she was heavily involved in providing assistance from the Government of Ontario to General Motors and Chrysler in order for them to continue operations. As Minister, she has signed strategic trade and sectoral investment cooperation agreements in important global markets including China, the European Union, Mexico and Brazil, all markets in which the Company operates. Ms. Pupatello was previously the Minister of Education and Minister of Community & Social Services for the Province of Ontario. In 2012, Ms. Pupatello was appointed by the federal government of Canada to review Canada's aeronautical and space industry and programs affiliated with it, which report was tabled publicly in December 2012. She holds a B.A. (Hons) from the University of Windsor, has an Honourary Doctorate of Laws from

the University of Windsor and has won multiple awards for her public service and leadership. She has also completed the Directors Education Program from the Institute of Corporate Directors which is provided by the Rotman School of Management at the University of Toronto in 2012. Ms. Pupatello is Chair of the CGNC. In addition to the committee she currently serves on, she has been a member of the Audit Committee and the Compensation Committee.

#### *CGNC's Recommendation of Ms. Pupatello*

Ms. Pupatello brings to the Board a deep knowledge of the political sector and has been involved in the automotive industry, as a regulator, an investor of public funds and an advocate for many years. She has worked with every leading automotive and automotive parts company in the Province of Ontario and has encouraged and negotiated investments by GM, Ford, Chrysler, Honda and Toyota, all customers of the Company. She has broad experience in other government roles as well, and brings to the Board great international experience, having led investment and trade missions to industrial capitals on five continents. She has been an active, effective and engaged participant in all Board and committee meetings, and has been very busy with the affairs of the Company, including most recently as Chair of the CGNC, working with other Board members, focusing on the constitution of the Board. Ms. Pupatello was heavily involved with the oversight of the Company's response to the COVID-19 pandemic, to help ensure the Company survived the crisis. **The CGNC believes that Ms. Pupatello is a diligent independent director, as well as a responsible steward of the Company and, accordingly, recommends that shareholders vote FOR Ms. Pupatello's re-election.**



**David Schoch**, 70, resides in Williamsburg, Virginia. Mr. Schoch has over 40 years of experience as a recognized leader in the automotive industry with an outstanding record of transformation and growth. Throughout his career, Mr. Schoch served in global business and finance leadership positions at Ford Motor Company in Asia Pacific, Europe, Africa, Central/South America and North America. Prior to his retirement in late 2017, he served as Group Vice President and President, Asia Pacific, and Chairman and Chief Executive Officer, Ford China. Mr. Schoch has extensive board experience having served with many Ford subsidiaries and joint ventures, and currently sits as a trustee of the Ford Motor Company Fund, Lycoming College and the Dean's Council of the Fox School of Business at Temple University. Operationally, Mr. Schoch built and expanded assembly plants and grew businesses all over the world; oversaw joint venture operations in many countries; managed restructurings; and led businesses with revenues of up to \$30 billion and responsible for over 20,000 employees. Mr. Schoch was the Chief Financial Officer of Ford in the Americas from 2009-2011. He served as Executive Director for Ford's operations in Canada, Mexico and South America, and was Chief Financial Officer and VP Finance and Strategic Planning for Ford Europe. Before joining Ford Europe, Mr. Schoch was Chief Financial Officer of Ford's Asia Pacific Operations. Mr. Schoch's extensive global experience also includes senior leadership positions in South America and South Africa. Mr. Schoch continues to serve on several public, private and non-profit boards, along with guest lecturing on global leadership at several universities. Mr. Schoch holds a BA in Business from Lycoming College in Williamsport, Pennsylvania and an MBA from Temple University, Fox School of Business, Philadelphia, Pennsylvania. Mr. Schoch is currently a member of the Audit Committee and Compensation Committee of the Company. In addition to the committees he currently serves on, he has also been a member of the CGNC.

#### *CGNC's Recommendation of Mr. Schoch*

Mr. Schoch brings to the Board a deep and intricate knowledge of the automotive industry, financial, operational, public company chief financial officer and senior executive experience, as well as knowledge of global markets. Mr. Schoch was appointed to the Board of Directors in August, 2018 upon recommendation of the CGNC given his automotive and other experience. Mr. Schoch has been an active, effective and engaged participant in all Board and committee meetings, and has been busy with the affairs of the Company, including as current member of the Audit Committee and the Compensation Committee. Mr. Schoch was heavily involved with the oversight of the Company's response to the COVID-19 pandemic, to help ensure the Company survived the crisis. **The CGNC believes that Mr. Schoch is a diligent independent director, as well as a responsible steward of the Company and, accordingly, recommends that shareholders vote FOR Mr. Schoch's election.**



**Molly Shoichet**, 55, resides in Toronto, Ontario. She was elected as a director at the Company's annual general meeting in 2019. Dr. Shoichet has been on the faculty at the Department of Chemical Engineering and Applied Chemistry at the University of Toronto since 1995. Dr. Shoichet has published over 675 papers, patents and abstracts and has given over 400 lectures worldwide. She currently leads a laboratory of 25 and has graduated 200 researchers. Her research is focused on drug and cell delivery strategies in the central nervous system (brain, spinal cord, retina) and 3D hydrogel culture systems to model cancer. Dr. Shoichet is currently serving as a director of MaRS, reflecting her passions for technology and innovation. Dr. Shoichet has co-founded four companies relating to her patented research, serving as a director and/or officer, and raising financing for each company. She is currently

Director and co-Founder of AmacaThera Inc. She is also actively engaged in translational research, science outreach and community service. She served as Ontario's first Chief Scientist in 2018 where she worked to enhance the culture of science. From 2007 to 2013, she was a member of the Science, Technology and Innovation Council (STIC) which provided strategic advice to the Prime Minister of Canada and the Federal Minister of Industry. From 2009-2015, she served as a director of Ontario Centres of Excellence. From 2006-2008, she was a member of the Ontario Research and Innovation Council (ORIC) which provided strategic advice to the Premier of Ontario and the Ministry of Research and Innovation on the Innovation economy. She has established the Dorothy Shoichet Women Faculty in Excellence Award, University of Toronto. Dr. Shoichet is the recipient of many prestigious distinctions and the only person ever to be inducted into all three of Canada's National Academies of Science, Engineering and Health Sciences. In 2018, Dr. Shoichet was inducted as an Officer of the Order of Canada and in 2011, she was awarded the Order of Ontario. In 2012, she received the Queen Elizabeth II Diamond Jubilee Medal in recognition of her contributions to Canada. In 2014, Dr. Shoichet received the University of Toronto's highest distinction, University Professor, which is held by less than 2% of the faculty. Dr. Shoichet was the L'Oreal-UNESCO For Women in Science Laureate for North America in 2015, elected Foreign Member of the US National Academy of Engineering in 2016, won the Killam Prize in Engineering in 2017, an elected Foreign Fellow of the UK Royal Society in 2019. Dr. Shoichet won the top prize in science in Canada in 2020 – the NSERC Herzberg gold medal; and one of the top prizes in medicine in 2020 – the Margolese Brain Disorder Prize. Dr. Shoichet received her SB from the Massachusetts Institute of Technology (1987) and her PhD from the University of Massachusetts, Amherst in Polymer Science and Engineering (1992). Dr. Shoichet is a member of the Compensation Committee.

#### *CGNC's Recommendation of Dr. Shoichet*

Dr. Shoichet brings to the Board a deep knowledge of science, technology and innovation, previous board, corporate and public policy experience and an entrepreneurial spirit. She brings a unique perspective to the Board, building on her interdisciplinary research at the intersection of engineering, science and medicine where she is able to bring diverse groups together to solve common problems. Having started four companies and provided strategic advice to federal and provincial governments, Dr. Shoichet understands the importance of good governance. She has been an active, effective and engaged participant in all Board and Committee meetings, and has been busy with the affairs of the Company including as current member of the Compensation Committee. Dr. Shoichet was heavily involved with the oversight of the Company's response to the COVID-19 pandemic, to help ensure the Company survived the crisis. **The CGNC believes that Dr. Shoichet is a diligent independent director, as well as a responsible steward of the Company and, accordingly, recommends that shareholders vote FOR Dr. Shoichet's election.**



**Edward Waitzer**, 67, resides in Toronto, Ontario. Mr. Waitzer, who joined the Board in March 2021, practised law with Stikeman Elliott LLP for almost four decades (retiring from the firm in January 2021), including as head of the firm's New York office and as Chair of the firm. His practice focused on complex business transactions and advising in respect of various public policy and governance matters. Mr. Waitzer is former Chair of the Ontario Securities Commission and former Vice President, Listings and Distributions of the Toronto Stock Exchange. He served as a public director of the American Institute of Certified Public Accountants and was a founding director of the Sustainability Accounting Standards Board. He was special advisor to the Chilean Superintendent of Insurance and Securities and President

of the Canada-Chile Business Council. Mr. Waitzer is an experienced director, having served on many public, private, charitable and government boards, including Chair of the Liquor Control Board of Ontario, Vice Chair of Sociedad Quimica y Minera de Chile (SQM) and a director of Trimark Financial Corporation and the Toronto Foundation. He was appointed as a director of Cymbria Corporation (an investment company) in May 2021. He has been a professor and Director of the Hennick Centre for Business and Law and is the Jarislowsky Dimma Mooney Chair Emeritus in

Corporate Governance at Osgoode Hall Law School and the Schulich School of Business. Mr. Waitzer has been extensively published in popular media, academic journals and other publications on a variety of issues, including corporate governance and responsible corporate behaviour. He continues to practise law at Waitzer Professional Corporation. Mr. Waitzer is a current member of the CGNC, appointed in 2021.

#### *CGNC's Recommendation of Mr. Waitzer*

Mr. Waitzer brings to the Board a deep knowledge of legal, regulatory and corporate governance issues, mergers and acquisitions and sustainability. Mr. Waitzer also has significant automotive industry knowledge, having represented several automotive industry participants over many years. Since his appointment to the Board in March 2021, Mr. Waitzer has been an active, effective and engaged participant in all Board and Committee meetings, and has been busy with the affairs of the Company. **The CGNC believes that Mr. Waitzer is a diligent independent director, as well as a responsible steward of the Company and, accordingly, recommends that shareholders vote FOR Mr. Waitzer's election.**

#### **Director and Senior Executive Ownership of Shares and Deferred Share Units, Restricted Share Units and Performance Share Units**

Each of the directors of the Company is required to own Common Shares or share equivalents within a period of time, as described below.

In May 2013, to promote shareholder alignment, the directors adopted a new Director Share Ownership Policy, which requires that each director hold no less than three times the then director's annual retainer in Common Shares, such shares to be acquired within five years from the later of the policy's introduction in May 2013 or the date upon which a director joins the Board. With changes in the Company's approach to director compensation (see "Director Compensation"), the Company increased the threshold level to three times the base cash retainer, or \$300,000. In 2016, the directors adopted a new Deferred Share Unit ("DSU") Plan (the "DSU Plan") and adopted a policy, effective January 1, 2016 (see "Director Compensation"), requiring that at least 50% of a director's annual retainer is to be paid in DSUs. DSUs are counted towards the Director Share Ownership Policy. In determining whether each director meets the requirements of the Director Share Ownership Policy, the greater of cost or current fair market value of the Common Shares is used. For DSUs the greater of the value on the grant date or current fair market value is used. As of the date of this Management Information Circular, each of the directors of the Company meets or has time remaining to meet the requirements of the Director Share Ownership Policy. As management members of the Board, Mr. Wildeboer and Mr. D'Eramo are required to adhere to the Executive Share Ownership Policy. Please see the section entitled "Executive Share Ownership Policy" under "Executive Compensation" in this Management Information Circular for further details.

The following table sets out the number of Common Shares, DSUs, RSUs and PSUs held by director nominees as at May 4, 2021.

Director	Director Since	Shares <sup>(1)</sup>	DSUs, RSUs and PSUs	Total Shares and Share Units	Total at Risk Value of Shares and Share Units <sup>(2)</sup>	Meets Requirement
Pat D'Eramo	June 11, 2015	191,891	208,696 <sup>(3)</sup>	400,587	\$5,263,713	Yes
Terry Lyons	February 1, 2014	12,004	51,525	63,529	\$834,771	Yes
Fred Olson	June 27, 2002	23,707	51,525	75,232	\$988,548	Yes
Sandra Pupatello	June 19, 2014	15,000	51,525	66,525	\$874,139	Yes
David Schoch	August 8, 2018	23,100	26,856	49,956	\$656,422	Yes
Molly Shoichet	June 11, 2019	-	18,335	18,335	\$240,922	Yes
Edward Waitzer	March 4, 2021	30,000	-	30,000	\$394,200	Yes
Rob Wildeboer	September 10, 1996	525,000	208,696 <sup>(3)</sup>	733,696	\$9,640,765	Yes

<sup>(1)</sup> The number of Common Shares owned by each director nominee, not being within the knowledge of the Company, has been furnished by the nominees.

<sup>(2)</sup> The "Total at Risk Value of Shares and Share Units" is based on the closing price of the Common Shares as of May 4, 2021 of \$13.14 per Common Share multiplied by the total shares and Share Units outstanding.

<sup>(3)</sup> Represents Messrs. Wildeboer and D'Eramo's RSUs and PSUs, including those granted in 2021, and assumes PSU (at target) and all RSUs and PSUs are fully vested.

As at May 4, 2021, the directors and senior officers of the Company as a group, directly and indirectly, beneficially own or exercise control or direction over 1,281,420 Common Shares, representing approximately 1.6% of the issued and outstanding Common Shares. In addition, directors and certain eligible employees hold options to acquire Common Shares, certain eligible employees hold RSUs and PSUs, and independent directors and a couple of senior executives hold DSUs. In total the Company has 2,722,000 options, 361,524 RSUs, 361,697 PSUs and 331,291 DSUs held by such parties and other Company employees. Combining the shareholdings of directors and eligible employees of the Company with these outstanding equity based securities, the portion of equity of the Company held by such persons is approximately 6%.

Other than as set forth herein, none of the proposed directors:

- (a) is, as at the date of the Management Information Circular, or has been, within 10 years before the date of the Management Information Circular, a director or chief executive officer or chief financial officer of any company (including the Company) that, while that person was acting in that capacity,
  - (i) was the subject of an order (as defined in National Instrument 51-102F5) that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
  - (ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer, or chief financial officer, and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer, or chief financial officer; or
- (b) is at the date hereof, or has been within 10 years before the date of this Management Information Circular, a director or executive officer of any company (including the Company) that while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or 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; or
- (c) has, within the 10 years before this Management Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Mr. Terry Lyons was a director of Royal Oak Ventures Inc. (“Royal Oak”) at the request of Brookfield Asset Management Inc. (“Brookfield”) which was subject to cease trade orders in each of the provinces of British Columbia, Alberta, Ontario and Quebec due to the failure of Royal Oak to file financial statements since the financial year ended December 31, 2003. After restructuring, the cease trade orders were lifted on July 4, 2012. Effective January 1, 2014, Brookfield took Royal Oak private and Mr. Lyons resigned as a director. Mr. Lyons was elected to the board of directors of Royal Oak because of his valuable experience and expertise in financial restructuring in the insolvency context.

The information as to cease trade orders and bankruptcies, not being within the knowledge of the Company, has been furnished by the directors and executive officers, respectively.

### **ADOPTION OF BY-LAW NUMBER 3**

In May, 2021, the Board of Directors passed a resolution approving the adoption of By-Law Number 3 of the Company (“By-law Number 3”), a copy of which is attached as Schedule “A”. The Board of Directors had determined to update and modernize its General By-Law (By-Law Number 3), which was first adopted in 1997 and had not been amended since that time. A large number of changes were made to By-Law Number 3 to reflect changes in law and practice since 1997. The Company’s by-laws did not expressly provide that a virtual meeting of shareholders could be held. In light of the health impact of COVID-19 and the restrictions on gatherings that have been implemented in Ontario, the Company determined it is necessary to make amendments to clearly specify that virtual meetings could be held in future years when emergency legislation is not in place that specifically allows virtual meetings. As a result, the changes make it clear that board, committee and shareholder meetings can be held virtually,



by telephonic, electronic or other communications facility and to permit electronic communications with shareholders. Certain other changes, such as the timing of record dates and adjournment of meetings were also amended to reflect changes in the Ontario Business Corporations Act (the “Act”). Pursuant to Section 116(2) of the Act, the Board is submitting By-Law Number 3 to Shareholders for confirmation.

The foregoing summary of the terms of By-Law Number 3 is intended to be brief and is qualified in its entirety by the full text of By-Law Number 3, which is attached as Schedule “A”.

At the Meeting, the Shareholders will be asked to consider and, if thought appropriate, approve the resolution substantially in the form noted below to approve By-Law Number 3. Approval of the resolution will require an affirmative vote of not less than a majority of the votes cast on the matter at the Meeting.

“RESOLVED, as an ordinary resolution, that:

- (a) By-Law Number 3 substantially in the form attached as Schedule “A” to the Company’s Management Information Circular dated May 7, 2021, is hereby approved, ratified and confirmed as a by-law of the Company; and
- (b) Any director or officer of the Company is hereby authorized to do all such acts and execute and deliver all such documents as may be necessary to give effect to this ordinary resolution, including, without limitation, the execution of any document or the doing of any such other act or thing being conclusive evidence of such determination.”

**For the reasons indicated above, the Board recommends that shareholders vote “FOR” the foregoing resolution. The representatives of management named in the enclosed form of proxy, if named as proxyholders, intend to vote for the resolution, unless the shareholder has specified in the form of proxy that his or her shares are to be voted against the resolution.**

#### **ADOPTION OF BY-LAW NUMBER 4**

In May, 2021, the Board of Directors passed a resolution approving the adoption of By-Law Number 4 of the Company (“By-Law Number 4”), a copy of which is attached as Schedule “B”. By-Law Number 4 is an advance notice by-law (the “Advance Notice By-Law”) and provides for advance notice of nominations of directors in certain circumstances. The Advance Notice By-Law was adopted in 2014 and at the time was in compliance with the guidelines published by ISS and Glass Lewis (the “Proxy Advisors”). Since 2014, the Proxy Advisors have revised their guidelines as to what is acceptable in an advance notice by-law. The Board of Directors had determined that, since it was updating and modernizing By-Law Number 3, that it should update and modernize the Advance Notice By-Law as By-Law Number 4 at the same time. All changes that were made to By-Law Number 4 bring it into compliance with the guidelines of the Proxy Advisors, so there is no longer an upper time limit for submitting notice of a nomination, or a requirement that a new time period starts for adjournment or a requirement that a nominee must consent in writing, among other changes. Pursuant to Section 116(2) of the Act, the Board is submitting the By-Law Number 4 to Shareholders for confirmation.

Advance notice is required to be provided to the Company in circumstances where nominations of persons for election to the Board of Directors are made by Shareholders other than pursuant to a requisition of a meeting made pursuant to the provisions of the Act or a Shareholder direction or request made pursuant to the provisions of the Act. The purpose of the advance notice provision in By-law Number 4 is to foster a variety of interests of the Shareholders and the Company by ensuring that all shareholders, including those participating in a meeting by proxy rather than in person, receive adequate notice of the nominations to be considered at a meeting and can thereby exercise their voting rights in an informed manner. In addition, By-law Number 4 should assist in facilitating an orderly and efficient meeting process.

The foregoing summary of the terms of By-Law Number 4 is intended to be brief and is qualified in its entirety by the full text of the By-Law Number 4, which is attached as Schedule “B”.

At the Meeting, the Shareholders will be asked to consider, and if thought appropriate, approve the resolution substantially in the form noted below to approve By-Law Number 4. Approval of the resolution will require an affirmative vote of not less than a majority of the votes cast on the matter at the Meeting.



“RESOLVED, as an ordinary resolution, that:

- (c) By-Law Number 4 substantially in the form attached as Schedule “B” to the Company’s Management Information Circular dated May 7, 2021, is hereby approved, ratified and confirmed as a by-law of the Company; and
- (d) Any director or officer of the Company is hereby authorized to do all such acts and execute and deliver all such documents as may be necessary to give effect to this ordinary resolution, including, without limitation, the execution of any document or the doing of any such other act or thing being conclusive evidence of such determination.”

**For the reasons indicated above, the Board recommends that shareholders vote “FOR” the foregoing resolution. The representatives of management named in the enclosed form of proxy, if named as proxyholders, intend to vote for the resolution, unless the shareholder has specified in the form of proxy that his or her shares are to be voted against the resolution.**

## **CORPORATE GOVERNANCE**

### **Sustainable Business**

The Board of Directors oversees the Company’s strategy and risk management processes, which includes ensuring the Company has a good corporate culture, strong governance structure, and other elements of a sustainable business. We believe good corporate governance is an integral part of the long term sustainability of a business enterprise.

The Company’s vision for the future is: Making lives better by being the best supplier we can be in the products we make and the services we provide. The Company’s mission is Making People’s Lives Better by: (i) delivering outstanding quality products and services to our customers; (ii) providing meaningful opportunity, job satisfaction and job security for our people; (iii) providing superior long term investment returns to our stakeholders; and (iv) being positive contributors to our communities. The Board has responsibility to support both.

The Company is built on strong values and the Company runs its business in a socially responsible and ethical manner, by respecting the environment, respecting the law, supporting universal human rights and contributing to communities around the world.

Since the Company’s inception, the Company has implemented labour and environmental policies and practices that address these important matters, including policies promoting fair compensation and work hours, freedom of association and collective bargaining, anti-harassment and discrimination, health and safety, community engagement, respect for the environment and policies prohibiting bribery and corruption, and child and forced labour (including from its supply base). The Company assesses and updates its sustainability strategies and environmental policies where possible to meet its own goals for an environmentally and socially responsible company.

The Company’s approach to health and safety, diversity and inclusion, environmental sustainability and the like is not formulaic in response to popular trends: it is at the core of Martinrea’s culture to make people’s lives better. It is a given that people are to be treated the way we wish to be treated, with dignity and respect. It is foundational that a person has to be safe in our company, physically or emotionally, that prejudice in any form is unacceptable, that opportunity is provided equally to all, and the Company strives to do that every day. It is also foundational that we as a company promote sustainability in all we do in our communities, by respecting and improving the environment (indeed, our lightweighting business focuses on reducing emissions and saving energy), by supporting good causes in communities, and by being an employer of choice and good corporate citizen. This is what sustainability means to us.

The Company's sustainability policies can be summarized as falling under five general areas which overlap in some respects:

- Culture and Ethics
- Respect for People
- Environmental Sustainability
- Supply Chain Responsibility
- Making People's Lives Better

A more detailed discussion on the Company's sustainable business practices is contained in the Company's Annual Information Form dated March 4, 2021, which can be found at [www.sedar.com](http://www.sedar.com) and [www.martinrea.com](http://www.martinrea.com), and the Company's Sustainability Report, which can be found at [www.martinrea.com](http://www.martinrea.com).

## **Governance General Overview**

The Board of Directors is committed to fostering a healthy governance culture at the Company. The Company believes that a healthy governance culture requires that directors be informed of both internal corporate and external developments that may affect the business and affairs of the Company and that an atmosphere of open communication, trust, candour, healthy debate and constructive dissent be part of the corporate decision making and directorial oversight process.

Although mindful of evolving views with respect to governance issues and incorporating those governance issues that the Board determines to be in the best interests of the Company into its governance practices, the Board believes that mere formulaic or structural approaches to corporate governance issues, such as numerical guidelines for outside directors, number of directors, director age, number of committees, director incentive programs, number of formal meetings, and similar requirements are not themselves sufficient and, in some cases, not particularly helpful in ensuring that the board of directors of a public company fulfils its mandate of properly supervising the management of the Company, addressing potential conflict of interest situations and, in general, representing the interests of shareholders to encourage what they ultimately want, namely, good and proper corporate performance. Directors have statutory and fiduciary obligations to act honestly and in good faith with a view to the best interests of the Company. They also have a duty of care in making decisions, including to be properly informed so they can perform the tasks their position entails. The Board of Directors demands that these standards are met by its members at all times. The Board's authority is exercised in accordance with the law: (i) the *Business Corporations Act* (Ontario); (ii) the Company's articles of incorporation and by-laws; (iii) the Company's Code of Ethics and Business Conduct (the "Code of Conduct"); (iv) the charters of the Board and the Board committees; and (v) other applicable laws and regulations including those of the Canadian Securities Administrators ("CSA") and the TSX (on which the Company's Common Shares are listed).

The Board approves all material decisions that affect the Company and its subsidiaries before they are implemented. The Board delegates to management the authority and responsibility for the day-to-day affairs of the Company and reviews management's performance. The Board expects management to manage the Company in a manner that enhances shareholder value, is consistent with the highest level of integrity and is within the law.

The Company's corporate governance practices are designed to ensure that the business and affairs of the Company are effectively managed to promote and enhance shareholder value. The Company believes that its Board of Directors, including through participating directly in planning and implementation, has been actively involved in oversight of the Company's business. Management has been able to draw assistance from individual board members, and seek advice from the Board of Directors as a whole, when circumstances require it.

Over the past several years, both management and the Board of Directors have closely monitored and, where appropriate, responded to Canadian regulatory developments aimed at improving corporate governance, increasing corporate accountability and maximizing the transparency of public company disclosure. The Board seriously considers corporate governance trends, and interests of shareholders directly or as represented by proxy advisory firms when fulfilling its fiduciary obligations, and incorporates those trends that are in the best interests of the Company as a whole. It has also retained outside advisors to assist in various corporate governance considerations.

In the course of making additions of independent directors to the Board, members of the Board, including the Chair of the CGNC and the Chairman, have sought advice from many shareholders and other stakeholders.

Several critical governance practices are outlined below:

- Commitment to the Company's Culture, including Vision, Mission and Ten Principles
- Active shareholder engagement
- Active Board engagement in, and approval of, strategy
- Broad oversight of risk
- Strong oversight of management succession planning
- Commitment to best standards of ethics and compliance
- Diverse range of nominee skills, expertise and backgrounds
- Diversity and Inclusion Policy
- Annual Say on Pay vote
- Annual individual director election, no slate ballots
- Majority voting policy and prompt disclosure of vote results
- Advance notice by-law
- Lead Director
- 100% of Board committee members are independent
- Committees with full authority to retain independent advisors
- Director orientation and continuing education
- Board evaluation process
- Equity ownership requirements (including no additional options to new independent directors, and a requirement to hold DSUs until no longer on the Board)
- Anti-hedging restrictions for directors, officers and employees
- Claw-back policy

### **CSA Guidelines**

The Board of Directors remains committed to the highest standards of integrity, fiduciary duty, corporate governance and performance and in exercising its business judgment will consider all relevant factors in nominating directors.

National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101") and National Policy 58-201 – *Corporate Governance Guidelines* (NP 58-201, together with NI 58-101, the "CSA Guidelines") set out a series of guidelines for effective corporate governance.

The CSA Guidelines as well as the evolving best practices in corporate governance, including the requirements of National Instrument 52-110 - *Audit Committees* ("NI 52-110") and changes to executive compensation disclosure, are considered by the Board in the context of the Company's objectives in order to implement the most effective corporate governance policies and practices for the Company. Under NI 52-110, a director is "independent" if he or she has no direct or indirect material relationship with the issuer. A material relationship is a relationship which could, in the view of the Board of Directors, reasonably interfere with the exercise of a director's independent judgment. By reference to NI 52-110, the CSA has established a specific list of material relationships which compromise a director's independence. The Company applies the standards set out in the CSA Guidelines, with a view to apprising investors of the Company's "best practices" approach to responsible corporate governance.

The Company is also subject to the requirements of Canadian provincial securities legislation, including those relating to the certification of financial and other information by the Company's principal executive officer and principal financial officer; oversight of the Company's external auditors; enhanced independence criteria for audit committee members; the pre-approval of permissible non-audit services to be performed by the Company's external auditors; and the establishment of procedures for the anonymous submission of employee complaints regarding the Company's accounting practices (commonly known as whistleblower procedures).

In its consideration of evolving best practices in corporate governance matters, among other matters discussed below, the Company has:

- (i) adopted and updated the Code of Conduct;
- (ii) established a confidential procedure for the anonymous submission to the Audit Committee of employee complaints regarding the Company's accounting practices and violations of compliance policies such as the Code of Conduct (the "Whistleblower Policy");
- (iii) established policies and procedures for audit committee pre-approval of services provided by the independent auditor ("Independent Auditor Engagement Pre-Approval Policies and Procedures");
- (iv) amended and updated the charter for the audit committee (the "Audit Committee Charter"), which prescribes the Audit Committee's Mandate;
- (v) updated the charter for the Compensation Committee;
- (vi) added a charter for a corporate governance and nominating committee, established in 2013;
- (vii) established a "lead director" position;
- (viii) established equity ownership requirements for members of the Board of Directors as discussed in the section "Election of Directors—Director and Senior Executive Ownership of Shares and Share Units" and for its senior executives as discussed in the section entitled "Executive Share Ownership Policy" under "Executive Compensation";
- (ix) ensured that a majority of independent directors sit on the Board of Directors and that all Board committees are comprised exclusively of independent directors;
- (x) retained outside compensation consultants to assist in reviews of compensation and benchmarking analysis;
- (xi) adopted a DSU Plan (of which for independent directors, a minimum of one-half of the annual retainer is paid in DSUs);
- (xii) adopted a PRSU Plan for executives;
- (xiii) held in camera sessions at all director and committee meetings, without management present;
- (xiv) encouraged and facilitated attendance of director meetings, such that directors had an exemplary attendance record at Board and committee meetings;
- (xv) initiated a formal director performance review process;
- (xvi) in 2014, the Board added four independent directors, consulting with many shareholders of the Company in the process;
- (xvii) in 2014, the Board implemented an Advance Notice By-Law to ensure sufficient notice to shareholders of proposed director nominations;
- (xviii) in 2015, adopted a Diversity Policy and a Majority Voting Policy;
- (xix) in 2016, introduced an advisory, non-binding vote on the Company's approach to executive compensation;
- (xx) in 2018, formalized its policy on clawbacks, which allows the Company to recoup bonuses paid to senior executives if there is a restatement of financial results upon which bonuses may have been awarded (the Company previously had an informal clawback policy);
- (xxi) in 2019, reduced the number of members on the Board's standing committees from seven (7) persons to four (4) persons for the Audit Committee and three (3) persons for each of the CGNC and Compensation Committee given the increase in the size of the Board. All independent members of the Board are invited to attend committee meetings if they wish;
- (xxii) in 2019 and 2020, worked with a consultant to refine the Company's sustainability (ESG) strategy (which commenced rolling out in 2020);
- (xxiii) in 2020, executive compensation was adjusted downward in response to the COVID-19 pandemic and the Company held its first all virtual meeting to protect people during the COVID-19 pandemic; and
- (xxiv) in 2021, the Company updated and modernized its by-laws to be in line with current standards.

Further, since 2010, the Board has overseen a succession planning process for certain senior executive positions, as well as the renewal of the Company's Board to ensure a diversity of skills, background and experience by adding: five independent directors from 2013 to 2015, appointing a sixth independent director in 2018 with extensive global automotive experience, including in emerging markets, another independent director in 2019 with extensive experience in science, innovation and technology and in 2021, an independent director with extensive expertise in governance, mergers and acquisitions and sustainability, who has gained experience with the automotive industry.

For convenience, copies of the Company's Code of Conduct, Board Mandate, Board Chair Mandate, Lead Director Mandate, Compensation Committee Charter, CGNC Charter, Audit Committee Charter and Position Description for the Chief Executive Officer are attached as schedules hereto.

## **Code of Conduct**

In November 2005, the Company approved the Code of Conduct in light of its continued commitment to honesty and integrity in the conduct of its business. The Code of Conduct applies to all its directors, officers and employees, including its Chief Executive Officer, its Chief Financial Officer and all employees of the Company's subsidiaries. The Code of Conduct, as updated, is attached as Schedule "C" hereto, and is also available on the Company's website. The Board and officers of the Company are responsible for ensuring compliance with the Code of Conduct. The Board reviews the Code of Conduct on an annual basis and has delegated supervision of compliance to the Audit Committee, and the appropriate officers of the Company. The Company has adopted a Whistleblower Policy that provides a channel for individuals to express concerns, questions, or observations of misconduct, unethical behaviour, and/or noncompliance directly and anonymously to the Company's General Counsel or Audit Committee Chairman or to anonymous ethics hotlines. The Company has incorporated compliance with the Code of Conduct into its internal controls, monitors compliance on an ongoing basis, and has implemented training to help its employees and executives understand the principles in the Code of Conduct. The Company has in place an Employee Bill of Rights which allows complaints to be made directly to the Chief Executive Officer of the Company, without fear of reprisal or retaliation. Complaints are encouraged to be resolved quickly. The Board feels that an open door policy encourages and fosters a culture of ethical conduct within the Company. Furthermore, the Company has in place an Anti-Bribery and Corruption Policy specifically prohibiting bribery of foreign political officials (in addition to its pre-existing broad prohibition against bribery) and an Anti-Trust Policy prohibiting violation of anti-trust laws.

## **Mandate of the Board of Directors**

The mandate of the Board of Directors is to oversee the management of the business of the Company by the senior officers of the Company and includes the following duties and responsibilities:

1. approving and monitoring the Company's overall strategy;
2. reviewing and approving strategic acquisitions, opportunities, investments, divestitures and alliances;
3. assessing the principal risks inherent to the businesses of the Company;
4. approving the appointment of senior officers, reviewing their performance against objectives approved by the Board of Directors from time to time, and overseeing the compensation policies of the Company;
5. overseeing the creation and implementation of appropriate succession plans for senior management;
6. reviewing the Company's public disclosure policies and practices;
7. reviewing and approving the Company's financial statements and related disclosures and recommendation of the Audit Committee;
8. reviewing and assessing the integrity of the Company's internal controls and management;
9. reviewing and assessing nominees to the Board of Directors on recommendations of the CGNC; and
10. reviewing and monitoring the corporate governance policies and practices of the Company.

A copy of the Board Mandate is attached as Schedule "D" hereto.

## Composition and Independence of the Board of Directors

The Board of Directors is currently comprised of eight (8) members. Since 2013, the Company has continued to fulfill its intention to renew and expand the Board of Directors over time and to increase Board diversity through the addition of one or more independent directors. Currently, of the directors standing for election, the Board has six independent directors, including two independent female directors. As a result, a total of eight (8) individuals are nominated for election at the Meeting. On an annual basis, the Board of Directors monitors and reviews the relationship of each director with the Company to consider whether or not such director is or remains independent, considering and applying the factors as outlined under the CSA Guidelines and NI 52-110 (which are discussed above). Of the eight (8) proposed directors, six are considered to be “independent” under the CSA Guidelines and in accordance with NI 52-110. The directors who are considered to be independent are Terry Lyons, Fred Olson, David Schoch, Sandra Papatello, Molly Shoichet and Edward Waitzer. The directors who are considered not to be independent are Rob Wildeboer and Pat D’Eramo by virtue of the office assumed by them with the Company. The Board believes that a sufficient number of directors are independent of the Company, as six out of eight directors are independent, and no material corporate decision requiring director approval can be passed without the consent of at least three independent directors, and given the roles of the Audit Committee, the Compensation Committee and the CGNC, as well as the role of the Lead Director, in the governance of the Company. At the Meeting, shareholders will be requested to elect a majority independent Board of Directors.

The Chairman of the Board of Directors is Rob Wildeboer. He is a full-time executive of the Company, and, therefore, not an independent director. Mr. Wildeboer, as the full time Executive Chairman of the Company, has particular responsibility for Board-related issues in addition to his participation in corporate activities as a senior executive. The mandate of the Chairman of the Board is attached hereto as Schedule “E”.

To assist in fostering proper input of independent directors and independent director participation in Board decisions, in addition to and apart from Board committee mandates, where the Chairman of such committee will perform the “lead director” role, the Board has established a Lead Director position. The Lead Director role has been established to ensure appropriate processes are followed. The Lead Director’s Mandate is attached as Schedule “F” hereto. The chair of each of the Board’s Committees, and the Lead Director, are “independent” within the meaning of NI 52-110 and, consequently, within the meaning of the CSA Guidelines. Fred Olson is the Lead Director. It is also noted that individual directors may retain outside advisors at the Company’s expense in appropriate circumstances with the approval of the Audit Committee. In addition, Board members are encouraged to independently review and comment on the business of the Company and the Board and management are constantly in contact regarding all matters. As discussed below formal board and committee meetings are regularly held, portions of which are reserved for discussion solely among the independent directors. Board Committees meet and operate independently of management in fulfilling their mandates and making recommendations to the Board.

## Directorships with Other Reporting Issuers

Currently, the following directors serve on the boards of other public companies, as listed below:

Name	Name of Reporting Issuer	Exchange
Terry Lyons	Canaccord Genuity Group Inc. SRHI Inc. Mineral Mountain Resources Ltd.	TSX : CF TSX: SRHI TSXV : MMV
Edward Waitzer	Cymbria Corporation	TSX : CYB
Rob Wildeboer	NanoXplore Inc.	TSXV : GRA

For a fuller description of the board experience of each director nominee, see “Background of Directors”.

## **Majority Voting for Election of Directors**

The Board of Directors has adopted a “majority voting” policy. Pursuant to this policy, if a nominee for election as Director receives “for” votes fewer than a majority of the votes (50% + 1 vote) cast with respect to his or her election by Shareholders, he or she must immediately tender his or her resignation to the Board of Directors following the meeting of Shareholders at which the election is held. Upon receiving such resignation, the CGNC will consider it and make a recommendation to the Board of Directors on whether or not to accept the resignation. The Board of Directors shall accept the resignation absent exceptional circumstances and announce its decision in a press release promptly within 90 days following the meeting of Shareholders. If the Board of Directors determines not to accept a resignation, the press release must fully state the reasons for that decision. The resignation will be effective when accepted by the Board. The Director who tendered his or her resignation is not permitted to be a part of any deliberations of any Committee or of the Board of Directors pertaining to the resignation offer.

The policy only applies in circumstances involving an uncontested election of Directors.

## **Retirement Policy and Director Term Limits**

The Company does not have a formal retirement policy and does not discriminate based on age. The Company considers it to be an integral role of the Board to assess director engagement, and fitness to be a director of the Company.

Similarly, the Board of Directors has not adopted a term limit for Directors. The Board is of the view that the imposition of arbitrary Director term limits may diminish the benefits derived from continuity amongst members and their familiarity with the industry, and could unnecessarily expose the Company to losing experienced and valuable talent. The Board’s renewal process is built around the concept of performance management. To that end, the Company relies on rigorous Director selection criteria, assessment procedures, and the role of the CGNC, to ensure the quality and expertise of its Board. See “Election of Directors”.

The Company believes that its experience in director retirements and in adding new directors over the past several years has been appropriate and supports its approach to not having a formal retirement policy or term limits.

## **Diversity and Inclusion Policy**

The Company believes that diversity and inclusion is an important attribute of a well-functioning Board and an efficient team of executive officers. The Company believes that creating a diverse and inclusive culture, based on its Golden Rule culture, with treating people the way we want to be treated, with dignity and respect, is foundational. We believe in a great work environment that allows everyone to reach their full potential. The Company encourages diversity and inclusion within the Company, including in its Board and senior management.

The Company has long had anti-discrimination policies in place, an Employee Bill of Rights, and Ten Principles which emphasize that all personnel will be treated with dignity and respect. The Board makes Director nomination decisions and the Chief Executive Officer and the Executive Chairman make executive officer appointment decisions based on merit. This belief and practice also results in the recruitment and/or promotion of women into leadership positions.

The Company recognizes the importance of gender diversity in leadership to executing on the Company’s strategy. This belief forms an important part of the focus of management in the appointment and recruitment of officers and the Board in the search and selection of nominee directors. While the Company remains committed to selecting the best person to fulfil business and director roles, it should be recognized that the Company’s business is in the automotive parts industry, which currently has a gender makeup for operational roles which may be different than many industries or society at large and the promotion of women into certain key operational executive positions may only occur over time.

Notwithstanding that challenge, the Board believes that diversity (including, but not limited to, gender) and inclusion is important to ensure that the profiles of Directors and members of the Company’s executive management provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship and management. In 2015, the Company adopted a Diversity Policy for the Board of Directors and Executive Officers to put increased focus on ensuring diversity and inclusion exists within its cultural foundation.

In an increasingly complex global marketplace, the ability to draw on a wide range of viewpoints, backgrounds, skills, and experience is critical to the Company's success. The Company's global growth plans assume cultural nimbleness and, competitively, the Company needs to continue to develop a brand and environment that appeals to the breadth of talent that will help the Company be successful.

Since the adoption of the Diversity Policy, the Company has implemented pro-active steps to increase the number of women in leadership positions, including at the Board level and in operational leadership, through training, succession planning and other activities at all levels of management within the Company and through external candidate pools. The Company also participates in activities that promote automotive as a career for women, such as sponsoring student and university co-op programs, and supports the development of the next generation of talent in Science, Technology, Engineering and Mathematics (STEM), including programs that engage and encourage young women to enter into STEM such as First Robotics.

Women presently comprise two out of 14 senior executive officer positions, or approximately 14%. To date, the Company has not set specific targets regarding the representation of women in executive officer positions. Specific targets for gender diversity have not been adopted for executive officers due to the small size of this group, of which over 50% are operational executive positions. As noted above, the Company believes the increase of women in operational roles will occur over time, including as a result of the proactive strategy the Company has implemented to ensure exposure to and opportunities for operational roles for women as well as other diverse candidates. The Company also recognizes that diversity is an essential consideration in the selection process for executive officers and has implemented diversity strategies in its recruitment and succession planning practices. In addition to the diversity provided by the two female senior executives, three senior executives are members of visible minority groups. The Company operates in many countries, and has a very multicultural workforce overall. Six of the 14 senior executive officer positions are held by immigrants from their home country or are first generation children of immigrant parents.

The Board does not support fixed percentages for any selection criteria, as the composition of the Board is based on the numerous factors established by the selection criteria and it is ultimately the skills, experience, character and behavioural qualities that are most important in determining the value which an individual could bring to the Board. However, the Board aspires to increase the percentage over time, as directors retire or a determination is made to expand the number of directors on the Board. In 2018, the Board set a goal of having a minimum of 20% of the Board as women within three years, which goal was met in 2019.

The Board is currently comprised of two female Directors out of eight, or 25% of the Board (and approximately 33% of the independent directors). Sandra Papatello has been a director on the Board since 2014. In her previous career, she was a former Ontario cabinet minister responsible for women's issues. She is currently the Chair of the Company's CGNC. Molly Shoichet has been a director on the Board since 2019 and currently is a member of the Compensation Committee. She is currently leading a series of initiatives at the University of Toronto focused on healthy and inclusive labs.

The effectiveness of the Diversity Policy will be assessed over time.

## **Board Committees**

The Board of Directors has established three standing committees of directors: the Compensation Committee, the CGNC and the Audit Committee. The Board of Directors has established a charter for each committee. From time to time, special committees of the Board of Directors may be appointed to consider specific issues, in particular, any issues that may involve related party transactions. In 2014 the Board established a CEO search committee, whose work commenced and was completed in 2014. Effective 2019, the Board reduced the number of members on the Board's standing committees from seven (7) independent directors. In 2020, the committees were comprised of four (4) independent directors for the Audit Committee and three (3) independent directors for the CGNC and the Compensation Committee. All committees are comprised of independent directors and the Chair of each committee is an independent director. All Board members are invited to attend all committee meetings and are provided with meeting materials.



## **Board of Directors and Committee Participation**

During 2020, the Board of Directors held ten (10) meetings. The Compensation Committee held five (5) meetings in 2020. The Audit Committee held four (4) meetings in 2020. The CGNC held seven (7) meetings in 2020. In addition, a committee member frequently represents the committee in meetings with outside advisors where appropriate. In a month where there is no formal Board meeting, the Chairman or Lead Director generally holds an update meeting with the independent directors. Further, in addition to formally scheduled meetings, the independent directors, who make up the entire membership of each of the Committees, have frequent meetings and discussions with management and amongst themselves. There were twelve (12) monthly or independent director update meetings and many discussions in 2020, as the Board was heavily involved in overseeing the Company's response to the COVID-19 pandemic. In addition, a portion of each Board or Committee meeting is reserved for the independent directors to meet in private without the presence of non-independent directors or management.

The attendance of each of the directors of the Company at the meetings held in 2020 of the Board of Directors and Committees of the Board on which such director served are set forth under "Corporate Governance - Director Performance Review". The Board recognizes the importance of attending Board and Committee meetings. Director meeting attendance for all Committee and Board Meetings was approximately 99% in 2020.

All committees of the Board, which are made up exclusively of outside and independent directors, meet on a regular basis without management present. The Board of Directors has access to information independent of management through the Company's auditor who reports to the Audit Committee. Also, the Board can retain consultants and financial advisors independent of management as deemed necessary or prudent. The specific responsibilities of the Board include reviewing and approving all major strategic decisions, including any change in the strategic direction of the Company and acquisitions and/or divestitures and other matters; reviewing and approving annual budgets, including capital expenditure plans; reviewing and approving operating results for each quarter and year to date; and risk management oversight. As part of its ongoing activities, the Board regularly receives and comments upon reports of management as to the performance of the Company's business and management's expectations. The Board of Directors is, therefore, of the view that the appropriate structures and procedures are in place to ensure that it can function independent of management. See also "Composition and Independence of the Board of Directors".

### **The Compensation Committee**

The Compensation Committee is currently comprised of three (3) members, all of whom are considered to be "independent" as determined under NI 52-110. The Compensation Committee in 2020 was comprised of three (3) individuals: Roman Doroniuk (Chair), until his passing in November 2020, David Schoch as of December 2020, Molly Shoichet and Fred Olson. Mr. Olson, Lead Director of the Board, assumed the responsibilities of Chair of the Compensation Committee for the remainder of 2020 due to the passing of Mr. Doroniuk.

The Compensation Committee oversees overall corporate policy with respect to compensation and benefits and makes recommendations to the Board of Directors on, among other things, the assessment of the performance and compensation of senior management and succession planning issues. In assessing compensation issues, the Compensation Committee reviews and examines in detail the performance of senior management. For its deliberations in 2020, see "Executive Compensation - Compensation Discussion and Analysis". The complete text of the Charter, as amended and updated, is attached hereto as Schedule "G".

The Compensation Committee and the Board as a whole periodically consider the compensation of directors and senior executives and the Compensation Committee brings the resulting suggestions to the Board for its consideration. The Board recognizes that excellent director and executive candidates must be appropriately compensated. The Board and the Compensation Committee have considered appropriate compensation levels and mechanisms taking into consideration trends and recent developments in executive compensation, and the results of this review were reflected in director and senior executive compensation. The Compensation Committee also retains external experts to assist with assessing executive compensation. In 2015 and in 2016, Meridian Compensation Partners ("Meridian") was retained in part for benchmarking of director and executive compensation, which is discussed further under "Director Compensation" and "Executive Compensation". In 2017, Meridian was retained for general consulting services for compensation issues.

The Compensation Committee met five times in 2020.

## **The Corporate Governance and Nominating Committee**

The Board created a stand-alone committee to deal with the nomination of new directors in late 2013, the CGNC, which makes recommendations to the Board as a whole. Currently, the CGNC consists of Sandra Pupatello (Chair), Terry Lyons, Fred Olson and Edward Waitzer (who joined in May, 2021). The CGNC is comprised entirely of independent directors to encourage an objective nomination process. The Board fosters ongoing open communication about all levels of corporate performance, including that of Board members. In the past, nominations for director candidates have frequently resulted from, among other things, suggestions of the Company's shareholders, and involved extensive dialogue between members of the Board, including the Executive Chairman, shareholders and other advisors. If a new director nominee or new director is added to the Board, for example the recent addition of Mr. Waitzer, such nomination will be made and recommended to the full Board by the CGNC, in accordance with its core responsibilities under its Charter (see Schedule "H"), also including the considerations of the Company's Diversity Policy, Code of Conduct and the skills identified under "Board Skills and Expertise" above.

The CGNC met seven times in 2020.

## **Succession Planning**

The Board, the Compensation Committee and the CGNC have been successful in developing and retaining a team of directors and executives that has driven the growth and success of the Company since it began its new direction in 2001. The Board, the Compensation Committee and the CGNC are responsible for the normal succession planning that occurs over time, such as recruiting and evaluating new executive and director talent, as well as developing internal candidates. This process includes an ongoing evaluation, at least on an annual basis with the involvement of management where appropriate, of the Company's leadership development strategies and a consideration of potential candidates, including of existing Company employees. The Executive Chairman and the Chief Executive Officer routinely discuss the strengths and gaps of key succession candidates, development progress over the prior year and future development plans, that include long range planning for executive development, to ensure leadership sustainability and continuity. The Company's philosophy of promoting from within strengthens the Company's values and culture and provides more options for succession. Formal succession planning has been implemented at key positions in the Company in furtherance of this goal. Members of the Compensation Committee and CGNC have opportunities to meet with members of the Company's management team. Where necessary, the CGNC and the Board will use a recruitment search firm, as was the case in the 2014 recruitment of Mr. D'Eramo as Chief Executive Officer.

## **Audit Committee**

The Audit Committee is presently composed of three (3) independent directors, all of whom are considered to be "independent" as defined in NI 52-110. Roman Droniuk was a member until his passing in November 2020. The Company believes the oversight responsibility of the Audit Committee provides a key stewardship role for the Audit Committee in the Company's financial disclosure issues, internal controls, risk management, corporate finance and related matters.

In reviewing the audited financial statements of the Company, the Audit Committee discusses the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosure in the financial statements. In addition, the Audit Committee discusses with the Company's auditors the overall scope and plans for their audit. The Audit Committee meets with the auditors and the Chief Internal Auditor with and without management present, to discuss the results of their examination and the overall quality of the Company's financial reporting. The Audit Committee also carefully reviews evolving audit committee regulations and best practices to ensure corporate alignment with the spirit and intent of such regulations and practices.

The Audit Committee Charter is attached hereto as Schedule "I".

The Audit Committee is currently comprised of Terry Lyons (Chair), Fred Olson and David Schoch, all of whom are independent directors. The Board believes that the members of the Audit Committee are all financially literate and all of them have accounting or related financial experience. To make this determination, the Board has applied the definition of "financial literacy" prescribed by NI 52-110: meaning that an individual has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues

that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Further information regarding the Audit Committee is contained in the Company's Annual Information Form for the year ended December 31, 2020, which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

The Audit Committee met four times in 2020.

### **Orientation of New Directors, Continuing Education and Strategic Planning Review**

The Board of Directors recognizes the importance of ongoing director education and orientation. Members of the Board of Directors are regularly updated on the Company's activities and operations. Tours of operating and research and development facilities, both in Canada and elsewhere, are regularly held. In addition, Board members meet with senior management of the Company to review the business and affairs of the Company on an ongoing basis. The Company undertakes an annual budget and business plan process in the Fall, which is attended by all directors. There are a significant number of committee and Board meetings. In months where no regularly scheduled committee or Board meetings occur, the Chairman or Lead Director holds an information session and update with the independent directors, generally with one or more senior executives present. The Lead Director provides input on agenda items and approves the agenda. In 2020, topics for presentation and discussion to deepen the Board's knowledge of the business, industry and key risks and opportunities facing the Company included financial and operational reviews; focused meetings on particular plant or divisional performance; while visits to Company facilities were suspended due to the COVID-19 pandemic, the Board was updated frequently on operations as described below, and participated in the virtual APMA Annual Conference; customer-related presentations; acquisition opportunities or divestitures; strategic investments; significant discussion and review of the automotive, economic and geopolitical environment (including the United States Mexico Canada Agreement (the "USMCA") and other trade issues); cybersecurity; research and development initiatives; and so forth. In 2020, during the height of the COVID-19 crisis, the Board has met on a weekly basis with management, until operations resumed in the spring of 2020. The Executive Chairman was appointed Chair of the CAPC COVID-19 Response Task Force, and the Board discussed industry and related issues consistently. Management provided task force weekly updates on the Company's strategy and execution in the face of the crisis, safety related issues and protocols, financial and liquidity issues, and preparing for the resumption of operations.

The Company believes a director must be well informed and takes, in its view, extra measures to so inform them. Reports relating to the Company's business and affairs are provided to all directors. Typically, Board materials include information relating to current regulatory, accounting, security and financial issues, and the Board regularly discusses them at the Board and Committee level. Board members are also encouraged to enrol in continuing education courses, and have attended corporate governance seminars and programs aimed at director or audit committee education. All Board members have joined the National Association of Corporate Directors in the United States and the Institute of Corporate Directors in Canada, and receive regular updates on corporate governance developments. Fred Olson, ICD.D, the Lead Director, completed the Directors Education Program from the Institute of Corporate Directors, provided by the Rotman School of Management and the University of Toronto, as has Sandra Papatello, ICD.D, the Chair of the CGNC. Terry Lyons, ICD.D, the Chair of the Audit Committee, was a director of the B.C. Chapter of the Institute of Corporate Directors for nine years, and has also completed the Directors Education Program from the Institute of Corporate Directors. Edward Waitzer is an expert in corporate governance, having advised many boards of directors as a leading corporate counsel, and is the Jarislowsky Dimma Mooney Chair Emeritus in Corporate Governance at Osgoode Hall Law School and the Schulich School of Business. Rob Wildeboer, the Company's Executive Chairman, has significant board and advisory experience and periodically is asked to advise on matters of governance with accounting firms and government bodies. The Company's auditors and legal counsel also update directors on regulatory developments, and other accounting or legal matters which may affect the Company. The Company operates in the automotive industry, and industry developments are relevant to its business. Several of the Company's directors are industry experts; but all of the Company's directors are provided regular industry reports and publications, including material risks facing the industry. Most directors have attended automotive conferences in the last three years in Canada and in the U.S. (including virtually during the COVID-19 pandemic). In 2017, the Company was a co-sponsor of the initial Singularity Canada conference focused on leading edge technologies and exponential growth, a conference attended by five directors and several officers of the Company and at which Dr. Shoichet gave a presentation. All directors are provided copies of Martinrea News, an internal publication of the Company providing internal news updates. In 2018, the Company held a Global Leadership

Conference, attended by several directors and all the senior officers of the Company, which also included external presentations; the Board members were provided with video access to all presentations.

The Board is responsible for the orientation and education of new directors. If and when a new director is appointed to the Board, the Board will provide appropriate orientation, including the measures taken for the ongoing education of the directors and a detailed introduction to the business of the Company as it has done for the current directors, such as meeting with the Company and members of its executive team, being an observer at Board and Committee meetings, being provided with and reviewing extensive materials and touring the Company's manufacturing plants or attending automotive conferences (whether virtually or in person absent a pandemic).

### **Director Performance Review**

The Board has a regular assessment process with respect to the effectiveness of the Board and its Committees, including in relation to the Board Mandate and Committee Charters, and the performance and contribution of individual directors, which includes a peer review. Assessment of the Board consists of a survey which is approved by the Chair of the CGNC and assessment of directors consists of a peer-evaluation which is based on a questionnaire approved by the Chair of the CGNC. The survey asks questions about what was done well and what could be done better and covers a broad range of matters, including Board and Committee structure and composition, Board leadership, strategic planning, risk management, operational performance, Board education and Board processes and effectiveness. The results of the Board evaluation are analyzed and reviewed by the Chair of the CGNC and the Lead Director, who consider whether any changes to the Board's processes, composition or committee structure are appropriate. Additionally, senior management is advised of any suggestions made by directors for enhancement of processes to support the work of the Board.

The Board of Directors also periodically considers and assesses its performance relating to its effectiveness, size, compensation policies and assessment of management performance. Each individual director is free to meet with the Chairman or Lead Director to discuss any concerns or issues regarding board effectiveness. The Company's standards and expectations for director participation and performance are set out above. As appropriate, the Board, through the Compensation Committee and the CGNC, considers procedural or substantive changes to increase the effectiveness of the Board and its committees or to respond to evolving governance standards.

The most recent Board survey was conducted in the spring of 2020.

The following table summarizes the attendance of directors at the 2020 Board meetings. Where a director is unable to attend a meeting, materials are still provided and the Chairman of the Board or the relevant committee, as applicable, follows up with such director as to matters discussed. Time is scheduled for all Board and Committee meetings to hold in-camera sessions without management present.

<b>Director</b>	<b>Board Meetings Attended</b>	<b>Audit Committee Meetings Attended<sup>(1)</sup></b>	<b>Human Resources And Compensation Committee Meetings Attended<sup>(2)</sup></b>	<b>Corporate Governance and Nominating Committee Meetings Attended<sup>(3)</sup></b>	<b>Attendance Percentage</b>
Rob Wildeboer	10/10	N/A	N/A	N/A	100%
Scott Balfour <sup>(4)</sup>	5/5	N/A	3/3	N/A	100%
Pat D'Eramo	10/10	N/A	N/A	N/A	100%
Roman Doroniuk <sup>(5)</sup>	7/8	3/3	4/4	N/A	93%
Terry Lyons	10/10	4/4	N/A	7/7	100%
Fred Olson	10/10	4/4	5/5	7/7	100%
Sandra Pupatello	10/10	N/A	N/A	7/7	100%

Director	Board Meetings Attended	Audit Committee Meetings Attended <sup>(1)</sup>	Human Resources And Compensation Committee Meetings Attended <sup>(2)</sup>	Corporate Governance and Nominating Committee Meetings Attended <sup>(3)</sup>	Attendance Percentage
David Schoch <sup>(6)</sup>	10/10	4/4	N/A	N/A	100%
Molly Shoichet <sup>(7)</sup>	10/10	N/A	2/2	N/A	100%

(1) (2) (3) Management directors attend meetings of these committees if, as and when, invited.

(4) Retired from the Board June 2020.

(5) Passed away in November 2020.

(6) Appointed to the Compensation Committee in December 2020.

(7) Appointed to the Compensation Committee in June 2020.

## Chief Executive Officer Performance

The mandate for the Chief Executive Officer is attached hereto as Schedule “J”. The Chief Executive Officer has full responsibility for the day-to-day operations of the Company’s business in accordance with its business plan and budget. On an annual basis, the Company circulates a proposed business plan and budgets which are discussed and, if appropriate, adopted by the Board of Directors. These form the basis of the corporate objectives which the Chief Executive Officer is responsible for meeting. The Chief Executive Officer is accountable to the Board of Directors. The Compensation Committee assesses management’s performance and reviews its compensation. See “Executive Compensation - Compensation Discussion and Analysis”.

## Shareholder Feedback and Communication

The Company views its shareholders and investors as owners and partners, and senior management - the Chief Executive Officer and President, the Chief Financial Officer and the Executive Chairman - is committed to being accessible. These individuals comprise the Company’s Disclosure Committee, and monitor all communications for consistency and coherence. The Company also communicates regularly with its shareholders through annual and quarterly reports. At the Company’s annual general meeting of shareholders, a full opportunity is afforded for shareholders to ask questions concerning the Company’s business. Each shareholder and investor inquiry receives a prompt response from an appropriate officer of the Company. Information about the Company, including annual reports and interim reports, is also available on the Company’s website at [www.martinrea.com](http://www.martinrea.com) and at [www.sedar.com](http://www.sedar.com). In addition, the Company provides the opportunity for investors to pose questions to senior management, including the Chief Executive Officer, the Executive Chairman and Chief Financial Officer, through direct telephone calls. In early 2020, the Company created a new position, Director, Investor Relations and Corporate Development, to assist with investor relations. Correspondence to the Company or any of its directors and officers can be sent to the following address:

3210 Langstaff Road  
Vaughan, Ontario  
L4K 5B2

## Board of Directors’ Expectations of Management, Strategic Planning Oversight, Sustainability and Risk Management Oversight

Management is responsible for the day-to-day operations of the Company and is expected to implement approved strategic business plans and initiatives within the context of authorized budgets and corporate policies and procedures. The information which management provides to the Board of Directors is critical. Management is expected to report regularly to the Board of Directors in a comprehensive, accurate and timely fashion on the business and affairs of the Company. The Board of Directors monitors the nature of the information requested by and provided to it so that it can effectively identify issues and opportunities for the Company. The Chairman and the Lead Director oversee the operation of the Board in a manner that ensures the Board can be adequately informed and can be an effective monitor.

Risk management oversight is a core focus of the Board, and is reviewed consistently along with development and implementation of the Company's strategies and budget plan. The key risks facing the Company are detailed in the Company's Annual Information Form and Management Discussion and Analysis filings, as are its strategies. The Board reviews those risks on a quarterly basis along with its review of quarterly filings. In 2020, in addition to traditional industry-related risks, the Board considered geopolitical risks on a consistent basis, particularly given the fact that the Company has operations in ten countries including several that face geopolitical issues; trade-related risks particularly given the Company's North American footprint and the potential implication of the USMCA arrangements, as well as broader trade issues involving Europe (Brexit), the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, and China cybersecurity related risks; the Company's acquisition and investment activities; and broader economic issues, given that the cyclical nature of the economy can affect overall automotive sales and production volumes, and thus Company revenues.

In addition to the foregoing, in 2020 the Board considered the risk of the emerging COVID-19 pandemic (declared a pandemic by the World Health Organization on March 11, 2020). Commencing in early March, the Chairman hosted weekly board update meetings to address issues related to COVID-19, until operations started to return to pre-COVID-19 pandemic levels. The Board had regular discussions with management in 2020 and continuing into 2021 on the impact of COVID-19 pandemic on the Company, its operations and its employees.

The frequency of Board discussion on risk, given the Board meeting schedule complemented by frequent Chairman's updates, means that risks are considered and discussed on a consistent basis. As well, the significant involvement of directors in continuing education and the broad diversity of Board expertise provide the basis for a good understanding of risks faced by the Company.

At the same time, the Board recognizes that the operations of the Company, its strategies and, ultimately, its success, will depend on management being successful. The Board's job is to monitor and supervise, not to manage and operate the business.

The Board of Directors, as part of its responsibilities, must establish a structure and procedure for good corporate governance. The Board has reviewed the Company's corporate governance practices with reference to the guidelines for effective corporate governance contained in NI 58-101 and NP 58-201. As a result, the Company has adopted a corporate governance plan outlining the roles and responsibilities of the Board, management and the various committees of the Board, as described herein.

Corporate governance guidelines change from time to time. The Board of Directors regularly monitors and will continue to monitor pending regulatory initiatives and developments in the corporate governance area.

### **Advisory Vote on Approach to Executive Compensation**

At the Meeting, Shareholders will have the opportunity to cast an advisory, non-binding vote on Martinrea's approach to executive compensation – this is often referred to as “say on pay”. Although the vote is non-binding, the Board of Directors will consider the results when assessing future compensation decisions.

The text of the resolution reads as follows:

**“Resolved, on an advisory basis and not to diminish the roles and responsibilities of the board of directors, that the shareholders accept the approach to executive compensation disclosed in this Management Information Circular.”**

The Company's approach to executive compensation is set out in detail in “Executive Compensation” below.

In considering an advisory vote on Martinrea's approach to executive compensation, the following provides a brief summary of compensation philosophy and features, as well as recent changes implemented in the past several years and 2021 to date, based on accepted best practices:

## **What We Do**

- Compensation approach is aligned with Martinrea's entrepreneurial system and ability to attract and retain key talent
- Strong alignment between pay and performance
- Executive compensation is cost effective according to benchmarking, and total compensation for senior executives is below median
- Base compensation is competitive with market median
- Significant compensation, including bonus and equity based incentives, is "at risk"; approximately 80% of Chief Executive Officer and Executive Chairman compensation is at risk and based on Company performance
- Use of an appropriate peer group and benchmark to compare pay
- No pensions or retirement benefits
- Very limited perks
- Except for legacy Executive Chairman contract, maximum severance is two years and equity vests and severance is payable only on a "double trigger" basis with no enhanced severance
- Option plan contains limitations for insiders (see Stock Option Plan below)
- Director and Executive share ownership requirements; robust Employee Share Ownership Plan for executives
- Deferred compensation plans have been developed for certain executives (DSUs, RSUs, PSUs and options), and all grants are approved by the Board
- Management may not hedge Company shares or equity based awards
- No director or officer loans; no guaranteed payments; no excessive benefits
- Clawback policy for incentive based compensation
- Compensation Committee is experienced and wholly independent, with independent compensation consultant, as required.

## **Determinations and Changes Over the Past Several Years to Date**

The Compensation Committee had executive and director compensation benchmarked in 2015, and made the following determinations with respect to compensation or changes to executive or director compensation:

- Director compensation is competitive as compared to benchmarking group
- Director compensation effective 2016 became based on an all-inclusive retainer and a minimum of 50% of a director's retainer being payable in DSUs
- Non-executive director options have been eliminated
- The Stock Option Plan has been amended to clarify that option repricing is not permitted and that any options granted in future will have a minimum vesting period of 12 months and will vest over at least a three year period (see Stock Option Plan below). For example, for options granted in December 2019, the Company determined the period of time for vesting to be over a five year period
- The Employee Stock Ownership Plan and ownership requirements have been continued and affirmed
- A new executive performance and restricted share unit plan, or PRSU Plan, was adopted in 2016, and in each year thereafter, the Executive Chairman and Chief Executive Officer elected to receive 25% of their bonus compensation in the form of RSUs. The use of RSUs and PSUs to other senior executive officers and other members of management was approved for 2018, 2019, 2020 and 2021

- Compensation for the Chief Executive Officer, Executive Chairman and Chief Financial Officer was found to be low compared to the median of the market. Some adjustments have been made since that time, in 2016 and 2018 for the Chief Financial Officer, and in 2017 for the Executive Chairman and Chief Executive Officer
- In 2018, the Company formalized a clawback policy for senior executives and updated change of control provisions to certain key executives
- In 2019 and 2020, the Company granted DSUs to executives who are approaching retirement age, with vesting provisions, as an incentive to keep them with the Company for a period of time
- In 2020, no PRSUs were issued during the COVID-19 pandemic except to those executives who had reached their mandatory minimum share ownership requirement and elected to receive them under the ESOP (described below).

See “Executive Compensation”.

### **Board Recommendation**

The Board of Directors unanimously recommends that shareholders vote **FOR** the resolution relating to Martinrea’s approach to executive compensation.

Unless otherwise instructed, the Martinrea officers whose names have been pre-printed on the form of proxy or Voting Instruction Form intend to vote **FOR** such resolution.

## **EXECUTIVE COMPENSATION**

In this Management Information Circular, a “Named Executive Officer” (“NEO”) means: (i) the Company’s Chief Executive Officer; (ii) the Company’s Chief Financial Officer; and (iii) the Company’s three most highly compensated executive officers at the end of the financial year ended December 31, 2020.

For the financial year ended December 31, 2020 and for the purposes of this Management Information Circular, the Company had five NEOs, namely: (i) Rob Wildeboer, Executive Chairman; (ii) Pat D’Eramo, President and Chief Executive Officer; (iii) Fred Di Tosto, Chief Financial Officer; (iv) Robert Fairchild, Executive Vice President, Sales and Engineering; and (v) Bruce Johnson, Executive Vice President, Martinrea Innovation Developments (formerly, Executive Vice President, Metallics).

The objective of the disclosure under this section is to communicate the compensation the Company paid, made payable, awarded, granted, gave or otherwise provided to its NEOs and directors for the financial year, to provide insight into executive compensation as a key aspect of the overall stewardship and governance of the Company, and to help investors understand how decisions about executive compensation are made.

### **Compensation Discussion and Analysis**

#### ***Composition of the Compensation Committee***

The members of the Compensation Committee in 2020 were Roman Doroniuk (Chair) (until his passing in November 2020), Scott Balfour (until his retirement in June 2020), Fred Olson (who became Chair in November 2020), Molly Shoichet (appointed in June 2020) and David Schoch (appointed in December 2020).

#### ***Executive Compensation Experience and Expertise of the Compensation Committee***

Both Roman Doroniuk (deceased in November 2020) and Scott Balfour (retired from the Board in June 2020), as experienced business executives had extensive experience with executive compensation programs, and were involved with developing the Company’s approach to executive compensation. Mr. Doroniuk was an experienced business executive and director and had extensive experience with hiring senior executive personnel and was an advisor on compensation. Fred Olson has been a member of the Board of Directors since 2002 and a member of the Compensation Committee since that time and is the Lead Director. He has held a number of senior executive and director roles with other companies in the automotive industry. Scott Balfour was a seasoned business executive with senior executive experience at Emera Incorporated and previously Aecon Group Inc., where he was both a Named Executive Officer and helped administer and implement senior executive compensation programs. Molly Shoichet



has been on the Compensation Committee since June, 2020, and prior to that had been invited and attended Compensation Committee meetings since January 2019, prior to her election as director. She currently serves on the Finance, Audit and Risk Committee of MaRS. David Schoch has been on the Compensation Committee since December, 2020. He is an experienced business executive and held extensive executive positions at Ford Motor Company or its subsidiaries. He was also a member of the Compensation Committee after his election in 2018 until December 31, 2018 when the Company reduced the number of members on each committee. Each member of the Compensation Committee brings senior executive, board of director and committee experience as noted under “Background of Directors”. As such, the Compensation Committee in 2020 had or has significant experience and expertise in executive compensation matters, and has had the use of independent compensation consultants when necessary.

### ***Objectives of Compensation Program/Strategy***

The Company’s executive compensation arrangements for senior officers are designed to enable the Company to motivate, attract and retain and align the interests of highly qualified individuals with the Company’s objectives and strategy and with the interests of shareholders. The Company’s vision for the future is: Making lives better by being the best supplier we can be in the products we make and the services we provide. The Company’s mission is Making People’s Lives Better by: (i) delivering outstanding quality products and services to our customers; (ii) providing meaningful opportunity, job satisfaction and job security for our people; (iii) providing superior long term investment returns to our stakeholders; and (iv) being positive contributors to our communities. Meeting this vision and mission has required and will continue to require attracting a team of executives who have expertise in manufacturing, innovation, strategy, legal and financial disciplines. The Board of Directors has developed compensation systems and packages for its executives geared to focusing them on achieving prudent, profitable growth for the Company over a multi-year period.

The Company has undertaken a process of reviewing compensation philosophy and policy for all managerial levels of the Company, including general managers and officers as a whole, including introduction of a PRSU Plan (see “Other Compensation Plans – PRSU Plan”) in 2016, and the first annual issuance of RSUs and PSUs, in 2017, to Rob Wildeboer and Pat D’Eramo, as described below under “Elements of Compensation”. The use of RSUs and PSUs has been broadened to other senior executive officers and other members of management in 2018, 2019, and 2020. In 2020, due to the financial impact of shutdowns related to the COVID-19 pandemic, no PRSUs were granted except to those who had reached their mandatory minimum share ownership requirements (described below) and who elected to receive some under the ESOP Plan. In 2019 and 2020, as noted above, the Company granted DSUs for the first time as a retention mechanism for certain executives approaching retirement. The Company introduced the PRSU Plan and the DSU Plan to continue to align shareholder interests and management interests as part of its compensation philosophy described below.

The Company has developed and encourages an entrepreneurial culture and participation in the profitability of the Company both through direct profit participation and participation in the increased value of the enterprise reflected in the price of the Common Shares. As the Company’s profits increase and its share price appreciates, an executive’s compensation should increase, providing an alignment of shareholder-owner interests and management interests as value is created for both. If profits decrease or if share price depreciates, an executive’s overall compensation will generally decrease to base levels. This was evident in 2020 during the COVID-19 pandemic.

Given its compensation philosophy, the Company does not base its compensation levels or decisions on what others do, nor does it believe it should do so. However, the Company monitors the approaches to compensation adopted by competitors for talent, as the Company is engaged in a business where it is critical to attract and retain top talent.

The Company’s compensation has a fixed element, in terms of base salary, and an at-risk or performance element, based, in part, on profits which element increases if profits rise and decreases if profits fall, and in part on equity where value rises as stock price rises and falls if stock price falls. If the work of the executive team results in increases in Company profits, the Company believes bonuses based on profitability should increase, even if the Company’s stock price does not, as market prices and valuation multiples are often based on other factors than company performance. The Company is in the automotive parts business, where the profits of every part are contingent on the ability to negotiate a fair price up front, perform well under the contract and continuously improve process and margin throughout the production process. Company profits are not generally based on external events such as commodity prices, for example. However, in 2020 profits were negatively affected tremendously by the

COVID-19 pandemic and the resulting shutdowns of production, and the impact of the COVID-19 pandemic continues as at the date hereof. Further, the automotive parts business is a very competitive one, where external volume increases are no guarantee of higher profits. The Company believes its compensation system rewards the behaviour that will increase Company value, over the longer term, building a world leader in the aspects of the auto parts businesses in which the Company operates. The Company's growth over the past 19 years, from virtually no revenues to approximately \$3.9 billion in revenues in 2019, which decreased to approximately \$3.4 billion in 2020 because of the COVID-19 pandemic, and its improvement in operating margins and profits over the years, has been the result, in large part, of its ability to attract and retain the people needed to achieve this growth and compensate them in the right way.

The Compensation Committee has had executive compensation benchmarked against a comparator group (the "Comparator Group"), which is comprised of a broad pool of North American companies in the automobile and components industry which represent the Company's business competitors and competition for talent. The Comparator Group includes a number of U.S. based companies reflective of the Company's significant revenue from North American operations and because there are few comparable Canadian auto components companies. The Comparator Group was recommended by the Compensation Committee's independent compensation advisor, Meridian, and approved by the Compensation Committee. The Company was positioned at approximately the median (the 50<sup>th</sup> percentile) of the Comparator Group on the basis of revenues. The companies in the Comparator Group are:

- |   |   |
|---|---|
| • Aecon Group Inc.  | • Gentex Corp.                            |
| • Allison Transmission Holdings, Inc.                               | • Linamar Corp.                           |
| • American Axle & Manufacturing Holdings Inc.                       | • Meritor, Inc.                           |
| • Autokiniton Global Group<br>(formerly, Tower International, Inc.) | • Modine Manufacturing Co.                |
| • BorgWarner Inc.   | • New Flyer Industries Inc.               |
| • Cooper-Standard Holdings Inc.                                     | • Remy International, Inc.                |
| • Cooper Tire & Rubber Co.  | • Standard Motor Products Inc.            |
| • Dana Holding Corp.  | • Stoneridge Inc.                         |
| • Dorel Industries Inc.   | • Superior Industries International, Inc. |
| • Drew Industries Inc.  | • Tenneco Inc.                            |
| • Federal-Mogul Holdings Corp.                                      | • Thor Industries Inc.                    |
|   | • Visteon Corp.                           |

The benchmarking confirmed that compensation levels at the Company are generally competitive with the market median and that the Company is getting good value for the services of its senior executive officers. Total compensation for the Executive Chairman, President and Chief Executive Officer, and the Chief Financial Officer were somewhat below the market median of the Comparator Group, and the other NEOs have total compensation closer to the median. As a result, in 2016, some adjustments were made to the compensation of the Chief Financial Officer and in 2017 for the Executive Chairman and Chief Executive Officer. The benchmarking also confirmed that the mix of NEO compensation was not at the median, in the sense that the ratio of long term incentive compensation to short term was lower than average. As a result, the Company has added elements of long term incentives to total compensation, as discussed below.

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

The key elements of the Company's compensation arrangements for its NEOs, current and past, are governed by employment contracts with each executive. The Compensation Committee considered various factors when negotiating the compensation arrangements for its senior executives. These factors have formed part of the Company's compensation philosophy for years, and are discussed in detail below under "Compensation Review" and under the three principal components of compensation: (i) base salary; (ii) bonus awards; and (iii) equity participation.

### **Variable-at-Risk Compensation**

The Company believes a significant portion of executive compensation is at risk, particularly:

- Pre-tax profit which is subject to material fluctuation, which can result in no bonus payable if there are no profits (as described below).

- Options have value only to the extent share price increases and, given that options granted to executives generally vest over a period of four years or five years, and there is a specific period of the calendar year that is in blackout where executives are prevented from exercising options or selling the Company's Common Shares, the share price improvement must be sustained.
- Commencing in 2017, the Company adopted a PRSU Plan, generally available to selected executives and other members of management or key employees. The value of Share Units granted under the PRSU Plan will fluctuate along with the price of the Company's Common Shares, and for PSUs specifically with the Company's relative performance to a designated peer group.
- In addition, the Company has a minimum share ownership policy in place for all corporate executives (as discussed below). The value of an executive's equity ownership is at risk as it increases and decreases in direct alignment with the Company's share price. Executives subject to the minimum share ownership guidelines are eligible to participate in the Company's employee share ownership plan, as discussed herein.
- In 2019 and 2020, the Company granted DSUs as a retention mechanism for certain executives approaching retirement.

In 2020, with the COVID-19 crisis and its negative impact on the Company's profits and share price, executive salaries and bonuses declined significantly and the value of the equity based compensation and holdings of executives declined substantially before rebounding by year-end.

#### Employment Contracts

The Company has entered into employment or services contracts with each NEO to secure the services of its senior management group so that the long term objectives of the Company may be realized by the senior executive team.

These agreements provide for, among other things, industry standard covenants in favour of the Company, including covenants not to compete with the Company or solicit its employees for a specified period following termination of their employment, as well as confidentiality covenants. These agreements set out their respective duties and responsibilities and provide that each executive is to receive a base salary, is eligible to receive an annual bonus in an amount equal to a percentage of the consolidated net profits before income tax of the Company or relevant divisions over which the NEO has responsibility, and certain other benefits, including (in the case of Messrs. D'Eramo and Wildeboer) life insurance with the executive's family as beneficiary and disability insurance. Each contract has an indefinite term. The contract for Mr. Wildeboer contains historical termination and change of control provisions (described under that section below). In 2018, employment contracts for remaining NEOs, and certain other key executive officers, were amended to increase termination payments (reflecting the length of time with the Company) and change of control provisions (described under that section below). It is the Company's desire that executives have significant direct profit participation and significant equity upside.

#### Base Salary

Base salaries are prescribed by the executive employment agreements to reflect: (i) individual performance and achievement; (ii) the increased responsibilities characterized by a growing and significantly larger company; and (iii) compensation levels which such individuals could attract in the senior executive or professional market for their services. In 2006, the base salary for Mr. Wildeboer was set at \$725,000 and has not changed since 2006. In 2014, Mr. D'Eramo's base salary was set at \$725,000 or its U.S. dollar equivalent, consistent with Mr. Wildeboer's base salary. Mr. Di Tosto's base salary was set at \$400,000 in 2015 and increased in late 2018 to \$550,000 to reflect his performance and the scope of his role. Base salaries for Messrs. Fairchild and Johnson are set out in their employment contracts, and are payable for Mr. Fairchild in U.S. dollars. Mr. Fairchild joined the Company February 24, 2015. There were no changes in base salary under employment contracts for the NEOs in 2020. Given the COVID-19 crisis and its negative impact on the Company's revenues, and the need to announce significant lay-offs in the first half of 2020, the Company's executives adjusted their compensation. Notwithstanding their employment contracts, NEOs and other executives, as well as other salaried employees, took a temporary wage reduction as a result of COVID-19 risk mitigation and cash preservation strategies. Base salaries were reduced, not deferred. During the second quarter of 2020, the Chief Executive Officer, the Chief Financial Officer and the Executive Chairman took a 50% salary reduction and Messrs. Johnson and Fairchild took a 20% salary reduction. Salaries were reinstated effective July 1, 2020, but payment of the reduced amount was maintained for July and August; the salary held back for July and

August was paid in the fourth quarter of 2020. Payment of full salary commenced September 2020. As a result of these measures taken in response to the COVID-19 pandemic and related industry shutdowns, base salaries for all NEOs declined in 2020 from 2019.

### Bonus

A significant part of cash compensation for executives is in the form of direct profit participation, generally in the form of a percentage of pre-tax profit, either of the Company or over the relevant divisions over which the NEO has responsibility, or, in the case of business unit leaders commencing in 2016, a combination of both. As profits are increased, so is compensation. If profits decline, so does compensation. Thus, executives are encouraged to grow profits, an objective that is aligned with the interests of the Company's stakeholders. Similar approaches to direct profit participation are present at other levels of the organization in addition to the executive level. For NEOs, the negotiated percentages are provided in each NEO's executive contract and do not fluctuate, although the amount of bonus will fluctuate as profits fluctuate. The total percentage of pre-tax profit to NEOs in aggregate has not exceeded 6% of the Company's pre-tax profit. Each of the Company's two senior, and highest paid, NEOs, Messrs. Wildeboer and D'Eramo, receives as part of his compensation a bonus equal to 1% of the Company's pre-tax profit. Mr. Di Tosto receives a bonus equal to 0.3% of the Company's pre-tax profit. Mr. Fairchild receives a bonus equal to 0.2% of the Company's pre-tax profit. Mr. Johnson receives as bonus a combination of a percentage of the profits generated by the operations over which he oversaw and a percentage of the profits generated by the Company as a whole excluding the operations over which he oversaw. Thus, in the case of each NEO, a significant portion of bonus payable is related to the profit performance of the Company as a whole, aligning them with the objective of increasing overall corporate profitability for shareholders. The pre-tax profit calculation excludes unusual one-time items, such as goodwill write downs or most non-recurring restructuring expenses or gains from a property sale. For officers and general managers of the Company, bonuses are generally based on a negotiated percentage of pre-tax profits of the officer's division or plant, as the case may be. Bonuses are generally adjusted on the basis of negotiated cash flow or other financial targets, achieving budgets, or meeting individual performance standards. The underlying objective of the bonus structure is to encourage entrepreneurial management behavior, to support the Company's operating structure, and to instill financial discipline at both the Company and local level, reflecting the fact that an officer's compensation is directly affected by the profitability of the operations over which he or she is responsible.

The Company believes that bonuses based on pre-tax profit have a long term focus as it takes time and consistent effort to increase pre-tax profit. Using pre-tax profit as a primary incentive measure is consistent with Martinrea's entrepreneurial culture and its focus on continuous improvement of operations. If a plant, business unit or the Company is not profitable in a year, no bonus will be paid. The Company believes this motivates general managers, officers and executives at every level to work towards consistent profitability and consistent profit growth, as evidenced by the Company's financial performance over the past several years. Pre-tax earnings has been chosen as a driver of a significant portion of variable bonus compensation as it is a key element of earnings per share and ultimately share price, and thus there is a direct link between executive compensation and ultimately share performance. Pre-tax profit captures the concept of both earnings from operations and the costs of financing those earnings. It is also a key feature of bonus compensation in the Canadian automotive parts supplier industry where the Company must compete for talent, and it has proven to be an effective factor in attracting and retaining talent at the general manager and officer level.

In 2016, the Company adjusted its approach to the calculation of bonuses to the leaders of its business units, so that a portion of the bonus is based on the pre-tax profit of the executive's business unit, a portion is based on the pre-tax profit of the Company other than that relating to the executive's business unit, and a portion based on individual performance goals set annually by the Chief Executive Officer. This approach, in the Company's view, has worked very well.

In late 2016, the Company adopted a PRSU Plan, a form of deferred compensation plan, for implementation in 2017. In 2016, each of Messrs. Wildeboer and D'Eramo elected to take 25% of their 2017 bonus based on pre-tax profit in the form of RSUs. Since 2017 to date, each of Messrs. Wildeboer and D'Eramo elected to take 25% of their annual bonus based on pre-tax profit in the form of RSUs. In addition, PSUs have been granted to each of Messrs. Wildeboer and D'Eramo, as described below. It is anticipated that RSUs and PSUs will be utilized increasingly in the future as a portion of executive compensation.

The COVID-19 pandemic in 2020 provides insight into how the Company's compensation philosophy works in practice. Executive bonuses were materially reduced in 2020 from 2019 because the Company's pre-tax profits were down year over year, impacted by the COVID-19 pandemic-related shutdowns. Lower pre-tax profits translated

into lower bonuses. Given the unusual and external factors of the COVID-19 pandemic that halted the entire automotive industry for many weeks (and were largely out of the control of the Company, despite heroic efforts to keep running in the midst of government lockdowns and industry shutdowns), the Company requested, and the Board and Compensation Committee agreed, to exclude the second quarter from the bonus calculations for 2020, and adjusted its compensation formula on a one-time basis to reward the efforts of its employees during the COVID-19 pandemic. The exclusion of the second quarter results was consistent with the treatment of second quarter results by the Company's banking syndicate. For calculation of key financial covenants in the Company's credit agreement, second quarter results were agreed to be excluded.

#### Equity Participation

A critical element of executive compensation is direct or indirect equity participation by senior executives. The Compensation Committee believes that executives must be motivated not simply to increase corporate profits, but the Company's stock price over the long term as well, to the benefit of shareholders. Senior executives are encouraged to own a significant amount of Common Shares. The top senior executives have typically owned a significant amount of Common Shares.

The Compensation Committee believes that incentive compensation in the form of stock option grants which vest over time, is and has been beneficial and necessary to attract and retain both senior executives and managerial talent at other levels given the significant compensation levels its executives were earning and could earn at other companies. Furthermore, the Company believes options are an effective long-term incentive vehicle because they are directly tied to share price over a 10 year period and motivate executives to deliver sustained long term performance and increase shareholder value, since stock options have a long term horizon that aligns with long-term corporate goals. Only a limited number of options have been granted in the past six years. In 2014, 500,000 options were granted to Mr. D'Eramo upon his appointment as the new President and Chief Executive Officer, vesting as to 25% immediately and 25% on each anniversary of his start date for the next three years. In 2015, 2016 and 2017, no options were granted to executives. In January 2018, 100,000 options were granted to the new Executive Vice President, Fluids, who joined the Company at that time and 720,000 options were granted in September 2018 to certain key employees. In 2019, 870,000 options were granted to certain key employees, including 100,000 options to each of Messrs. D'Eramo and Wildeboer, 75,000 options to Mr. Di Tosto, 50,000 options to Messrs. Johnson and 25,000 options to Mr. Fairchild in December 2019. In January 2020, 100,000 options were granted to the Director, Investor Relations and Corporate Development upon joining the Company. See "Securities Authorized for Issuance Under Equity Compensation Plans – Stock Option Plan".

Option awards have been discretionary, as approved by the Compensation Committee or the Board of Directors. The Compensation Committee or Board of Directors considers a variety of factors in exercising its discretion, including the compensation philosophy and practices of the Company as described herein; individual or collective management performance; industry compensation practices; previous grants of options; and general compensation trends.

As noted above, the Company adopted a PRSU Plan for implementation in 2017. A full description of the PRSU Plan is described under "Other Compensation Plans—PRSU Plan". The PRSU Plan provides for the grant of PSUs or RSUs to certain key employees of the Company, as determined by the Compensation Committee. The purpose of the PRSU Plan is to ensure that the interests of the key employees are aligned with the success of the Company; provide compensation opportunities to attract, retain and motivate key employees of the Company and its subsidiaries; create an ownership mentality among key employees; and mitigate excessive risk taking by Company employees. A PSU is a performance-based notional share unit entitling the holder to a conditional right to payment where the value of each PSU vested and paid out is linked to the value of a Common Share. The value of the PSUs granted to date and in the future will be tied to total shareholder return performance relative to a peer group of companies in similar industries, as well as to the share price. The number of PSUs paid out on redemption shall be determined using an adjustment factor (the "Adjustment Factor") according to the following scale:

Relative TSR Performance	Adjustment Factor
Less than the 25 <sup>th</sup> percentile	0
25 <sup>th</sup> percentile	.50
50 <sup>th</sup> percentile	1.00
75 <sup>th</sup> percentile or higher	1.5

The Adjustment Factor for performance between the numbers set out above is interpolated on a straight line basis.

The following companies comprise the Peer Group for the 2020 PSUs:

American Axle & Mfg Holdings	Dana Holding Corp	Magna International Inc
Autoliv Inc	Gentex Corp	Meritor Inc
BorgWarner Inc	Lear Corp	Superior Industries Intl
Cooper-Standard Holdings Inc	Linamar Corp	Visteon Corp

A RSU is a PSU for which there is no performance-based vesting condition. Both are a form of equity participation that the Company expects will be utilized increasingly in future as a portion of executive compensation.

The first grants of RSUs and PSUs were granted in 2017 to Messrs. Wildeboer and D'Eramo, who elected to take 25% of their 2017 bonus based on pre-tax profit in the form of RSUs. Additional RSUs have been granted in 2018, 2019, 2020 and 2021 to Messrs. Wildeboer and D'Eramo, who elected to take 25% of their annual bonus based on pre-tax profit in the form of RSUs. In addition, the Compensation Committee granted each a like number of PSUs. The PSUs are not tied to Messrs. Wildeboer's or D'Eramo's employment contracts. RSUs and PSUs have been awarded in 2018 and 2019 and a limited number in 2020 due to the COVID-19 pandemic (only to those who had elected to receive PRSUs under the Company's ESOP plan, as noted below). RSUs and PSUs may be granted in the future as determined at the discretion of the Compensation Committee. See also "Executive Share Ownership Policy" below. Vesting of RSUs and PSUs is subject to the discretion of the Compensation Committee, and will generally occur over time. In the case of a situation where an executive officer elects to take a portion of earned bonus in the form of RSUs, vesting will generally be immediate, although payout or redemption will occur at the redemption date provided in the PRSU Plan. The awarding of RSUs and PSUs by the Compensation Committee or the Board of Directors is discretionary, taking into consideration a variety of factors, including compensation philosophy and practices as described herein; individual or collective management performance; industry compensation practices; previous grants of PSUs and RSUs; and general compensation trends. For additional information on the Company's RSUs and PSUs see "Other Compensation Plans". As discussed above, the Company has a DSU Plan that, prior to 2019, was used for independent directors. However, in 2019 and 2020, DSUs were granted to certain officers, including Mr. Fairchild, approaching retirement as a retention mechanism to keep their services during a transition period.

#### Executive Share Ownership Policy

In 2013, in order to encourage increased executive ownership of Common Shares over time, the Company adopted, on the recommendation of the Compensation Committee and approved by the Board, new executive ownership guidelines (the "Executive Share Ownership Policy" or "ESOP"). The basic guidelines are as follows. The minimum share ownership level for the Chief Executive Officer and the Executive Chairman, the two most senior executives of the Company, was set at a minimum of three times base salary. Fred Di Tosto's minimum share ownership level has been set at a minimum of two times base salary. For other Named Executive Officers and senior executive officers at the executive vice president level or equivalent, which now include Robert Fairchild and Bruce Johnson, the minimum share ownership level has been set at a minimum of one times base salary. For other executive officers, the minimum share ownership level has been set at a minimum of one half of base salary. The executives have five years to accumulate the required ownership value based on the greater of cost or fair market value. Once the minimum level is reached, the executive is required to maintain the minimum share ownership level.

The Company also adopted in 2013 a form of employee ownership assistance plan, which provides that if an eligible employee purchases Common Shares with his or her own funds, the Company will match the share purchase. The matching amounts available to any eligible employee in any one year will be capped at what the Compensation Committee views as an appropriate level. The Company and the Compensation Committee believe that this assistance can replace to a certain extent the grants of options to eligible employee.

The Company believes that an appropriately structured share ownership plan, with minimum share ownership requirements, where the employee, in order to benefit, must use his or her own funds and put them at risk in an investment of company shares, is in certain respects a better ownership plan than phantom shares, performance shares, restricted share units or deferred share units. This program will remain in place at the discretion of the Compensation Committee. In 2018, 2019 and 2020, where an employee also reached the minimum share ownership level, to encourage additional equity ownership by the employee, the Compensation Committee authorized the participant to elect to receive RSUs and PSUs in lieu of purchasing shares in the market using the ESOP. In 2020, 43 individuals purchased Common Shares in the secondary market under the ESOP, with Company assistance. Company assistance is treated for compensation and income tax purposes as a cash bonus.

At present, executive officers are subject to share ownership requirements. All of the executive officers own Common Shares, and many now have attained the minimum share ownership level, or have time remaining to do so. The Company believes the ESOP has been very successful, and has been extremely well-received by employees and well-perceived by shareholders.

#### ***Clawback Policy***

The Board has the right to require repayment or forfeiture by any senior executive of all or part of any incentive-based compensation; if both:

1. the amount of any incentive-based compensation was calculated in relation to the Company's financial results that are subsequently the subject of or affected by a restatement of the Company's financial statements required by applicable securities laws due to the Company's material breach of financial reporting requirements applicable at the time the original financial statements were filed (other than due to a change in accounting rules or policy); and
2. the amount of any incentive-based compensation would have been lower based on the restated results.

The clawback applies to any incentive-based compensation within the three years preceding the restatement.

The clawback amount is limited to the difference between the incentive-based compensation earned and the incentive-based compensation that would have been earned had the incentive-based compensation been determined using the restated financial results.

#### ***Managing Compensation Related Risk***

In 2020, as in past years, the Compensation Committee considered the implications of the risks associated with its compensation policies and practices. The Compensation Committee is actively involved in the risk oversight of its compensation policies and practices. Managing enterprise risk is embedded in all of the Company's key decisions and the Board of Directors approves all significant strategic decisions. While risk is always inherent in the Company's business, the Company believes its executive compensation program contains a number of features and practices that the Company considers decrease the risks associated with compensation.

The Company uses the following practices to discourage or mitigate excessive risk-taking:

- The Board reviews and approves the Company's business plan and budgets, which are considered in the context of assessing performance and awarding incentives, before the start of each year.
- The Company's compensation policies and practices are generally consistent among the Company's business units and executive officers.

- Bonuses for NEOs are generally negotiated in the employment contract as a specified percentage of pre-tax profits; the negotiated percentages do not fluctuate, although the amount of bonus will fluctuate as profits fluctuate. The underlying objective of this bonus structure (including of executive officers and general managers) is to encourage entrepreneurial management behavior, to support the Company's operating structure, and to instill financial discipline at both the Company and local level, reflecting the fact that an officer's compensation is directly affected by the profitability of the operations over which he or she is responsible and, in many cases, of the Company as a whole. As the profitability of the division or plant increases, so will such person's bonus.
- In 2016, bonus compensation for general managers, while based on plant pre-tax profit, was adjusted to be based also on other metrics, including plant cash flow, meeting budget targets at the plant or group level, or individual targets set at the beginning of the year, all of which can ensure certain relevant risk factors are taken into account in determining compensation.
- All senior executive contracts are regularly updated and reviewed by the Compensation Committee.
- There is an appropriate mix of pay, including fixed and performance based compensation with short and longer time performance conditions and multiple forms of compensation, including the PRSU Plan and options.
- The Company has share ownership requirements for its NEOs and senior executives.
- The Company expressly prohibits its directors and employees from hedging of Common Shares and share based compensation awards.
- The Company's long term incentive program includes DSUs, RSUs, PSUs and options which vest over time, except in the case where a portion of annual incentives are exchanged for RSUs. This ensures that executives remain exposed to the risks of their decisions and vesting periods align with risk realization periods. The trading of Common Shares, whether obtained through option exercise or otherwise, is subject to specified black-out periods.
- The Company's incentive plans have a balanced focus on share price improvement, operating profit and relative performance measures.
- The Company's option plan contains restrictions on option re-pricing, and in 2016 was amended to require a minimum 12 month vesting period and contains limits on the amount of options that can be granted to insiders (see Stock Option Plan below).
- The Company has implemented the ESOP, as described above, to require and encourage minimum levels of share ownership, to better align executive risk perceptions with those of shareholders. All senior executive officers own Common Shares and are shareholders. The Company continues to encourage investment by executives in equity ownership by offering RSUs and PSUs to those who reach the minimum share ownership through continued use of the ESOP.
- The Audit Committee and Board of Directors are responsible for assessing and monitoring the Company's financial and enterprise risks. The Audit Committee and the Compensation Committee are comprised entirely of independent directors. This ensures that the Compensation Committee has direct information respecting the Company's enterprise risk when making compensation decisions.
- The Compensation Committee has discretion to adjust annual incentive payments to take into account unexpected events and the level of risk undertaken to achieve desired results.
- The Company has a clawback policy, as described above.

As a result of the Compensation Committee's review of its compensation plans, it has concluded that there are no identified risks arising from its compensation programs which are reasonably likely to have a material adverse effect on the Company.



### ***Compensation Review***

The Company believes that it has assembled an excellent management team with the foregoing executives, along with other members of the management team.

The Compensation Committee meets regularly, and did so in 2020 as well. All bonuses for NEOs and senior executives are reviewed and approved by the Compensation Committee. As noted above, the Compensation Committee determined it to be in the interests of the Company to adopt a PRSU Plan and DSU Plan, as discussed above. This addition, as well as the Company's changes to its executive compensation over the past several years, reflect an increasing level of variable performance based pay versus fixed compensation.

The Compensation Committee has concluded that the Company's senior executive team has performed well, and that the Company had performed in general very well operationally and strategically over the past several years, achieving corporate goals and business objectives approved by the Company's Board of Directors, in an always challenging automotive environment, including the most recent COVID-19 pandemic. The Company has been one of the fastest growing automotive parts suppliers in the world over the past decade, led by its executive team. In 2020, the Company, despite the negative impact of the COVID-19 pandemic and related shutdowns, performed very well. See also discussion under *Performance Graph* below.

### ***Retention of Compensation Consultants***

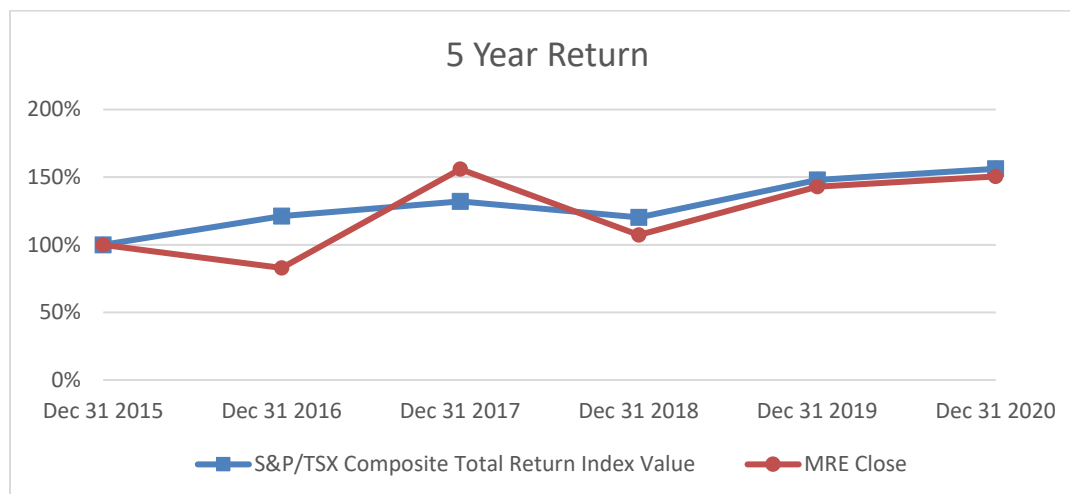
In the past, the Compensation Committee retained an independent compensation consultant, Meridian, to provide independent advice to the Compensation Committee in connection with certain matters pertaining to executive compensation and director compensation. Meridian performed a benchmarking analysis in 2015 and provided advice respecting the Comparator Group. Meridian also provided advice to the Compensation Committee about other compensation issues and governance and compensation best practices. Meridian assisted in the development of the DSU Plan and the PRSU Plan. Meridian does not provide executive compensation services to management of the Company but has assisted with the review of approaches to general manager compensation and compensation to non-executives as part of its mandate from the Compensation Committee to review overall compensation programs. All services provided by and fees paid to Meridian were approved by the Compensation Committee.

The Compensation Committee did not retain a compensation consultant in 2020.

### ***Performance Graph***

#### ***Cumulative Total Return on \$100 Investment (5 years)***

The following graph compares the percentage change in the cumulative total shareholder return on the Common Shares with the cumulative total return of the S&P/TSX Composite Index during the period from January 1, 2016 to December 31, 2020 based on the closing price of the Common Shares on December 31, 2015 (\$10.51) and December 31, 2020 (\$14.86) if \$100 was invested and all dividends were reinvested:



	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020
Martinrea Common Shares	\$100	82.87	155.91	107.16	142.98	150.47
S&P/TSX Composite Total Return Index	\$100	121.08	132.09	120.36	147.89	156.17

As noted in the graph above, as at December 31, 2020, the Company's total shareholder return for five years increased by approximately 50% since December 31, 2015 while the S&P/TSX Composite Index total return increased by approximately 56% over the same period.

As noted above under "Compensation Discussion and Analysis", the Company's executive compensation is linked to the performance level of both individual officers and the Company, as related to its profits and its share price. Compensation for NEOs for 2020 is not directly linked to changes in the Company's share price, with the exception of options, RSUs, PSUs and DSUs described below, although the value of an NEO's equity position in the Company does fluctuate. In 2020, executive compensation overall went down year-over-year while the Company's share price ended 2020 up year-over-year. In the past five year period, the share price of the Company's Common Shares has risen over 50%, roughly similar to TSX levels overall. In general, executive compensation has risen, until 2020, but primarily because the Company's profits have risen. Executive compensation fell significantly in 2020.

Over the past few years, the Company's compensation trend has been to tie a greater portion of executive bonus compensation to long-term equity compensation and employee share ownership using the Company's ESOP, and equity compensation such as RSUs, DSUs and options, as previously described, and to ensure that compensation is structured so that improvements in company performance should be reflected in an increasing share price (absent external factors).

Several general observations can be made. The base salaries of NEOs have not changed materially, over the past five years, and changes are not related to share price. As noted above, in 2020 base salaries were temporarily reduced. Cash bonuses for NEOs are primarily based on pre-tax profits of the Company or a division or plant or a combination thereof, as applicable, and bonus compensation has fluctuated with profitability. The Company's Common Share price has fluctuated, but has generally increased over the last five years. The value of options and RSUs, PSUs and DSUs granted to NEOs and the value of an NEO's shareholdings fluctuate with stock price fluctuations. All NEOs own Common Shares in accordance with the Company's Executive Share Ownership Policy, which includes minimum share ownership requirements. The value of option, RSU, PSU, DSU and Common Share holdings should increase over time should the Company's Common Shares appreciate in price. Each of the NEOs has participated in the ESOP in the past three years. As noted above, the Company introduced a PRSU Plan in 2016, with grants of RSUs and PSUs to Messrs. Wildeboer and D'Eramo in 2017, 2018, 2019 and 2020 which tied a significant portion of the bonus compensation to share price performance. The Company expanded the award of PSUs and RSUs to other eligible employees in 2018 which tie a portion of bonus compensation to share price performance. The value of the PSUs granted to date and in the future will be tied to total shareholder return performance relative to a peer group of companies in similar industries, as well as to share price.

Executive compensation for NEOs decreased in 2020, as Company profits and profitability declined, as shown in the compensation charts below.

The Company's cumulative total shareholder return on the Common Shares has performed similarly to the TSX Composite Total Return Index over the last five year period.

The Compensation Committee believes that the Company's compensation trends are in line with its compensation philosophy.

## Summary Compensation Table

The following table sets forth the details regarding compensation earned by each of the NEOs in respect of the financial years ended December 31, 2020, December 31, 2019 and December 31, 2018. All amounts in this Management Information Circular are in Canadian dollars, unless otherwise disclosed.

Name and Principal Position <sup>(1)</sup>	Year	Salary <sup>(2)</sup>	Share-Based Awards <sup>(3)</sup>	Option-Based Awards <sup>(4)</sup>	Non-Equity Incentive Plan Compensation		Pension Value	All Other Compensation <sup>(7)</sup>	Total Compensation
					Annual Incentive Plans <sup>(5)</sup>	Long-Term Incentive Plans <sup>(6)</sup>			
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Rob Wildeboer Executive Chairman of the Board of Directors	2020	\$634,375	\$840,476	-	\$1,260,714	\$200,000	N/A	-	\$2,935,565
	2019	\$725,000	\$1,274,260	\$409,000	\$1,911,391	\$200,000	N/A	-	\$4,519,651
	2018	\$725,000	\$1,319,640	-	\$1,979,459	\$200,000	N/A	-	\$4,224,099
Pat D'Eramo <sup>(8)</sup> President and Chief Executive Officer	2020	\$715,683	\$840,476	-	\$1,260,714	\$156,506	N/A	\$114,095	\$3,087,474
	2019	\$817,923	\$1,274,260	\$409,000	\$1,911,391	\$200,000	N/A	-	\$4,612,574
	2018	\$817,923	\$1,319,640	-	\$1,979,459	\$200,000	N/A	-	\$4,317,022
Fred Di Tosto Chief Financial Officer <sup>(9)</sup>	2020	\$481,250	\$200,000	-	\$504,286	\$37,735	N/A	-	\$1,223,271
	2019	\$550,000	\$194,130	\$306,750	\$764,556	\$41,801	N/A	-	\$1,857,237
	2018	\$437,500	\$310,288	\$191,000	\$791,784	-	N/A	-	\$1,730,572
Robert Fairchild, Executive Vice President, Sales and Engineering <sup>(10)</sup>	2020	\$638,733	\$211,800 <sup>(10)</sup>	-	\$336,190	\$78,264	N/A	-	\$1,264,987
	2019	\$664,575	\$326,938	\$102,250	\$509,704	-	N/A	-	\$1,603,467
	2018	\$490,580	\$110,356	\$191,000	\$527,856	-	N/A	-	\$1,319,792
Bruce Johnson Executive Vice President, Martinrea Innovation Development (formerly, Executive Vice President, Metalics) <sup>(11)</sup>	2020	\$380,000	-	-	\$846,892	-	N/A	-	\$1,226,892
	2019	\$400,000	\$21,180	\$204,500	\$879,219	\$100,000	N/A	-	\$1,604,899
	2018	\$400,000	\$78,952	\$95,500	\$1,177,882	\$21,009	N/A	-	\$1,773,343

(1) Each NEO has entered into an employment agreement with the Company. See "Employment Contracts" above.

(2) Executive salaries were reduced during the COVID-19 pandemic during the second quarter. Messrs. D'Eramo, Wildeboer and Di Tosto took salary reductions of 50% and Messrs. Fairchild and Johnson took salary reductions of 20%.

(3) PSUs and RSUs are based on the grant date fair value (as calculated under the PRSU Plan) of annual bonuses in the form of RSUs, which also include the grant value of PSUs awarded assuming an adjustment factor of 1 in each of 2018, 2019 and 2020. DSUs are based on the grant date fair value (as calculated under the DSU Plan).

(4) Represents options granted during the year. The Company has adopted fair value accounting for options granted under its stock option plan using the Black-Scholes fair value option pricing method. For additional details, please see Note 17 of the Company's annual audited financial statements for the year ended December 31, 2020 filed under the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).

(5) Amounts disclosed under the "Annual Incentive Plan" column include bonuses paid under the employment contracts. Bonuses were paid in 2018, 2019 and 2020 in accordance with the employment contracts, and were adjusted by the Board to exclude the second quarter from the overall calculations.

(6) Represents payment under ESOP. See "Executive Share Ownership Policy".

(7) Perquisites and other personal benefits do not exceed the lesser of \$50,000 and 10% of the total annual salary and bonuses. For Mr. D'Eramo, this amount represents life insurance premiums paid by the Company.

(8) Mr. D'Eramo's annual base salary is \$725,000, but fixed at a \$CDN/US dollar exchange rate of 0.8946.

(9) Reflects a salary increase, pro rata, in late 2018 to \$550,000. In 2021, Mr. Di Tosto assumed responsibility for the Flexible Manufacturing Group.

(10) Share based awards include PRSU and/or DSU grants.

(11) Mr. Johnson held the position of Executive Vice President, Metallics for the 2020 fiscal year, and commenced his new position in January 2021.

## Incentive Plan Awards

### Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth the details regarding the incentive plan awards for each NEO outstanding as of December 31, 2020. On December 31, 2020, the closing price of the Common Shares on the TSX was \$14.86 per Common Share.

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) (4)</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
	(#)	(\$)		(\$)	(#)	(\$)	(\$)
Rob Wildeboer Executive Chairman of the Board of Directors <sup>(2) (3)</sup>	100,000	\$14.63	12/20/2029	\$23,000	94,510 <sup>(2)</sup>	\$1,404,419 <sup>(2)</sup>	\$1,404,419 <sup>(3)</sup>
Pat D'Eramo President and Chief Executive Officer <sup>(2) (3)</sup>	500,000	\$11.95	11/01/2024	\$1,455,000	94,510 <sup>(2)</sup>	\$1,404,419 <sup>(2)</sup>	\$1,404,419 <sup>(3)</sup>
	100,000	\$14.63	12/20/2029	\$23,000			
Fred Di Tosto Chief Financial Officer <sup>(5), (6)</sup>	20,000	\$10.40	03/23/2022	\$89,200	35,028 <sup>(5)</sup>	\$520,517 <sup>(5)</sup>	\$46,423 <sup>(6)</sup>
	50,000	\$13.19	09/28/2028	\$83,500			
	75,000	\$14.63	12/20/2029	\$17,250			
Bruce Johnson Executive Vice President, Metallics <sup>(7), (8)</sup>	8,000	\$7.00	10/21/2021	\$62,880	1,705 <sup>(7)</sup>	\$25,331 <sup>(7)</sup>	\$5,067 <sup>(8)</sup>
	15,000	\$10.40	03/23/2022	\$66,900			
	25,000	\$13.19	09/28/2028	\$41,750			
	50,000	\$14.63	12/20/2029	\$11,500			
Robert Fairchild, Executive Vice President, Sales and Engineering <sup>(9), (10)</sup>	50,000	\$13.19	09/28/2028	\$83,500	45,965 <sup>(9)</sup>	\$683,042 <sup>(9)</sup>	\$17,728 <sup>(10)</sup>
	25,000	\$14.63	12/20/2029	\$5,750			

(1) On December 31, 2020, the closing price of the Common Shares on the TSX was \$14.86 per Common Share. Value is calculated based on the difference between the market value of the Common Shares as at December 31, 2020 and the exercise price of the option.

- (2) PSUs vest only on redemption. Share units that have not vested are PSUs. The closing price of the Common Shares on the TSX as at December 31, 2020 of \$14.86 per share was used to calculate the value. The payout value assumes an adjustment factor of 1.
- (3) Represents all unredeemed and vested RSUs. 94,510 RSUs were vested and were unredeemed as of December 31, 2020. The closing price of the Common Shares on the TSX as at December 31, 2020 of \$14.86 per share was used to calculate the value.
- (4) Pursuant to the terms of the Stock Option Plan, for options that are scheduled to expire or terminate during or within 10 business days following a blackout period, the Expiry Date shall be the date that is the tenth business day following the date of expiry of the Blackout Period (the "Blackout Expiry Date"). If a new Blackout Period is imposed prior to the Blackout Expiry Date, the Blackout Expiry Date shall be the date that is the tenth business day following the date of expiry of the new Blackout Period.
- (5) Share units that have not vested are 19,076 PSUs and 15,952 RSUs. PSUs vest only on redemption. RSUs vest 1/3 on the first anniversary of the grant date, 1/3 on the second anniversary of the grant date and the remaining 1/3 on the redemption date.
- (6) Represents 3,124 RSUs that have vested.
- (7) Share units that have not vested are 1,023 PSUs and 682 RSUs. PSUs vest only on redemption. RSUs vest 1/3 on the first anniversary of the grant date, 1/3 on the second anniversary of the grant date and the remaining 1/3 on the redemption date.
- (8) Represents 341 RSUs that have vested.
- (9) Share units that have not vested are 3,579 PSUs, 2,386 RSUs and 40,000 DSUs. PSUs vest only on redemption. RSUs vest 1/3 on the first anniversary of the grant date, 1/3 on the second anniversary of the grant date and the remaining 1/3 on the redemption date. DSUs vest three years from the grant date.
- (10) Represents 1,193 RSUs that have vested.

***Value Vested or Earned During the Financial Year Ended December 31, 2020***

The following table sets forth the details regarding the value vested or earned of incentive plan awards for each NEO for the financial year ended December 31, 2020.

Name	Option-Based Awards – Value Vested During the Year <sup>(1)</sup>	Share-Based Awards – Value Vested During the Year <sup>(2)</sup>	Non-Equity Incentive Plan Compensation – Value Earned During the Year <sup>(3)</sup>
	(\$)	(\$)	(\$)
Rob Wildeboer Executive Chairman of the Board of Directors	\$14,200 <sup>(7)</sup>	\$1,389,161 <sup>(4)</sup>	\$1,460,714
Pat D'Eramo President and Chief Executive Officer	\$14,200 <sup>(7)</sup>	\$1,389,161 <sup>(4)</sup>	\$1,417,220
Fred Di Tosto Chief Financial Officer	\$10,650 <sup>(5), (7)</sup>	\$308,182 <sup>(6)</sup>	\$542,021
Robert Fairchild, Executive Vice President, Sales and Engineering	\$3,550 <sup>(5), (7)</sup>	\$118,827 <sup>(6)</sup>	\$414,454
Bruce Johnson Executive Vice President, Metallics	\$7,100 <sup>(5), (7)</sup>	\$79,620 <sup>(6)</sup>	\$846,892

- (1) Value of options vested during 2020 is calculated by using the difference between the market price of the underlying securities at vesting and the exercise price of the stock options.
- (2) The value vested has been determined based on the closing price of the Common Shares on the applicable vesting date.
- (3) Amounts disclosed under this column are cash bonuses paid under the employment contracts plus payments under the ESOP. See "Executive Share Ownership Policy".
- (4) Represents the vesting value of PSUs granted in 2018 that were redeemed in December 2020 and RSUs granted in 2020 that are unredeemed but vest immediately.
- (5) Options granted on September 28, 2018 at \$13.19 per share vest 1/5 on each of September 28, 2019, September 28, 2020, September 28, 2021, September 28, 2022 and September 28, 2023. The closing price of the Common Shares on September 28, 2020 was \$9.74.
- (6) Represents RSUs that vested in 2020 and the vesting value of PSUs granted in 2018 that were redeemed in December 2020.
- (7) Options granted on December 20, 2019 at \$14.63 per share vest 1/5 on each of December 20, 2020, December 20, 2021, December 20, 2022, December 20, 2023 and December 20, 2024. December 20, 2020 was a Sunday. The Closing price of the Common Shares on December 18, 2020 was \$15.34.

### ***2018 PSU Awards – Performance and Payout***

After comparison of total shareholder return performance by the Company against the peer group identified above, PSUs granted in 2018 were redeemed on December 15, 2020 using an adjustment factor of 1.332, resulting in the following payable to the NEOs:

<b>Name</b>	<b>Number of PSUs Redeemed</b>	<b>Amount</b>
Pat D'Eramo	49,891	\$961,400
Rob Wildeboer	49,891	\$961,400
Fred Di Tosto	10,271	\$197,922
Robert Fairchild	3,653	\$70,393
Bruce Johnson	2,613	\$50,353

The Company's share price performance for the period was in the top third of the comparator group.

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

The employment agreement with Mr. Wildeboer has always provided that, upon termination of the executive by the Company without cause or following a change in control of the Company, the executive is entitled to a severance payment in an amount equal to three (3) times the last full fiscal year's total compensation (not including value ascribed to option based awards), including salary, bonus (including ESOP and RSUs where cash bonus has been deferred for a like value of RSUs) and benefits. Mr. Wildeboer continues to have these termination provisions, as his contract is unique to his circumstances as co-founder. The contracts for the co-founders all contained these provisions. The Company determined the change of control and termination benefits for these officers were warranted in part because no pensions have been provided. For the purposes of these agreements, the term "change in control" is defined to mean (i) the acquisition by any person, directly or indirectly, of 50% or more of the Company's outstanding Common Shares, (ii) any merger, arrangement or similar event where control is transferred, or (iii) any event whereby any party or group, acting together, elects or causes to be elected to the Board of Directors of the Company persons who are or may be considered nominees thereof, and such persons constitute 50% or more of the directors of the Company then in office. The three year severance benefits described above are legacy arrangements, put in place in 2001.

The Company now limits severance arrangements to 24 months, and to provide that any severance provisions will not be triggered by a change in control only, but by a severance or termination following a change of control. In 2018, executive contracts for Messrs. D'Eramo, Di Tosto, Johnson and Fairchild were amended to update or add change of control provisions. Change of control is defined similar as above. Termination or constructive termination within two years of a change of control entitles the executive to payment under the contract over a two year period. Constructive termination includes any action by the Company not agreed to by the executive that results in a pay reduction or employment responsibilities materially inconsistent with responsibilities at the time of the change in control. Termination or constructive termination entitles a payment to two (2) times the last full four (4) fiscal quarters' total compensation, including salary, bonus (excluding PSUs and, with the exception of Mr. D'Eramo, amounts for ESOP and RSUs) and benefits payable over a 24 month period.

Mr. D'Eramo's severance period is 24 months; Mr. Di Tosto's severance period is 24 months; Mr. Johnson's severance period is 18 months; and Mr. Fairchild's severance period is 24 months.

It has always been the Company's policy that any outstanding and unvested options, and now also RSUs and PSUs, will vest on the change of control. The Company has never experienced a change of control.

The following chart outlines cash termination amounts payable in a termination or a termination following a change in control assuming a termination date of December 31, 2020.

<b>Name</b>	<b>Termination Amounts Payable (\$)</b>	<b>Change of Control (\$)</b>
Rob Wildeboer	\$7,545,981	\$7,545,981
Pat D'Eramo <sup>(1)</sup>	\$5,106,282	\$5,106,282
Fred Di Tosto	\$1,971,072	\$1,971,072
Robert Fairchild	\$1,462,385	\$1,949,846
Bruce Johnson	\$1,840,338	\$2,453,784

- (1) Mr. D'Eramo is entitled on termination to health insurance for him and his family to age 65.
- (2) All vested options held by NEOs have vested and are exercisable whether or not there is termination and all unvested options vest on a change of control.
- (3) Messrs. Wildeboer and D'Eramo have RSUs which have fully vested and which are payable whether or not there is termination.
- (4) Messrs. Wildeboer and D'Eramo have unvested PSUs which vest on a change of control. Messrs. Di Tosto, Fairchild and Johnson have unvested RSUs and PSUs which vest on a change of control. For vesting of RSUs and PSUs on termination, see "PSU Plan" under "Other Compensation Plans".
- (5) Upon termination, benefits are generally continued for the termination period.

### ***Director Compensation***

The following table sets forth the details regarding compensation provided to the Company's independent directors during the financial year ended December 31, 2020.

<b>Name</b>	<b>Fees Earned<sup>(1)</sup></b>	<b>Share-Based Awards<sup>(1)</sup></b>	<b>Option- Based Awards</b>	<b>Non-Equity Incentive Plan Compensation</b>	<b>Pension Value</b>	<b>All Other Compensation</b>	<b>Total</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Scott Balfour <sup>(2), (4), (5)</sup>	Nil	\$105,000	-	-	-	-	\$105,000
Roman Doroniuk <sup>(2), (4), (6)</sup>	\$124,000	\$105,000	-	-	-	-	\$229,000
Terry Lyons <sup>(2), (4)</sup>	\$124,000	\$105,000	-	-	-	-	\$229,000
Fred Olson <sup>(3), (4)</sup>	\$217,000	\$105,000	-	-	-	-	\$322,000
Sandra Pupatello <sup>(2),</sup>	\$120,000	\$105,000	-	-	-	-	\$225,000
David Schoch <sup>(4)</sup>	\$109,000	\$105,000	-	-	-	-	\$214,000
Molly Shoichet <sup>(4), (7)</sup>	\$107,000	\$105,000	-	-	-	-	\$212,000

- (1) Effective January 1, 2016, the Company adopted a DSU Plan for directors. One half of the annual director retainer is paid in DSUs, and has been separately disclosed under the column Share Based Awards.
- (2) Includes \$15,000 stipend for Committee Chair.
- (3) Includes Lead Director Fee of \$100,000.
- (4) Includes regular Committee Member Fee of \$4,000 per Committee, annualized.
- (5) Scott Balfour served as a director from January 2020 to June 2020 and he did not stand for re-election at the Annual General Meeting of Shareholders in 2020.
- (6) Mr. Doroniuk served as a director until he passed away in November 2020.
- (7) Molly Shoichet was appointed as a Member of the Compensation Committee in June 2020.

In 2015 and 2016, the Board of Directors reviewed its approach to director compensation, with the assistance of Meridian (see “Retention of Compensation Consultants” above). Meridian benchmarked director compensation relative to the comparator group and also provided information on market and good governance practices relating to director compensation. While the overall quantum of pay for Martinrea’s directors did not require adjustment, the Board determined to move to an all-inclusive retainer and the use of DSUs instead of stock options for directors, effective January 1, 2016. The annual retainer for 2016 was set at \$200,000, delivered 50% in cash and 50% in DSUs. A director may elect to receive a higher percentage of compensation in DSUs. In 2019, the annual retainer was raised to \$210,000. A director who is chair of a committee will also receive an annual stipend of \$15,000 for sitting as such; the Lead Director will earn a fee of \$100,000 for sitting as such; and if there are special circumstances where a special committee has to be struck additional compensation will be considered on a case-by-case basis. In addition, retainers for membership on any committee has been set at \$4,000. The Company’s Stock Option Plan has also been amended to provide that options will no longer be granted to non-executive directors. There were no changes to this approach to director compensation in 2020. Directors received the DSU portion of compensation in the first half of the year and the cash portion of the retainer in the fourth quarter of 2020 due to the COVID-19 pandemic and the Company’s desire to preserve cash. In 2020, a total of \$1,536,000 was paid to directors, including \$801,000 in the form of cash and \$735,000 in the form of DSUs. In 2020, it had been determined that the standing committees be comprised of four (4) members for the Audit Committee and three (3) members for the CGNC and the Compensation Committee. As in the past, all directors are invited to committee meetings in 2020.

The Board of Directors and its committees meet frequently. The Chairman also routinely holds update meetings with directors to keep them apprised of current developments. The Chairman, the Chief Executive Officer and the Chief Financial Officer, often with other members of management, also meet frequently with the independent directors and Audit Committee, in order to provide detailed updates on the Company’s financial affairs.

The following table sets forth the breakdown of the non-executive directors’ fees earned for the financial year ended December 31, 2020.

Name	Board Annual Retainer <sup>(1)</sup>	Board/Committee Chair Retainer <sup>(2)</sup>	Lead Director	Committee Member Fee	Total
	(\$)	(\$)	(\$)	(\$)	(\$)
Scott Balfour <sup>(3)</sup>	\$105,000		-	-	\$105,000
Roman Doroniuk	210,000	\$15,000	-	\$4,000	\$229,000
Terry Lyons	\$210,000	\$15,000	-	\$4,000	\$229,000
Fred Olson	\$210,000	-	\$100,000	\$12,000	\$322,000
Sandra Papatello	\$210,000	\$15,000	-	-	\$225,000
David Schoch	\$210,000	-	-	\$4,000	\$214,000
Molly Shoichet <sup>(4)</sup>	\$210,000	-	-	\$2,000	\$212,000

<sup>(1)</sup> Board retainer was \$210,000, paid 50% in cash and 50% in DSUs.

<sup>(2)</sup> Committee Chair retainer was \$15,000.

<sup>(3)</sup> Scott Balfour served as a director from January 2020 to June 2020 and he did not stand for re-election at the 2020 Annual General Meeting of Shareholders. Mr. Balfour was a Member of the Compensation Committee from January 2020 to June 2020.

<sup>(4)</sup> Molly Shoichet was appointed as a Member of the Compensation Committee in June 2020.



## Incentive Plan Awards

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

The following table sets forth the details regarding the incentive plan awards for each non-executive director of the Company outstanding as of December 31, 2020. On December 31, 2020, the closing price of the Common Shares on the TSX was \$14.86 per Common Share.

Option-Based Awards					Share-Based Awards		
Name	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date <sup>(1)</sup>	Value of Unexercised in-the-money Options <sup>(2)</sup> (\$)	Number of Share Units 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 (\$) <sup>(3)</sup>
Terry Lyons	25,000	\$10.80	04/02/2024	\$101,500	-	-	\$765,662
	19,500	\$12.63	06/19/2024	\$43,485			
	25,000	\$13.87	06/11/2025	\$24,750			
Fred Olson	15,000	\$7.03	9/3/2021	\$117,450	-	-	\$765,662
	20,000	\$8.57	6/8/2022	\$125,800			
	25,000	\$10.44	6/18/2023	\$110,500			
	19,500	\$12.63	06/19/2024	\$43,485			
	25,000	\$13.87	06/11/2025	\$24,750			
Sandra Papatello	19,500	\$12.63	06/19/2024	\$43,485	-	-	\$765,662
	25,000	\$13.87	06/11/2025	\$24,750			
David Schoch	-	-	-	-	-	-	\$399,080
Molly Shoichet	-	-	-	-	-	-	\$272,458

<sup>(1)</sup> Pursuant to the terms of the Stock Option Plan, for options that are scheduled to expire or terminate during or within 10 business days following a blackout period, the Expiry Date shall be the date that is the tenth business day following the date of expiry of the Blackout Period (the "Blackout Expiry Date"). If a new Blackout Period is imposed prior to the Blackout Expiry Date, the Blackout Expiry Date shall be the date that is the tenth business day following the date of expiry of the new Blackout Period.

<sup>(2)</sup> On December 31, 2020, the closing price of the Common Shares on the TSX was \$14.86 per Common Share. Value is calculated based on the difference between the market value of the Common Shares as at December 31, 2020 and the exercise price of the option.

<sup>(3)</sup> All DSUs vest on the Grant Date. DSUs are not redeemed until the Redemption Date, when a Director ceases to be a director of the Company. This amount represents the market value of previously granted unredeemed DSUs as of December 31, 2020. The value shown was determined using the closing price of the Company's Common Shares on the TSX on December 31, 2020 of \$14.86 per Common Share. Each Director had 51,525 DSUs outstanding as of December 31, 2020, with the exception of Mr. Schoch who joined the Board in August, 2018 and had 26,856 DSUs outstanding and Ms. Shoichet who joined the Board in June, 2019 and had 18,335 DSUs outstanding.

### ***Value Vested or Earned During the Financial Year Ended December 31, 2020***

The following table sets forth the details regarding the value vested or earned of incentive plan awards for each non-executive director of the Company for the financial year ended December 31, 2020.

Name	Option-Based Awards – Value Vested During the Year <sup>(1)</sup>	Share-Based Awards – Value Vested During the Year <sup>(2)</sup>	Non-Equity Incentive Plan Compensation – Value Earned During the Year
	(\$)	(\$)	(\$)
Scott Balfour	Nil	\$206,762	-
Roman Doroniuk <sup>(3)</sup>	Nil	\$213,999	-
Terry Lyons	Nil	\$206,762	-
Fred Olson	Nil	\$206,762	-
Sandra Papatello	Nil	\$206,762	-
David Schoch	Nil	\$202,349	-
Molly Shoichet	Nil	\$200,833	-

(1) No options were granted to Independent Directors in 2020. All other options held by Directors are fully vested on the respective grant dates.

(2) DSUs are fully vested on the Grant Date. In 2020, 13,456 DSUs were granted to each independent director in payment of 50% of the annual retainer. Independent directors may receive a different number of dividend DSUs each year depending on the date of election to the Board. The value vested is determined by multiplying the number of DSUs granted during 2020 by the closing price of the Company's Common Shares on the TSX on December 31, 2020.

(3) Mr. Doroniuk passed away in November, 2020 and his outstanding DSUs were redeemed.

## **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

### **Stock Option Plan**

The Company established a stock option plan in 2002 which was amended in 2007, 2009, 2010, 2013 and 2016.

The purpose of the Stock Option Plan is to permit the Company to motivate and reward individuals who contribute to the Company's profitability and to provide those individuals with a proprietary interest in the long term growth and financial success of the Company. Employees, senior officers, non-executive directors and consultants are eligible to participate in the Stock Option Plan. The Board of Directors believes that the use of stock options will enhance the ability of the Company to continue to attract and retain talented individuals in a highly competitive industry and is an effective measure of compensation to align pay with performance and increasing shareholder value. The Stock Option Plan is administered by the Board of Directors, or, if so authorized (and such authorization has been given) the Compensation Committee.

Key provisions of the Stock Option Plan include: (a) restrictions that: (i) the number of Common Shares reserved for Insiders (as defined in the Stock Option Plan), at any time, under the Stock Option Plan and all security based compensation arrangements, cannot exceed 10% of issued and outstanding Common Shares; and (ii) the number of Common Shares issued to Insiders, within any one year period, under the Stock Option Plan and all security based compensation arrangements, cannot exceed 10% of issued and outstanding Common Shares; (b) a restriction that no more than 5% of the total number of issued and outstanding Common Shares may be issued to any one Insider in a one year period; (c) the option exercise price per Common Share may not be less than the closing price of the Common Shares on the trading day prior to the date of grant of the option and there shall be no option repricing; (d) the vesting period of all options shall be determined by the Board of Directors or the Compensation Committee and will have a minimum vesting period commencing 12 months from the date of grant; (e) options have a maximum term of 10 years; (f) options shall, subject to certain specified exercise periods, expire upon the death, permanent disability or termination of employment of the optionee (in the event of termination of employment without cause the option shall

expire 60 days after the date of termination and in the event of termination with cause the option shall immediately expire); (g) options are not transferable; and (h) at the discretion of the Board of Directors and subject to any applicable laws, the Company may provide financial assistance, on such terms and conditions as may be determined by the Board, to assist any optionee in the exercise of options granted under the Stock Option Plan. In light of Canada's tax laws, there are no holding or retention period requirements for exercised options. The sale of Common Shares upon exercise, however, is subject to the Company's insider trading policies.

The maximum number of Common Shares that may be reserved for issuance under the Stock Option Plan has been fixed at 9,000,000 Common Shares, which represents approximately 11% of the issued and outstanding Common Shares as of the date of this Management Information Circular. The Stock Option Plan, prior to the amendment in 2013, included an "evergreen" feature, that provided any exercise of options would make new grants available under the Stock Option Plan one year following the exercise of such options, effectively resulting in a re-loading of the number of options available to grant under the Stock Option Plan. Given the Board's decision to focus on other forms of compensation, the Board amended the Stock Option Plan to remove the evergreen feature for all options exercised in future, thus fixing the number of options available under the Stock Option Plan.

In addition, in 2013, the Company amended the Stock Option Plan to add a limitation on grants of options to Common Shares in the case of non-executive directors; such that the aggregate number of Common Shares which may be reserved for issuance to any one non-executive director of the Company shall not exceed the lesser of: (i) 1% of the number of Common Shares outstanding at any given point in time; and (ii) an annual equity award value of options of \$100,000 per such non-executive director. Recent option grants to non-executive directors have been at levels below these thresholds. As noted below, the Stock Option Plan was amended in 2016 so that options will no longer be issued to non-executive directors.

The Stock Option Plan conforms to TSX rules and regulations relating to security based compensation arrangements. The Board of Directors has discretion, subject to those matters requiring shareholder approval, to amend, suspend or terminate the Stock Option Plan or any option granted thereunder, provided that no amendment, suspension or termination shall adversely affect the rights of any holder of Options under any Option grant without the consent of such holder.

The types of amendments that require shareholder approval are:

- (i) an increase in the maximum number of Common Shares which may be issued pursuant to the Stock Option Plan;
- (ii) a reduction in the exercise price of an option held by an "insider" (as such term is defined under applicable securities laws) (other than as may result from the Stock Option Plan's general anti-dilution provisions) or the cancellation of options held by an insider for the purpose of reissuing them to the insider at a lower exercise price; and
- (iii) the extension of the expiry date of options held by an insider, other than in accordance with the proposed extension if the expiry date falls in, or within ten days after the end of, a blackout period.

In 2016, the Board has approved the following amendments to the Stock Option Plan:

- (i) option repricing is not permitted;
- (ii) in light of the DSU Plan for directors, option based remuneration will no longer be paid to non-executive directors; and
- (iii) any option granted in the future will have a minimum vesting period commencing 12 months from the date of grant and will vest over at least a three year period (the Board has discretion to approve an exception for new hires).

The following table sets out, as at December 31, 2020, the number of securities to be issued upon exercise of outstanding options, the weighted average exercise price of such outstanding options and the number of securities remaining available for future issuance under the Company's equity compensation plans.

Plan Category	Number of Securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of Securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	2,777,500 <sup>(1)</sup>	\$13.25	2,654,092 <sup>(2)</sup>
Equity compensation plans not approved by security holders	N/A	N/A	N/A
<b>Total</b>	<b>2,777,500<sup>(1)</sup></b>	<b>\$13.25</b>	<b>2,654,092<sup>(2)</sup></b>

<sup>(1)</sup> All such options have been issued under the Stock Option Plan. There are no options outstanding granted outside the Stock Option Plan.

<sup>(2)</sup> As at December 31, 2020, 2,659,167 Common Shares remained issuable upon exercise of options to be granted pursuant to the Stock Option Plan. However, pursuant to the requirements of the TSX, this number was reduced by 5,075 Common Shares issued to directors as compensation for services in previous years.

### Burn Rate Table

The Company did not issue options in 2017. In 2018, the Company issued 820,000 options. In 2019, the Company issued 870,000 options. In 2020, the Company issued 100,000 options.

Plan Name	2017	2018	2019	2020
Stock Option Plan	0.0%	0.93%	1.05%	0.12%
Annual Total Burn Rate	0.0%	0.93%	1.05%	0.12%

As at May 4, 2021, options to purchase an aggregate of 2,722,000 Common Shares have been granted and are outstanding pursuant to the Stock Option Plan. The number of Common Shares remaining available for future issuance is 2,709,592.

## OTHER COMPENSATION PLANS

### DSU Plan

The Company adopted a deferred share unit plan (the "DSU Plan") effective January 1, 2016.

Pursuant to the DSU Plan, non-executive directors (and certain designated employees) are entitled to elect to receive deferred share units ("DSUs") in satisfaction of all or part of his or her annual retainers; provided, however, that at least 50% of a non-executive director's annual retainer must be paid in DSUs. Each DSU has a value equal to the market price of the Common Shares, which under the DSU Plan is equal to the average closing price of the Common Shares in the period of twenty trading days preceding the applicable day.

Although each DSU is fully vested on grant for non-executive directors, it is not payable by the Company until the non-executive director ceases to be a member of the Board for any reason including death. Each director is required to hold the DSUs until the director either resigns or is not re-elected to the Board, following which the DSU will be redeemed by the Company for cash during a prescribed period at a value equal to the market price of the Common Shares prevailing at the date of redemption. No Common Shares are issuable pursuant to the DSU Plan. A director cannot assign his or her entitlement to payment pursuant to the DSU Plan other than by will or the laws of descent and distribution. The Company may amend the DSU Plan as it deems necessary or appropriate, but no such amendment may adversely affect the rights of an eligible director in DSUs granted prior to the date of amendment without the consent of the director.

The DSU Plan also authorizes DSUs to be granted to employees of the Company, and is subject to the vesting and conditions set out in the grant forms.

### **PRSU Plan**

Upon the recommendation of the Compensation Committee, on November 3, 2016, the Board approved the adoption of the performance and restricted share unit plan (the "PRSU Plan"). The PRSU Plan provides for the grant of performance share units ("PSUs") and/or restricted share units ("RSUs", and collectively with the PSUs, "Share Units") to certain key employees of the Company, as determined by the Compensation Committee. The purpose of the PRSU Plan is to:

- (a) ensure that the interests of the key employees are aligned with the success of the Company;
- (b) provide compensation opportunities to attract, retain and motivate key employees of the Company and its subsidiaries;
- (c) create an ownership mentality among key employees; and
- (d) mitigate excessive risk taking by Company employees.

Eligibility under the PRSU Plan is extended to eligible executives and employees of the Company's subsidiaries and affiliates as designated by the Compensation Committee from time to time as set out more particularly in the terms of the PRSU Plan.

A PSU is a performance-based notional share unit entitling the holder to a conditional right to payment where the value of each PSU vested and paid out is linked to the value of a Common Share. A RSU is a PSU for which there is no performance-based vesting condition.

#### Market Value

Each Share Unit has a value equal to market value of the Common Shares which under the PRSU Plan is equal to the average closing trading price of the Common Shares for the 20 trading days prior to the applicable day (the "Market Value"). Any dividends declared by the Company prior to settlement of the Share Units will result in the grant of an additional number of Share Units to the participant which is equal to the amount of the dividend multiplied by the number of Share Units held by such participant as of the dividend payment date of the dividend (which shall include any previous dividends declared by the Company with respect to such Share Units), and dividing the product of such amount by the Market Value of the Common Shares of the Company, as applicable, as of the record date of the dividend.

#### Vesting and Settlement

Vesting of the Share Units is subject to the discretion of the Compensation Committee. Vesting of PSUs will typically depend on such financial, personal, operational or transaction-based performance criteria as determined by the Compensation Committee at the time of granting an award of PSUs. Vesting of RSUs will be determined by the Compensation Committee. The vesting date for any Share Unit shall be determined by the Compensation Committee at the time of grant, and shall not exceed three fiscal years from the date of grant. Settlement of the PSUs and RSUs shall generally occur on the date that is December 15 of the year in which the performance period (in the case of PSUs) and grant period (in the case of RSUs) ends.

At settlement, the Share Units held by participants are settled in cash. Settlement of vested Share Units by cash shall be made by payment by the Company to the participant of an aggregate amount equal to the Market Value of the Common Shares on the settlement date multiplied by the number of Share Units being settled and for PSUs, the number of PSUs being settled shall be determined using the Adjustment Factor previously described under Equity Participation.

If upon a change of control, as defined in the PRSU Plan, there is no longer a public market for the Common Shares to determine Market Value or if the surviving, successor or acquiring entity does not assume the outstanding Share Units then the PRSU Plan shall be terminated immediately prior to such change of control and all vested Share Units shall be deemed to be vested Share Units as of the termination date of the PRSU and shall be redeemed on the date of termination of the PRSU Plan.

## Termination

### *PSUs*

Under the PRSU Plan, unless otherwise determined by the Compensation Committee, if the employment of a participant is terminated for cause before all of the Share Units granted to such participant in respect of PSUs have become vested and have settled, such Share Units which have not vested and been settled by the date of such participant's termination will be forfeited immediately.

If the employment of a participant is terminated by the Company without cause, provided at least one year has passed since the anniversary date of a grant of PSUs, a proportion of the Share Units that are granted to the participant in respect of PSUs which have not vested shall vest on an accelerated basis based on the number of months in the applicable measurement period that were worked or deemed worked prior to the termination compared to the total number of months in the applicable measurement. Such accelerated vesting Share Units will be redeemed at the end of the performance period based on actual performance for such period. Share Units which have not vested and been settled by the date of such participant's termination will be forfeited immediately.

In the event that a participant ceases to actively render services to the Company as a result of leave on account of a disability or by retirement all Share Units granted to the participant in respect of PSUs which have not vested and settled shall vest on an accelerated basis and will be redeemed at the end of the relevant performance period based on the actual performance for such period.

In the event that a participant ceases to actively render services to the Company as a result of death all Share Units granted to the participant in respect of PSUs which have not vested and settled shall vest on an accelerated basis and will be redeemed as at the date of the participant's death.

### *RSUs*

Under the PRSU Plan, unless otherwise determined by the Compensation Committee, if the employment of a participant is terminated for cause before all of the Share Units granted to such participant in respect of RSUs have become vested and have settled, such Share Units which have not vested and been settled by the date of such participant's termination will be forfeited immediately.

If the employment of a participant is terminated by the Company without cause a proportion of the Share Units that are granted to the participant in respect of RSUs which have not vested and been settled by the date of such participant's termination will be forfeited immediately and all vested Share Units will be redeemed at the end of the grant period.

In the event that a participant ceases to actively render services to the Company as a result of leave on account of a disability or by retirement all Share Units granted to the participant in respect of RSUs which have not vested and settled shall vest on an accelerated basis and will be redeemed at the end of the grant period.

In the event that a participant ceases to actively render services to the Company as a result of death all Share Units granted to the participant in respect of RSUs all vested Share Units will be redeemed as at the date of the participant's death.

## Assignment

Participants are not permitted to assign or transfer Share Units or any other benefits granted to the participant under the PRSU Plan other than by operation of law.

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

The Company maintains insurance for the benefit of the directors and officers of the Company and its subsidiaries against liability in their respective capacities as directors and officers of the Company thereof. For the last completed financial year, the premium payable by the Company and the total amount of insurance purchased for the directors and officers as a group was approximately U.S. \$0.4 million and U.S. \$80 million limit of liability, respectively. The directors and officers are not required to pay any premium in respect of the insurance.

## **INDEBTEDNESS OF DIRECTORS AND OFFICERS**

There is no indebtedness owing to the Company by any director or executive officer of the Company as at December 31, 2020 nor was any amount of indebtedness outstanding by any director or executive officer during fiscal 2019.

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

No director or executive officer of the Company at any time since the beginning of the Company's last completed financial year, no proposed nominee for election as a director nor any associate of any such director, officer or nominee, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, except as disclosed in this Management Information Circular. Furthermore, no informed person (as such term is defined under applicable securities laws), 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 last financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries or affiliates.

In the last financial year, the Company obtained legal services relating to securities and corporate/commercial matters from Wildeboer Dellelce LLP. Mr. Wildeboer, the full time Executive Chairman of the Board of Directors of the Company, was a founding partner of that firm, but is no longer a partner and has no current equity or financial interest or profit participation in the firm.

## **APPOINTMENT OF AUDITORS**

KPMG LLP, Chartered Accountants, have been the auditors of the Company since the fiscal year ended April 30, 1995. **Unless the shareholder directs that its Common Shares are to be withheld from voting in connection with the appointment of auditors, the persons named in the enclosed form of proxy intend to vote for the reappointment of KPMG LLP, Chartered Accountants, as auditors of the Company until the next annual meeting of shareholders and to authorize the directors to fix their remuneration.** KPMG LLP provides professional services for audits relating to statutory and regulatory requirements. The Company retains a broad range of professional advisors from time to time for professional services, and has used and may use KPMG LLP for limited tax services such as tax compliance, planning and tax advice.

Pages 62 and 63 of the Company's Annual Information Form filed on [www.sedar.com](http://www.sedar.com) on March 4, 2021 for the year ended December 31, 2020 sets out the information prescribed by Form 52-110F1 pursuant to NI 52-110. The disclosure in the section titled, "Additional Information Prescribed By Form 52-110F1" is incorporated by reference herein. The following table sets forth the various services provided by KPMG LLP and its affiliates to the Company during each of the Company's last two fiscal years, together with the fees billed for such services:

<b>Fees</b>	<b>Fees Billed During the Year Ended December 31, 2020</b>	<b>Fees Billed During the Year Ended December 31, 2019</b>
Audit Fees	\$2,393,000	\$1,850,000
Audit-related Fees	\$10,000	\$6,000
Tax Fees	\$96,000	\$625,000
Other Fees	\$17,000	\$115,000
<b>Total</b>	<b>\$2,516,000</b>	<b>\$2,596,000</b>

The audit services relate to professional services rendered for audits of the Company's annual financial statements and other regulatory audits. The audit-related services relate principally to pension plan audits, advice pertaining to accounting, internal controls, and due diligence-related matters in connection with acquisitions, financial accounting and reporting standards, and other regulatory audits and filings. The tax services relate to services for tax compliance, tax planning, and tax advice.

The Audit Committee has considered whether the provision of the above-captioned services is compatible with maintaining the auditors' independence and has determined that such services were fully compatible with the maintenance of their independence.

#### **OTHER MATTERS WHICH MAY COME BEFORE THE MEETING**

Management of the Company knows of no matters to come before the Meeting other than as set forth in the Notice of Meeting. However, if other matters which are not known to management should properly come before the Meeting, the accompanying proxy will be voted on such matters in accordance with the best judgement of the persons voting the proxy.

#### **ADDITIONAL INFORMATION**

The Company shall provide to any person upon written request to the Secretary of the Company at any time:

- (i) one copy of the annual information form of the Company for the most recently completed fiscal year together with one copy of any document, or the pertinent pages of any document, incorporated by reference therein;
- (ii) one copy of the comparative financial statements of the Company for its most recently completed fiscal year together with the accompanying report of the auditors and one copy of any quarterly financial statements of the Company subsequent to the financial statements for its most recently completed fiscal year end; and
- (iii) one copy of the Management Information Circular of the Company in respect of its most recent meeting of shareholders that involved the election of directors or one copy of any annual filing prepared in lieu of that Management Information Circular, as appropriate,

provided that the Company may require the payment of a reasonable charge if the request is made by a person who is not a security holder of the Company. Written requests for a copy of the above documents should be directed to the Secretary of the Company, 3210 Langstaff Road, Vaughan, Ontario L4K 5B2.

Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information of the Company is provided in the Company's comparative financial statements and management's discussion and analysis of operating results for the most recently completed fiscal year.



## **GENERAL**

All matters referred to herein for approval by shareholders require a simple majority of the Common Shares held by shareholders voting at the Meeting.

Except where otherwise indicated, information contained herein is given as of the date hereof.

## **DIRECTORS' APPROVAL**

The contents and the sending of the Notice of Meeting and this Management Information Circular to each shareholder of the Company entitled thereto, each director of the Company, the auditors of the Company and, where required, all applicable securities regulatory authorities have been approved by the Board of Directors.

**DATED** at Vaughan, Ontario, the 7<sup>th</sup> day of May, 2021.

## **ON BEHALF OF THE BOARD OF DIRECTORS**

(SIGNED) "*Rob Wildeboer*"  
Executive Chairman

## **SCHEDULE "A"**

### **BY-LAW NUMBER 3 MARTINREA INTERNATIONAL INC. (the "Company")**

**(ADOPTED BY THE BOARD OF DIRECTORS ON MAY 6, 2021)**

A by-law relating generally to the transaction of the business and affairs of the Company.

## **CONTENTS**

Section One	- Interpretation
Section Two	- Business of the Company
Section Three	- Borrowing and Debt Obligations
Section Four	- Directors
Section Five	- Committees
Section Six	- Officers
Section Seven	- Protection of Directors, Officers and Others
Section Eight	- Shares
Section Nine	- Dividends and Rights
Section Ten	- Meetings of Shareholders
Section Eleven	- Notices
Section Twelve	- Effective Date

**BE IT ENACTED** as a by-law of the Company as follows:

## **SECTION ONE**

### **DEFINITIONS AND INTERPRETATION**

**1.01 DEFINITIONS.** (1) In the by-laws of the Company, unless the context otherwise requires:

"**Act**" means the *Business Corporations Act* (Ontario) and any Act that may be substituted therefor, as from time to time amended;

"**Articles**" means the following as are from time to time in effect in respect of the Company, namely, the original or restated articles of incorporation, articles of amendment, articles of amalgamation, articles of arrangement, articles of continuance, articles of dissolution, articles of reorganization, articles of revival and any other instrument by which the Company is incorporated;

"**board**" means the Board of Directors of the Company;

"**by-laws**" means this by-law and all other by-laws of the Company from time to time in force and effect;

"**non-business day**" means Saturday, Sunday and any other day that is a holiday as defined in the *Legislation Act* (Ontario);

"**meeting of shareholders**" includes an annual or other general meeting of shareholders and a special meeting of shareholders;

"**recorded address**" means:

(a), in the case of a shareholder, their address as recorded in the securities register of the Company;

(b) in the case of joint shareholders, the address appearing in the securities register of the Company in respect of the joint holding or the first address so appearing if there is more than one;

(c) in the case of a director, officer, auditor or member of a committee of the board, their address as recorded in the most recent notice filed under the *Corporations Information Act* (Ontario); and

(d) in the case of any other officer, auditor or member of a committee of the board, their latest address as recorded in the records of the Company.

"**signing officer**" means, in relation to any instrument, any person authorized to sign the same on behalf of the Company by section 2.04 of this by-law or by a resolution passed pursuant thereto.

"**special meeting of shareholders**" includes a meeting of any class or classes of shareholders, as well as a special general meeting of shareholders;

(2) Subject to the foregoing, words and expressions used herein have the same meaning as corresponding words and expressions in the Act.

**1.02 INTERPRETATION.** In each by-law and resolution, unless there is something in the subject-matter or context inconsistent therewith, words imparting the singular number include the plural and vice versa, words imparting the masculine gender include the feminine and neuter genders, and words importing persons include individuals, bodies corporate, partnerships, trusts and unincorporated organizations. Wherever reference is made in this or any other by-law or in any special resolution to any statute or section thereof, that reference shall be deemed to extent and refer to any amendment to or re-enactment of such statute or section, as the case may be.

**1.03 HEADINGS AND TABLE OF CONTENTS.** The headings and table of contents in this by-law are inserted for convenience of reference only and shall not affect the construction or interpretation of the provisions of this by-law.

## **SECTION TWO**

### **BUSINESS OF THE COMPANY**

**2.01 REGISTERED OFFICE.** Until changed in accordance with the Act, the registered office of the Company shall be in the municipality or geographic township within Ontario as the shareholders may from time to time determine by special resolution and at such location therein as the board may from time to time determine by resolution.

**2.02 CORPORATE SEAL.** The Company may have a corporate seal which shall be adopted, and may be changed, by resolution of the board.

**2.03 FINANCIAL YEAR.** The board may, by resolution, fix the financial year end of the Company, and the board may from time to time, by resolution, change the financial year end of the Company.

**2.04 EXECUTION OF INSTRUMENTS.** (1) Instruments in writing requiring execution by the Company may be signed on behalf of the Company by one (1) person, one of whom holds the office of chairman of the board, president, vice-president, general manager or director and the other of whom holds one of the said offices or the office of secretary, treasurer, assistant secretary or assistant treasurer or any other office created by by-laws or the board. In addition, the board may from time to time direct by resolution the manner in which and the person or persons by whom any particular instrument or class of instruments may or shall be signed.

(2) The term “instruments in writing” as used in this section shall include deeds, contracts, mortgages, hypothecs, charges, conveyances, transfers and assignments of property (real or personal, immovable or movable), agreements, releases, receipts and discharges for the payment of money or other obligations, cheques, promissory notes, drafts, acceptances, bills of exchange and orders for the payment of money, conveyances, transfers and assignments of shares, instruments of proxy, powers of attorney, stocks, bonds, debentures or other securities or any paper writings.

(3) Subject to section 8.04, the signature or signatures of an officer or director, person or persons appointed by resolution of the board, may, if specifically authorized by resolution of the board, be printed, engraved, lithographed or otherwise mechanically reproduced upon all instruments in writing executed or issued by or on behalf of the Company and all instruments in writing on which the signature or signatures of any of the foregoing officers, directors or persons shall be so reproduced, by authorization of a resolution of the board, shall be deemed to have been manually signed by such officers or persons whose signature or signatures is or are so reproduced and shall be as valid as if they had been signed manually and despite that the officers, directors or persons whose signature or signatures is or are so reproduced may have ceased to hold office at the date of the delivery or issue of such instruments in writing.

**2.05 BANKING ARRANGEMENTS.** The banking business of the Company shall be transacted with such banks, trust companies or other bodies corporate or organizations as may from time to time be designated by or under the authority of the board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations or powers as the board may from time to time prescribe or authorize.

**2.06 VOTING RIGHTS IN OTHER BODIES CORPORATE.** The signing officers of the Company may execute and deliver instruments of proxy and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Company. Such instruments, certificates or other evidence shall be in favour of such person or persons as may be determined by the officers signing or arranging for them. In addition, the board may from time to time direct the manner in which and the person or persons by whom any particular voting rights or class of voting rights may or shall be exercised.

**2.07 DIVISIONS.** The board may cause the business and operations of the Company or any part thereof to be divided into one or more divisions upon such basis, including, without limitation, types of business or operations, geographical territories, product lines or goods or services, as the board may consider appropriate in each case. From time to time, the board or any person authorized by the board may authorize, upon such basis as may be considered appropriate in each case:

- (a) the further division of the business and operations of any such division into sub-units and the consolidation of the business and operations of any such division or sub-units;
- (b) the designation of any such division or sub-unit by, and the carrying on of the business and operations of any such division or sub-unit under a name other than the name of the Company; and
- (c) the appointment of officers for any such division or sub-unit, the determination of their powers and duties, and the removal of any such officer so appointed without prejudice to such officer's rights under any employment contract or in law, provided that any such officer shall not, as such, be an officer of the Company.

## **SECTION THREE**

### **BORROWING AND SECURITIES**

**3.01 BORROWING POWER.** The board may from time to time, in such amounts and on such terms as it deems expedient:

- (a) borrow money on the credit of the Company;
- (b) issue, sell or pledge debt obligations (including bonds, debentures, notes or other similar obligations, secured or unsecured) of the Company;
- (c) give a guarantee on behalf of the Company to secure performance of an obligation of any person; and
- (d) charge, mortgage, hypothecate or pledge all or any of the currently owned or subsequently acquired real or personal, movable or immovable, property of the Company, including book debts, rights, powers, franchises and undertaking, to secure any debt obligations or any money borrowed, or other debt or liability of the Company.

**3.02 DELEGATION.** The board may from time to time by resolution delegate to such one or more of the directors and officers of the Company as may be designated by the board all or any of the powers conferred on the board by section 3.01 to such extent and in such manner as the board shall determine at the time of each such delegation.

## **SECTION FOUR**

### **DIRECTORS**

**4.01 NUMBER OF DIRECTORS AND QUORUM.** If the Articles provide for a minimum and maximum number of directors, the board shall consist of the number of directors within such minimum and maximum determined from time to time by a special resolution or, if the directors are empowered by special resolution to determine the number by resolution, by a resolution of the board, provided, however, that in the latter case the directors may not, between meetings of shareholders, increase the number of directors on the board to a total number greater than one and one-third times the number of directors required to have been elected at the last annual meeting of shareholders. A majority of the number of directors so specified or determined shall constitute a quorum at any meeting of the board, but where the board consists of fewer than three directors, all directors shall constitute a quorum at any meeting of the board. At least 25% of the directors shall be resident Canadians.

**4.02 ELECTION AND TERM.** The election of directors shall take place at each annual meeting of shareholders and all the directors then in office shall retire but, if qualified, shall be eligible for re-election. The election may be by a show of hands or by a resolution of the shareholders unless a poll is required or demanded. If an election of directors is not held at the proper time, the directors shall continue in office until their successors are elected.

**4.03 REMOVAL OF DIRECTORS.** Subject to the provisions of the Act, the shareholders may, by resolution passed by a majority of the votes cast thereon at a meeting of shareholders called for that purpose, remove any director before the expiration of his term of office and may elect any qualified person in his stead for the remainder of his term.

**4.04 VACATION OF OFFICE.** The office of a director shall be vacated upon the occurrence of any of the following events: (a) if a receiving order is made against such person or if he makes an assignment under the *Bankruptcy Act* (Canada); (b) if an order is made declaring such person to be a mentally incompetent person or incapable of managing his affairs; (c) if he shall be removed from office by resolution of the shareholders as provided in section 4.03; or (d) if by notice in writing to the Company he resigns his office and such resignation, if not effective immediately, becomes effective in accordance with its terms.

**4.05 VACANCIES.** If the number of directors is increased, the resulting vacancies shall be filled at a meeting of shareholders duly called for that purpose. Subject to the provisions of the Act, if a vacancy should otherwise occur in the board, the remaining directors, if constituting a quorum, may appoint a qualified person to fill the vacancy for the remainder of the term. In the absence of a quorum the remaining directors shall forthwith call a meeting of shareholders to fill the vacancy.

**4.06 ACTION BY THE BOARD.** The board shall manage or supervise the management of the affairs and business of the Company. The powers of the board may be exercised by a meeting at which a quorum of directors is present and at which at least 25% of the directors present are resident Canadians or by by-law or resolution consented to in accordance with the Act by the signatures of all the directors then in office if constituting a quorum. Where there is a vacancy or vacancies in the board, the remaining directors may exercise all the powers of the board so long as a quorum remains in office.

**4.07 PLACE OF MEETINGS.** Meetings of the board shall be held at the head office of the Company or elsewhere in Ontario or, if the board so determines or all absent directors consent, at some place outside Ontario. In any financial year of the Company a majority of the meetings of the board need not be held in Canada.

**4.08 MEETINGS BY TELEPHONE, ELECTRONIC OR OTHER COMMUNICATIONS EQUIPMENT.** Board meetings or meetings of any committee of the board may be held by means of conference telephone, electronic or other communications equipment that permits all participants to communicate with each other simultaneously and instantaneously, and a director participating in a meeting pursuant to this section shall be deemed to be present in person at the meeting. Any consent given hereunder shall be effective whether given before or after the meeting to which it relates.

**4.09 CALLING OF MEETINGS.** Meetings of the board shall be held from time to time at such place, at such time and on such day as the board, the chairman of the board, the president or any two directors may determine. Notice of the time and place of every meeting so called shall be given in the manner provided in Section Eleven to each director (a) not less than 48 hours before the time when the meeting is to be held if the notice is mailed, or (b) not less than 24 hours before the time when the meeting is to be held if the notice is given personally or is delivered or is sent by any means of transmitted or recorded communication; provided that no notice of a meeting shall be necessary if all the directors in office are present or if those absent waive notice of or otherwise consent to such meeting being held.

**4.10 ATTENDANCE OF AUDITORS.** The auditors of the Company shall be entitled to attend and be heard at meetings of the board on matters relating to their duties as auditors.

**4.11 REGULAR MEETINGS.** The board may appoint a day or days in any month or months for regular meetings at a place and hour to be named. A copy of any resolution of the board fixing the place and time of regular meetings of the board shall be sent to each director forthwith after being passed, but no other notice shall be required for any such regular meeting.

**4.12 CHAIRMAN.** The chairman of the board, if such an officer has been elected and is present, otherwise the president, or in his absence a vice-president who is a director, shall be chairman of any meeting of the board. If no such officer is present, the directors present shall choose one of their number to be chairman.

**4.13 VOTES TO GOVERN.** At all meetings of the board every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes the chairman of the meeting shall not be entitled to a second or casting vote.

**4.14 RESOLUTIONS IN WRITING OF BOARD.** Unless otherwise restricted by the Articles, any resolution required or permitted to be passed at any meeting of the board or any committee thereof may be taken without a meeting if all the directors and committee members, as the case may be, consent thereto in writing, and the writings are filed with the minutes of proceedings of the board or committee in accordance with the Act.

**4.15 CONFLICT OF INTEREST.** A director shall not be disqualified by reason of his office from contracting with the Company or a subsidiary thereof. Subject to the provisions of the Act, a director shall not by reason only of his office be accountable to the Company or to its shareholders for any profit or gain realized from a contract or transaction in which he has an interest, and such contract or transaction shall not be voidable by reason only of such interest, provided that, if a declaration and disclosure of such interest is required by the Act, such declaration and disclosure shall have been made and, if required by the Act, the director shall have refrained from voting as a director on the contract or transaction and shall not have been counted in the quorum.

**4.16 REMUNERATION AND EXPENSES.** The directors shall be paid such remuneration for their services as directors as may from time to time be authorized by by-law confirmed at a meeting of shareholders in accordance with the Act. The directors shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the board or any committee thereof. Nothing herein contained shall preclude any director from serving the Company in any other capacity and receiving remuneration therefor.

## **SECTION FIVE**

### **COMMITTEES**

**5.01 AUDIT COMMITTEE.** The board shall elect annually from among its number an audit committee to be composed of not fewer than three directors, all of whom shall not be officers or employees of the Company or an affiliate of the Company. The audit committee shall have the powers and duties provided in the Act.

**5.02 ADVISORY COMMITTEES.** The board may from time to time elect or appoint such other committees as it may deem advisable, but the functions of any such other committees shall be advisory only.

**5.03 PROCEDURE.** Unless otherwise ordered by the board, each committee shall have power to fix its quorum at not less than a majority of its members, to elect its chairman and to regulate its procedure.

## **SECTION SIX**

### **OFFICERS**

**6.01 ELECTION OR APPOINTMENT.** From time to time the board shall elect or appoint a president and a secretary. The board, in its discretion, may also elect a chair of the board (who must be a director), one or more vice-chairs (each of whom must be a director) and one or more vice-presidents and other officers. The powers and duties of the officers of the Company shall be as provided from time to time by resolution of the board. In the absence of such resolution, the respective officers shall have the powers and shall discharge the duties customarily and usually held and performed by like officers of companies similar in organization and business purposes to the Company, subject to control of the board. The officers of the Company may but need not be directors and one person may hold more than one office.

**6.02 VARIATION OF DUTIES.** From time to time the board may vary, add to or limit the powers and duties of any officer.

**6.03 TERM OF OFFICE.** The board may remove at its pleasure any officer of the Company, without prejudice to any officer's rights under any employment contract. Otherwise each officer elected or appointed by the board shall hold office until his successor is elected or appointed.

**6.04 TERMS OF EMPLOYMENT AND REMUNERATION.** The terms of employment and the remuneration of officers elected or appointed by the board shall be settled by it from time to time.

**6.05 AGENTS AND ATTORNEYS.** The board shall have power from time to time to appoint agents or attorneys for the Company in or out of Canada with such powers of management or otherwise (including the power to sub-delegate) as may be thought fit.

## **SECTION SEVEN**

### **PROTECTION OF DIRECTORS, OFFICERS AND OTHERS**

**7.01        LIMITATION OF LIABILITY.** No director or officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee, or for joining in any receipt or other act for conformity, or for any loss, damage or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the board for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the moneys, securities or effects of the Company shall be deposited or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same are occasioned by his own wilful neglect or default, provided that nothing herein shall relieve any director or officer of any liability imposed upon such person by the Act.

**7.02        INDEMNITY.** (a) Subject to the limitations contained in the Act, every director and every officer of the Company and every other person who has undertaken or is about to undertake any liability on behalf of the Company or any body corporate controlled by it and his or her heirs, executors, administrators and other legal personal representatives shall, from time to time, be indemnified and saved harmless by the Company from and against all costs, charges and expenses including an amount to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of that association with the Company or other entity.

- (b)        The Company shall advance monies to a director, officer other individual for the costs, charges and expenses of a proceeding referred to in Section 7.02(a). The individual shall repay the monies if they do not fulfill the conditions of Section 7.02(c).
- (c)        The Company shall not indemnify an individual under Section 7.02(a) unless they:
  - (i)        acted honestly and in good faith with a view to the best interests of the Company or, as the case may be, to the best interests of the other entity for which they acted as a director or officer or in a similar capacity at the Company's request; and
  - (ii)       in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, they had reasonable grounds for believing that their conduct was lawful.
- (d)        The Company shall also indemnify the individual referred to in Section 7.02(a) in such other circumstances as the Act or the law permits or requires.

**7.03        INSURANCE.** Subject to the limitations contained in the Act, the Company may purchase and maintain such insurance for the benefit of its directors and officers as such as the board may from time to time determine.

## **SECTION EIGHT**

### **SHARES**

**8.01        ALLOTMENT.** The board may from time to time allot or grant options to purchase the whole or any part of the authorized and unissued shares of the Company, including any shares created by articles of amendment increasing or otherwise varying the capital of the Company, in such manner and to such persons or class of persons as the board shall by resolution determine, provided that no share shall be issued until it is fully paid as provided by the Act.

**8.02        TRANSFER AGENTS AND REGISTRARS.** The board may from time to time by resolution appoint a registrar to keep the register of security holders and a transfer agent to keep the register of transfers and may also appoint one or more branch registrars to keep branch registers of security holders and one or more branch transfer



agents to keep branch registers of transfers, but one person may be appointed both registrar and transfer agent. The board may at any time terminate any such appointment.

**8.03 REGISTRATION OF TRANSFER.** Subject to the provisions of the Act, no transfer of shares shall be registered in a register of transfers or branch register of transfers except upon surrender of the certificate representing such shares with a transfer endorsed thereon or delivered therewith, duly executed by the registered holder or by his attorney or successor duly appointed, together with such assurance or evidence of signature, identification and authority to transfer as the board may from time to time prescribe, and upon payment of all applicable taxes, compliance with such restrictions on transfer as are authorized by the Articles.

**8.04 SHARE CERTIFICATES.** The shares of the Company shall be represented by certificates except where the board provides by resolution that some or all of any class or series shall be uncertificated shares. Share certificates shall be in such form as the board shall from time to time approve. They shall be signed in accordance with section 2.04 and need not be under the corporate seal; provided that, unless the board otherwise orders, certificates representing shares in respect of which a transfer agent and/or registrar has been appointed shall not be valid unless countersigned by or on behalf of such transfer agent and/or registrar. The signature of one of the signing officers or, in the case of share certificates which are not valid unless countersigned by or on behalf of a transfer agent and/or registrar, the signatures of both signing officers may be mechanically reproduced in facsimile upon share certificates and every such facsimile signature shall for all purposes be deemed to be the signature of the officer whose signature it reproduces and shall be binding upon the Company. A share certificate executed as aforesaid shall be valid notwithstanding that one or both of the officers whose signature (whether manual or facsimile) appears thereon no longer holds office at the date of issue or delivery of the certificate.

**8.05 REPLACEMENT OF SHARE CERTIFICATES.** The board or any officer or agent designated by the board may in its or his or her discretion direct the issue of a new share certificate in lieu of and upon cancellation of a share certificate that has been mutilated or in substitution for a share certificate that has been lost, apparently destroyed or wrongfully taken on payment of such fee, and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the board may from time to time prescribe, whether generally or in any particular case.

**8.06 JOINT SHAREHOLDERS.** If two or more persons are registered as joint holders of any share, the Company shall not be bound to issue more than one certificate in respect thereof, and delivery of such certificate to one of such persons shall be sufficient delivery to all of them. Any one of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such share.

**8.07 DECEASED SHAREHOLDERS.** In the event of the death of a holder, or of one of the joint holders, of any share, the Company shall not be required to make any entry in the register of shareholders in respect thereof or to make payment of any dividends thereon except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Company and its transfer agent.

## **SECTION NINE**

### **DIVIDENDS AND RIGHTS**

**9.01 CASH DIVIDENDS.** Subject to the provisions of the Act and the Articles, the board may from time to time declare dividends payable to the shareholders according to their respective rights and interests in the Company.

**9.02 STOCK DIVIDENDS.** For the amount of any dividend that the board may lawfully declare payable in money, it may declare a stock dividend and issue therefor shares of the Company as fully paid.

**9.03 DIVIDEND CHEQUES.** A dividend payable in cash shall be paid by cheque drawn on the Company's bankers or one of them to the order of each registered holder of shares of the class or series in respect of which it has been declared and mailed by ordinary mail, postage prepaid, to such registered holder at his address appearing on the register of shareholders, unless such holder otherwise directs. In the case of joint holders, the cheque

shall, unless such joint holders otherwise direct, be made payable to the order of all of such joint holders and mailed to them at the address appearing on the register of shareholders in respect of such joint holding, or to the first address so appearing, if there are more than one. The mailing of such cheque as aforesaid, unless the same be not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Company is required to and does withhold.

**9.04 NON-RECEIPT OF CHEQUES.** In the event of non-receipt of any dividend cheque by the person to whom it is sent as specified in section 9.03, the Company shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the board may from time to time prescribe, whether generally or in any particular case.

**9.05 RECORD DATE FOR DIVIDENDS AND RIGHTS.** The board may fix in advance a date, preceding by not more than 50 days the date for the payment of any dividend or the date for the issue of any warrant or other evidence of right to subscribe for securities of the Company, as a record date for the determination of the persons entitled to receive payment of such dividend or to exercise the right to subscribe for such securities. In every such case only such persons as shall be shareholders of record at the close of business on the record date so fixed shall be entitled to receive payment of such dividend or to exercise the right to subscribe for such securities and to receive the warrant or other evidence in respect of such right, notwithstanding the transfer or issue of any shares after the record date is fixed.

**9.06 UNCLAIMED DIVIDENDS.** Any dividend unclaimed after a period of 12 years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Company.

## **SECTION TEN**

### **MEETINGS OF SHAREHOLDERS**

**10.01 ANNUAL MEETINGS.** The annual meeting of shareholders shall be held at such time and on such day in each year as the board, the chairman of the board or the president may from time to time determine, for the purpose of receiving the reports and statements required by the Act to be laid before the annual meeting, electing directors, appointing auditors and fixing or authorizing the board to fix their remuneration, and for the transaction of such other business as may properly be brought before the meeting.

**10.02 SPECIAL MEETINGS.** The board, the chairman of the board or the president shall have the power to call a special meeting of shareholders at any time.

**10.03 PLACE OF MEETINGS.** Meetings of shareholders shall be held at such place in or outside Ontario as the board determines, including by electronic or virtual means, or in the absence of such a determination, at the place stated in the notice of meeting.

**10.04 NOTICE OF MEETINGS.** Notice of the time and place of each meeting of shareholders shall be given in the manner provided in Section Eleven not less than 21 nor more than 50 days before the date of the meeting to each director and to each shareholder who at the close of business on the record date for notice is entered in the register of shareholders as the holder of one or more shares carrying the right to vote at the meeting. Notice of a special meeting of shareholders shall state the general nature of the business to be transacted at it. The auditors of the Company are entitled to receive all notices and other communications relating to any meeting of shareholders that any shareholder is entitled to receive. Without limiting the manner by which notice otherwise may be given effectively to shareholders, notice of meetings may be given to shareholders by means of electronic transmission in accordance with applicable law.

**10.05 RECORD DATE FOR NOTICE.** The board may fix in advance a time and a date, preceding the date of any meeting of shareholders by not more than 60 days and not less than 30 days, for the determination of the shareholders entitled to notice of the meeting. If no such record date for notice is fixed by the board, the record date for notice shall be the day next preceding the day on which notice is given. A determination of shareholders entitled to notice of a meeting of shareholders shall apply to any adjournment of the meeting; provided, however, that the

board may fix a new record date for the determination of shareholders to vote at the adjourned, and, in such case, it shall comply with the Act and this By-Law in setting such date.

**10.06 MEETINGS WITHOUT NOTICE.** A meeting of shareholders may be held without notice at any time and at any place permitted by the Act or the Articles (a) if all the shareholders entitled to vote thereat are present in person or represented by proxy or if those not present or represented by proxy waive notice of or otherwise consent to such meeting being held, and (b) if the auditors and the directors are present or waive notice, or otherwise consent to such meeting being held; and at such meeting any business may be transacted which the Company at a meeting of shareholders may transact.

**10.07 CHAIRMAN, SECRETARY AND SCRUTINEERS.** The chairman of the board or, in his absence, the president, if such an officer has been elected or appointed and is present, otherwise a vice-president who is a shareholder of the Company shall be chairman of any meeting of shareholders. If no such officer is present within 15 minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be chairman. If the secretary of the Company is absent, the chairman shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chairman with the consent of the meeting.

**10.08 PERSONS ENTITLED TO BE PRESENT.** The only persons entitled to attend a meeting of shareholders shall be those entitled to vote thereat, the auditors of the Company and others who, although not entitled to vote, are entitled or required under any provision of the Act or the Articles or by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting.

**10.09 QUORUM.** A quorum for the transaction of business at any meeting of shareholders shall be two persons present in person, each being a shareholder entitled to vote thereat or a duly appointed proxy for an absent shareholder so entitled, holding or representing not less than 25% of the issued shares of the Company, of the class or classes respectively (if there is more than one class of shares outstanding for the time being), enjoying voting rights at such meeting. If, however, such quorum is not present or represented at any meeting of the shareholders, the shareholders entitled to vote thereat, present in person or represented by proxy, shall have power, by the affirmative vote of a majority in voting power thereof, to adjourn the meeting from time to time, in the manner provided in section 10.18 until a quorum can be present or represented. Once a quorum is established, it does not need to be maintained throughout the meeting. At any such adjourned meeting at which there is a quorum, any business may be transacted that might have been transacted at the original meeting.

**10.10 RIGHT TO VOTE.** At any meeting of shareholders every person shall be entitled to vote who, at the time of the taking of the vote (or, if there is a record date for voting, at the close of business on such record date), is entered in the register of shareholders as the holder of one more shares carrying the right to vote at such meeting, subject to the provisions of the Act as to shares that have been mortgaged or hypothecated.

**10.11 PROXIES.** Every shareholder entitled to vote at a meeting of shareholders may appoint a person, who need not be a shareholder, as his proxy to attend and act for such person at the meeting in the manner, to the extent and with the power conferred by the instrument appointing such person. An instrument appointing a proxy shall be in writing executed by or on behalf of the appointor and shall conform with the requirements of the Act.

**10.12 TIME FOR DEPOSIT OF PROXIES.** The board may fix in advance a time, preceding the time of any meeting or adjourned meeting of shareholders by not more than 48 hours, excluding non-business days, before which time instruments appointing proxies must be deposited. An instrument appointing a proxy shall be acted upon only if, prior to the time so fixed and specified in the notice calling the meeting or in the information circular relating thereto, it shall have been deposited with the Company or an agent thereof specified in such notice or information circular or, if no such time is specified in such notice or information circular, unless it has been received by the secretary of the Company or by the chairman of the meeting or any adjournment thereof prior to the time of voting.

**10.13 PERSONAL REPRESENTATIVE.** If the shareholder of record is deceased, his personal representative, upon filing with the secretary of the meeting sufficient proof of his appointment, shall be entitled to exercise the same voting rights at any meeting of shareholders as the shareholder of record would have been entitled

to exercise if he were living, and for the purposes of the meeting shall be considered a shareholder. If there is more than one personal representative, the provisions of section 10.14 shall apply.

**10.14 JOINT SHAREHOLDERS.** If shares are held jointly by two or more persons, any one of them present in person or represented by proxy at a meeting of shareholders may, in the absence of the other or others, vote thereon; but if more than one of them shall be present in person or represented by proxy, they shall vote together as one on the shares jointly held by them.

**10.15 VOTES TO GOVERN.** At any meeting of shareholders every question (other than the election of directors) shall, unless otherwise required by the Articles or by-laws or by law, be determined by the majority of the votes cast on the question. In case of an equality of votes either upon a show of hands or upon a poll, the chairman of the meeting shall not be entitled to a second or casting vote.

**10.16 SHOW OF HANDS.** Subject to the provisions of the Act, any question at a meeting of shareholders shall be decided by a show of hands unless a poll thereon is required or demanded as hereinafter provided. Upon a show of hands every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a poll thereon is so required or demanded, a declaration by the chairman of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the shareholders upon the said question.

**10.17 POLLS.** On any question proposed for consideration at a meeting of shareholders, and whether or not a show of hands has been taken thereon, the chairman may require or any person entitled to vote on the question may demand a poll thereon. A poll so required or demanded shall be taken in such manner as the chairman shall direct. A requirement or demand for a poll may be withdrawn at any time prior to the taking of the poll. Upon a poll each person present shall be entitled, in respect of the shares which he is entitled to vote at the meeting upon the question, to that number of votes provided by the Act or the Articles, and the result of the poll so taken shall be the decision of the shareholders upon the said question.

**10.18 ADJOURNMENT.** The chairman at a meeting of shareholders may, with the consent of the meeting and subject to such conditions as the meeting may decide, adjourn the meeting from time to time and from place to place. If the adjournment is for less than 30 days, the Company need not give notice of the adjourned meeting other than by announcement at the original meeting. If the adjournment is for more than 30 days, a notice of the adjourned meeting shall be given to each shareholder entitled to vote at the meeting using the same process for an original notice of meeting. If, after the adjournment a new record date is fixed for shareholders entitled to vote at the adjourned meeting, the board shall give notice of the new record date and notice of the adjourned meeting to each shareholder entitled to vote at the adjourned meeting in accordance with the Act and this By-law. At the adjourned meeting, the Company may transact any business which might have been transacted at the original meeting.

**10.19 ACTION IN WRITING BY SHAREHOLDERS.** Any by-law or resolution passed by the directors may, in lieu of confirmation at a general meeting of shareholders, be confirmed and consented to in writing by all the shareholders entitled to vote at such meeting. Any resolution may be consented to by the signature of all the shareholders who would be entitled to vote at a meeting of shareholders duly called, constituted and held for the purpose of considering such resolution.

## **SECTION ELEVEN**

### **NOTICES**

**11.01 METHOD OF GIVING NOTICES.** Any notice (which term includes any communication or document) to be given, sent, delivered or served pursuant to the Act, the Articles, the by-laws or otherwise to a shareholder, director, officer, auditor or member of a committee of the board shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to the person's recorded address, by email or by other means of electronic communication or if mailed to the person at the person's recorded address by prepaid air or ordinary mail, or if sent to the person at the person's recorded address by any means of prepaid transmitted or recorded

communication. A notice so delivered shall be deemed to have been given when it is delivered personally or at the recorded address as aforesaid or when such email or other means of electronic delivery is made; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box; and a notice sent by any means of transmitted or recorded communication shall be deemed to have been given when dispatched or delivered to the appropriate communication company or agency or its representative for dispatch. The secretary may change or cause to be changed the recorded address of any shareholder, director, officer or auditor in accordance with any information believed by such person to be reliable.

**11.02 NOTICE TO JOINT SHAREHOLDERS.** If two or more persons are registered as joint holders of a share, notice to one of such persons shall be sufficient notice to all of them. Any notice shall be addressed to all of such joint holders and the address to be used for the purposes of section 11.01 shall be the address appearing on the register of shareholders in respect of such joint holding, or the first address so appearing if there are more than one.

**11.03 COMPUTATION OF TIME.** In computing the date when notice must be given under any provision requiring a specified number of days' notice of any meeting or other event, the date of giving the notice shall be excluded and the date of the meeting or other event shall be included.

**11.04 OMISSIONS AND ERRORS.** The accidental omission to give any notice to any shareholder, director, officer, auditor, or member of a committee of the board, or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

**11.05 PERSONS ENTITLED BY DEATH OR OPERATION OF LAW.** Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share which shall have been duly given to a person from whom he derives his title to such share previously to his name and address being entered on the register of shareholders, whether such notice was given before or after the happening of the event upon which he became so entitled.

**11.06 WAIVER OF NOTICE.** Any shareholder (or his duly appointed proxy), director, officer, auditor or member of a committee of the board may waive any notice required to be given to such person under any provision of the Act, the Articles, the by-laws or otherwise and such waiver, whether given before or after the meeting or other event of which notice is required to be given, shall cure any default in giving such notice.

## **SECTION TWELVE**

### **EFFECTIVE DATE**

**12.01 EFFECTIVE DATE.** This by-law shall come into force when enacted by the board.

**12.02 REPEAL.** By-law Number 1 of the Company shall be repealed as of the effective date of this by-law. Such repeal shall not affect the previous operation of By-law Number 1 or affect the validity of any act done or right, privilege, obligation or liability acquired or incurred under or the validity of any contract or agreement made pursuant to By-law Number 1 prior to its repeal. All officers and persons acting under By-law Number 1 shall continue to act as if appointed under the provisions of this by-law and all resolutions with continuing effect of the board, shareholders or committees passed under By-law Number 1 shall continue to be good and valid except to the extent inconsistent with this by-law and until amended or repealed. The repeal of By-law Number 1 shall not revive any by-law not in force at the time at which the repeal of By-law Number 1 takes effect.

## SCHEDULE “B”

### BY-LAW NUMBER 4 OF MARTINREA INTERNATIONAL INC. (the “Company”)

#### ADVANCE NOTICE BY-LAW (ADOPTED BY THE BOARD OF DIRECTORS ON MAY 6, 2021)

### SECTION 1 NOMINATION OF DIRECTORS

**Section 1.1** Only persons who are nominated in accordance with the procedures set out in this Section 1.1 shall be eligible for election as directors to the board of directors (the “**Board**”) of the Company. Nominations of persons for election to the Board may only be made at an annual meeting of shareholders, or at a special meeting of shareholders called for any purpose which includes the election of directors to the Board, as follows:

- (a) by or at the direction of the Board or an authorized officer of the Company, including pursuant to a notice of meeting;
- (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the *Business Corporations Act* (Ontario) (the “**Act**”) or a requisition of shareholders made in accordance with the provisions of the Act; or
- (c) by any person entitled to vote at such meeting (a “**Nominating Shareholder**”), who: (A) is, at the close of business on the date of giving notice provided for in Section 1.3 below and on the record date for notice of such meeting, either entered in the securities register of the Company as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (B) has given Timely Notice (as defined herein) in proper written form as set forth in this Section 1.

**Section 1.2** For the avoidance of doubt, the foregoing Section 1.1 shall be the exclusive means for any person to bring nominations for election to the Board before any annual or special meeting of shareholders of the Company.

**Section 1.3** For a nomination made by a Nominating Shareholder to be timely notice (a “**Timely Notice**”), the Nominating Shareholder’s notice must be received by the corporate secretary of the Company at the principal executive offices of the Company:

- (a) in the case of an annual meeting of shareholders, not later than the close of business on the 40th day before the date of the meeting; provided, however, if the first public announcement made by the Company of the date of the annual meeting is less than 50 days prior to the meeting date, not later than the close of business on the 10th day following the day on which the first public announcement of the date of such annual meeting is made by the Company; and
- (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for any purpose which includes the election of directors to the Board, not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting is made by the Company.

**Section 1.4** To be in proper written form, a Nominating Shareholder’s notice to the corporate secretary must comply with all the provisions of this Section 1.4 and:

- (a) disclose or include, as applicable, as to each person whom the Nominating Shareholder proposes to nominate for election as a director (a “**Proposed Nominee**”):

- (i) his or her name, age, business and residential address, principal occupation or employment for the past five years, status as a “resident Canadian” (as such term is defined in the Act);
  - (ii) his or her direct or indirect beneficial ownership in, or control or direction over, any class or series of securities of the Company, including the number or principal amount and the date(s) on which such securities were acquired;
  - (iii) his or her direct or indirect beneficial ownership of, or control or direction over, any transferable securities and options, futures, swaps, forward rate agreements and any other derivative contracts that result in an entitlement to acquire, on the holder’s own initiative alone, under a formal agreement, shares to which voting rights are attached;
  - (iv) any relationships, agreements or arrangements, including financial, compensation and indemnity related relationships, agreements or arrangements, between the Proposed Nominee or any affiliates or associates of, or any person or entity acting jointly or in concert with, the Proposed Nominee or the Nominating Shareholder; and
  - (v) any other information that would be required to be disclosed in a dissident proxy circular or other filings required to be made in connection with the solicitation of proxies for election of directors pursuant to the Act or applicable securities law; and
- (b) disclose or include, as applicable, as to each Nominating Shareholder giving the notice and each beneficial owner, if any, on whose behalf the nomination is made (each a “**Supporting Shareholder**”):
- (i) the Supporting Shareholder’s name, business and residential address, direct or indirect beneficial ownership in, or control or direction over, any class or series of securities of the Company, including the number or principal amount and the date(s) on which such securities were acquired;
  - (ii) the Supporting Shareholder’s direct or indirect beneficial ownership of, or control or direction over, any transferable securities and options, futures, swaps, forward rate agreements and any other derivative contracts that result in an entitlement to acquire, on the holder’s own initiative alone, under a formal agreement, shares to which voting rights are attached;
  - (iii) the Supporting Shareholder’s interests in, or rights or obligations associated with, an agreement, arrangement or understanding, the purpose or effect of which is to alter, directly or indirectly, the person’s economic interest in a security of the Company or the person’s economic exposure to the Company;
  - (iv) any proxy, contract, arrangement, agreement or understanding pursuant to which the Supporting Shareholder, or any of its affiliates or associates, or any person acting jointly or in concert with the Supporting Shareholder, has any interests, rights or obligations relating to the voting of any securities of the Company or the nomination of directors to the Board;
  - (v) any direct or indirect interest of the Supporting Shareholder in any contract with the Company or with any of the Company’s affiliates or principal competitors;
  - (vi) a representation as to whether the Supporting Shareholder intends to deliver a proxy circular and/or form of proxy to any shareholder of the Company in connection with such nomination or otherwise solicit proxies or votes from shareholders of the Company in support of such nomination; and

- (vii) any other information relating to the Supporting Shareholder that would be required to be included in a dissident proxy circular or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to the Act or as required by applicable securities law.

**Section 1.5** Despite any other provision in the by-laws of the Company relating to giving of notice, any notice, or other document or information required to be given to the corporate secretary pursuant to this Section 1.5 may only be given by personal delivery, facsimile transmission or by email (at such email address as may be stipulated from time to time by the corporate secretary for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery to the corporate secretary at the address of the principal executive offices of the Company, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received); provided that if such delivery or electronic communication is made on a day which is not a business day or later than 5:00 p.m. (Toronto time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the next following day that is a business day.

**Section 1.6** Additional Matters

- (a) The chair of any meeting of shareholders of the Company shall have the power to determine whether any proposed nomination is made in accordance with the provisions of this Section 1, and if any proposed nomination is not in compliance with such provisions, must declare that such defective nomination shall not be considered at any meeting of shareholders.
- (b) The Board may, in its sole discretion, waive any requirement of this Section 1.
- (c) For the purposes of this Section “public announcement” means disclosure in a press release disseminated by the Company through a national news service in Canada, or in a document filed by the Company for public access under its profile on the System of Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com).

## **SECTION 2 ANNUAL OR SPECIAL MEETINGS OF SHAREHOLDERS**

**Section 2.1** No business may be transacted at an annual or special meeting of shareholders other than business that is either (i) specified in the Company's notice of meeting (or any supplement thereto) given by or at the direction of the Board, (ii) otherwise properly brought before the meeting by or at the direction of the Board, or (iii) otherwise properly brought before the meeting by any shareholder of the Company who complies with the proposal procedures set forth in Section 2.2 below.

**Section 2.2** For business to be properly brought before a meeting by a shareholder of the Company, such shareholder must submit a proposal to the Company for inclusion in the Company's management proxy circular in accordance with the requirements of the Act; provided that any proposal that includes nominations for the election of directors shall also comply with the requirements of Section 1.



### **SECTION 3 EFFECTIVE DATE**

**Section 3.1** EFFECTIVE DATE. This by-law shall come into force when enacted by the Board.

**Section 3.2** REPEAL. By-law Number 2 of the Company shall be repealed as of the effective date of this by-law. Such repeal shall not affect the previous operation of By-law Number 2 or affect the validity of any act done or right, privilege, obligation or liability acquired or incurred under or the validity of any contract or agreement made pursuant to By-law Number 2 prior to its repeal. All officers and persons acting under By-law Number 2 shall continue to act as if appointed under the provisions of this by-law and all resolutions with continuing effect of the board, shareholders or committees passed under By-law Number 2 shall continue to be good and valid except to the extent inconsistent with this by-law and until amended or repealed. The repeal of By-law Number 2 shall not revive any by-law not in force at the time at which the repeal of By-law Number 2 takes effect.

**SCHEDULE “C”**  
**CODE OF CONDUCT**

**PURPOSE**

The Board of Directors (the “Board”) of Martinrea International Inc. (the “Company” or “Martinrea”) has developed and adopted this Code of Conduct and Ethics (the “Code”) applicable to its Directors, Officers and Employees for the purpose of establishing and promoting the Company’s continued commitment to honesty and integrity in the conduct of its business.

All Directors, Officers and Employees of the Company are accountable for adherence to this Code and will at all times in relation to the Company:

- Act honestly and ethically and in the best interests of the Company.
- Comply with all applicable laws, rules and regulations of federal, provincial, state and local governments, and other appropriate private and public regulatory agencies, and all internal Company policies including those relating to:
  - “Insider Trading” prohibitions
  - Conducting business with integrity, fairness and respect
  - Anti-trust and competition laws
  - Integrity of financial reporting and financial controls, including the whistleblower policy
  - Anti-bribery and corruption
  - Employee health and safety
  - Respect for human rights
  - Promotion of diversity and inclusion
  - Protection for personal information and privacy of information
  - Data security and cybersecurity protection
  - Disclosure and communication and confidentiality of information
  - Protection of intellectual property
  - Global trade compliance (export, import and sanctions)
  - Responsible sourcing of materials
  - Prohibitions against counterfeit parts
  - Environmental protection
- Not use or disclose any confidential information acquired as a result of their role with the Company for personal advantage.
- Avoid all actual or apparent conflicts of interest, as further explained below, between their personal and professional relationships, ethically handling all such actual or apparent conflicts of interest.
- Not take for themselves any opportunity that properly belongs to the Company or is discovered through the use of corporate property, information or position; or use any corporate property, information or position for personal gain; or compete with any business activity of the Company.
- Promptly and accurately provide all necessary information to assure that the Company’s public reports, documents and filings (including but not limited to those filed with any stock exchange or securities

commission or in any other public communication) are full, fair, accurate, timely and understandable and that the Company's public disclosure requirements are fully met.

- Promptly report any known violations of this Code to the Audit Committee Chair.
- Not permit retaliation of any kind by or on behalf of the Company and its Directors, Officers and Employees against good faith reports or complaints of violations of this Code or other illegal or unethical conduct.

## **CONFLICT OF INTEREST**

While Martinrea encourages its employees to be active in our local communities, each Director, Officer and Employee should avoid entering into any arrangement that may impair, or appear to impair, his or her ability to make objective and fair decisions when meeting his or her job responsibilities unless the arrangement has been escalated and approval to enter into such an arrangement has been received by the General Counsel.

### **Disclosure Requirements**

All conflicts of interest or the appearance of a conflict of interest, between a personal interest that a Director, Officer or Employee may have and his or her responsibility to Martinrea should be declared and escalated to the General Counsel who will then in turn seek appropriate approval from the Executive Chairman or Lead Director.

All current and/or former familial relationships of people who work at Martinrea (in any division whatsoever in any capacity even if they do not work directly with the Director, Officer or Employee at the same plant or even if there are no direct or indirect reporting lines) should be disclosed, including, but not limited to, parents, children, siblings, cousins and spouses.

### **Responsibilities of Directors, Officers or Employees**

It is the responsibility of each Director, Officer or Employee to remain free of conflicts of interest in the performance of his or her duties, unless such has been preapproved as noted above.

A "conflict of interest" is defined as any situation where a reasonable person would question whether or not the Director, Officer or Employee can perform his or her duties objectively and effectively given that he or she is working (directly or indirectly) with a family member or a friend; or when family members receive an improper personal benefit because of the Director, Officer or Employee's employment with Martinrea; or when personal interests or activities influence (or appear to influence) the Director, Officer or Employee's ability to act in the best interests of the Company. Conflicts of interest may also exist if the demands of an outside activity hinders or distracts the Director, Officer or Employee from being able to perform his or her job responsibilities or causes the use of Martinrea resources for purposes other than for the Company. Some examples of situations that may give rise to a conflict of interest include, but are not limited to, the following:

- Soliciting gifts or charitable donations from customers or suppliers
- Offering or accepting gifts or entertainment that compromise or appear to compromise Martinrea's ability to make fair and objective business decisions or when they give or appear to give Martinrea an unfair advantage
- Accepting improper payments from a customer or supplier to secure a contract
- Doing business with family members who have a significant financial or other interest in another company in one of Martinrea's industries
- Having a personal interest in a contract with Martinrea, or a company conducting business with Martinrea
- Managing your own business while being a full time Martinrea employee
- Serving as a Director on a Board of another business without prior approval from Martinrea
- Taking a Martinrea business opportunity for yourself

- Performing as a consultant to a competitor or supplier
- Engaging (or hiring in any capacity) a family member or friend as a consultant, employee or vendor of the Company
- Managing a customer account where the customer is a friend or family member

This Code may be amended, modified or waived from time to time by the Board in its sole discretion, and specific waivers may also be granted by the Audit Committee of the Board, subject to the disclosure and other provisions of the applicable Canadian securities legislation and the applicable rules of the stock exchanges upon which the Company's Common Shares trade from time to time. Additional rules and regulations respecting employee conduct are contained in Martinrea's Employee Handbook as issued by the Corporate Human Resources Department.

## **SCHEDULE “D”**

### **BOARD MANDATE**

#### **MANDATE OF THE BOARD OF DIRECTORS**

The board of directors of the Company (the “Board”) is responsible for the supervision of the management of the Company’s business and affairs, with the objective of increasing corporate performance and, ultimately, shareholder value.

Although management conducts the day-to-day operations of the Company, the Board has a duty of stewardship and regularly assesses and monitors management’s performance.

In spite of the fact that directors may be elected by the shareholders to bring a special expertise or point of view to Board deliberations, they are not chosen to represent a particular constituency. All decisions of each Board member must be made in the best interests of the Company.

Directors are expected to attend all Board meetings and review all meeting materials in advance. They are expected to take an active part in Board decisions.

From time to time, the Board may delegate certain tasks to its committees. However, such delegation does not relieve the Board of its overall responsibilities.

#### **COMPOSITION AND QUORUM**

The Board is composed of a minimum of three and a maximum of ten members.

The Board is currently constituted with seven individuals who qualify as independent directors, as determined by the Board.

The quorum at any meeting of the Board is a majority of directors in office.

#### **RESPONSIBILITIES**

The Board has the following responsibilities:

##### **With respect to strategic planning**

- (1) Approving the Company’s long-term strategy, taking into account, amongst other matters, business opportunities and risks.
- (2) Approving and monitoring the implementation of the Company’s business plan.
- (3) Advising management on strategic issues.

##### **With respect to human resources and performance assessment**

- (1) Choosing the Chief Executive Officer (“CEO”) and approving the appointment of other senior management executives.
- (2) Monitoring and assessing the performance of the CEO and of senior management and approving their compensation.
- (3) Monitoring management and Board succession planning processes.
- (4) Monitoring the size and composition of the Board and its committees based on competencies, skills and personal qualities sought in Board members.

- (5) Approving the list of Board nominees for election by shareholders.

**With respect to financial matters and internal control**

- (1) Monitoring the integrity and quality of the Company's financial statements and the appropriateness of their disclosure.
- (2) Reviewing the general content of, and the Audit Committee's report on the financial aspects of, the Company's Annual Information Form, Annual Report, Management Proxy Circular, Management's Discussion and Analysis, prospectuses and any other documents required to be disclosed or filed by the Company before their public disclosure or filing with regulatory authorities.
- (3) Approving annual operating and capital budgets, the issuance of securities and, subject to the schedule of authority adopted by the Board, any transaction out of the ordinary course of business, including proposals on mergers, acquisitions or other major transactions such as investments or divestitures.
- (4) Determining dividend policies and procedures.
- (5) Taking all reasonable measures to ensure that appropriate systems are in place to identify business risks and opportunities and overseeing the implementation of processes to manage these risks and opportunities.
- (6) Monitoring the Company's development of internal control and management information systems.
- (7) Monitoring the Company's compliance with applicable legal and regulatory requirements.
- (8) Reviewing at least annually the Company's communications policy and monitoring the Company's communications with analysts, investors and the public.

**With respect to corporate governance matters**

- (1) Taking all reasonable measures to satisfy itself as to the integrity of management and that management creates a culture of integrity throughout the Company.
- (2) Reviewing, on a regular basis, appropriate corporate governance structures and procedures, including the identification of decisions requiring approval of the Board and, where appropriate, measures for receiving stakeholder feedback, and the adequate public disclosure thereof.
- (3) Adopting and reviewing, on a regular basis, the Company's Code of Conduct, including a code of ethics applicable to the Company's directors, its CEO, its financial officers and its other officers and employees and monitoring compliance with such code.
- (4) Taking all reasonable measures to ensure the periodic performance assessment of the Board, Board committees, Board and committee chairs and individual directors.
- (5) Adopting orientation and continuing education programs for directors as to the business of the Company and as to directors' responsibilities generally.

**METHOD OF OPERATION**

- (1) Meetings of the Board are held at least quarterly and as required; in addition, a meeting of the Board is held, at least annually, which includes the review of the Company's strategic plan or annual budget.
- (2) The Board chair develops the agenda for each meeting of the Board; the Lead Director provides input on the agenda for Board meetings. The agenda and the appropriate material are provided to directors of the Company on a timely basis prior to any meeting of the Board.
- (3) Independent directors meet periodically without management and other non-independent directors present.

## **SCHEDULE “E”**

### **MANDATE OF THE BOARD CHAIR**

The Board of Directors (the “Board”) is chaired by the Chair with assistance from the Lead Director and the Chairs of each Board Committee in the area of each of such Committee’s expertise. The Lead Director is an independent director as are the Chairs of each Board Committee. The Chair, with the co-operation and assistance of the Lead Director, is responsible for the management, the development and the effective performance of the Board. The Chair is charged with taking all reasonable measures to ensure that the Board fully executes its mandate.

### **RESPONSIBILITIES**

The Chair has the following responsibilities:

#### **With Respect to Board Effectiveness**

- (1) Taking all reasonable steps to ensure that the Board works as a cohesive team and providing the leadership essential to achieve cohesiveness.
- (2) Arranging for adequate resources being made available to the Board (in particular timely and relevant information) to support its work.
- (3) Taking all reasonable steps to ensure that the Board has the information and access to management necessary to fulfil its mandate.

#### **With Respect to Board Management**

- (1) Chairing meetings of the Board.
- (2) Setting the agenda for each Board meeting, in consultation with the Chief Executive Officer and Lead Director.
- (3) Taking all reasonable steps to ensure that the conduct of the Board meetings facilitates discussion and provides sufficient time for proper analysis and discussion of the business under consideration.
- (4) Adopting procedures to ensure that the Board conducts its work in an effective and efficient manner.
- (5) Ensuring that the Board fulfils its mandate and responsibilities.
- (6) Taking all reasonable steps to ensure that, where responsibilities are delegated to committees or individual directors, said responsibilities are carried out and results are reported to the Board.
- (7) Taking all reasonable steps to ensure that independent directors meet periodically without management and the other non-independent directors being present.
- (8) Along with the Lead Director, approaching potential Board candidates, once identified by other members of the Board and senior management, and approved by the Corporate Governance and Nominating Committee, to explore their interest in joining the Board.
- (9) Taking steps to ensure that the behaviour and actions of the Board conform to the Vision, Mission, Ten Guiding Principles and core values and culture of Martinrea.

#### **With Respect to the Relationships Between the Board and Management, Shareholders and Other Stakeholders**

- (1) Taking all reasonable steps to ensure that the expectations of the Board toward management, and the expectations of management toward the Board, are clearly expressed, understood and respected.
- (2) Acting as liaison between the Board and senior management including taking the necessary steps to ensure that Martinrea is building a healthy governance culture and striving for best practices.
- (3) Setting the “ethical tone at the top” by becoming the personification of the Vision, Mission, Ten Guiding Principles and core values and culture of Martinrea.

- (4) Taking the steps necessary to ensure that senior management adheres to the Vision, Mission, Ten Guiding Principles and core values and culture of Martinrea.
- (5) Chairing annual and special meetings of the shareholders.
- (6) Along with the Lead Director, where appropriate, representing Martinrea to external groups such as shareholders and other stakeholders, including local community groups and governments.



## **SCHEDULE “F”**

### **LEAD DIRECTOR MANDATE**

#### **MANDATE OF THE LEAD INDEPENDENT DIRECTOR**

The independent directors (the “Independent Directors”) of the board of directors (the “Board”) of Martinrea International Inc. (the “Company”) are represented by an independent director (the “Lead Director”) who is responsible to support the effective performance of the Independent Directors on the Board.

#### **RESPONSIBILITIES**

The Lead Director has the following responsibilities:

##### **With respect to Independent Director Effectiveness**

- (1) Taking all reasonable steps to ensure that the Independent Directors work as a cohesive team within the Board and providing the leadership essential to achieve this.
- (2) Arranging for adequate resources being available to the Independent Directors (in particular timely and relevant information) to support their work.
- (3) Providing input on agenda items for Board of Director meetings that are requested by Independent Directors.

##### **With respect to Independent Director Management**

- (1) Chairing meetings of the Independent Directors (outside of Board committee work of those Independent Directors).
- (2) Taking all reasonable steps to ensure that the conduct of Board meetings facilitates discussions and provides adequate time for effective study and discussion of the business under consideration by the Independent Directors.
- (3) Taking all reasonable steps to ensure that the Independent Directors meet periodically without management and other non-independent directors present.

##### **With respect to the relationship between the Board and the Independent Directors**

- (1) Taking all reasonable steps to ensure that the expectations of the Board toward the Independent Directors are clearly expressed, understood and respected.
- (2) Acting as liaison between the Board and the Independent Directors outside of normal Board committee mandates. This involves working closely with the Chair of the Board to ensure that the Company has and is building a healthy governance culture.

##### **With respect to the Audit Committee, Human Resources and Compensation Committee and the Corporate Governance and Nominating Committee**

- (1) In the case of fulfilling the mandate of the Audit Committee, the Chair of the Audit Committee shall perform the Lead Director role.
- (2) In the case of fulfilling the mandate of the Human Resources and Compensation Committee, the Chair of the Human Resources and Compensation Committee shall perform the Lead Director role.
- (3) In the case of fulfilling the mandate of the Corporate Governance and Nominating Committee, the Chair of the Corporate Governance and Nominating Committee shall perform the Lead Director role.

## **SCHEDULE “G”**

### **HUMAN RESOURCES AND COMPENSATION COMMITTEE CHARTER**

**1. PURPOSE OF THE HUMAN RESOURCES AND COMPENSATION COMMITTEE** (the “Compensation Committee”)

1.1 The Compensation Committee will assist the Board of Directors in fulfilling its responsibilities to the Company’s shareholders, potential shareholders and the investment community in the areas of human resources and compensation. The Compensation Committee’s primary responsibilities and duties are to assist the Board of Directors with its oversight responsibilities by reviewing and reporting on:

- (a) Compensation philosophy of the organization, including a compensation strategy and compensation policies for executives, the design and administration of short and long-term incentive plans, stock option or stock appreciation rights plans, and other benefits and perquisites as may be proposed by the Chair or the Chief Executive Officer or developed independently;
- (b) Compensation for executive officers;
- (c) Employment and termination arrangements for senior executive officers;
- (d) Adoption of new or significant modifications to pay and benefit plans;
- (e) Significant changes to the Company’s organizational structure relating to human resources functions;
- (f) The Committee’s proposed executive compensation report to be contained in the Company’s annual Management Proxy Circular;
- (g) Management development programs for the Company;
- (h) Any special employment contracts or arrangements with executive officers of the Company including any contracts relating to a change of control;
- (i) Compliance by the Company and its subsidiaries with all applicable employment and labour legislation; and
- (j) The performance of the Committee and the effectiveness of the Committee’s members.

The Compensation Committee will also conduct such other duties as may be assigned by the Board. With respect to the exercise of its duties and responsibilities, the Compensation Committee should:

- (a) exercise the care, diligence and skill that a reasonably prudent person would exercise gathering and considering all material information;
- (b) remain flexible, so that it may be in a position to best react or respond to changing circumstances or conditions;
- (c) understand and weigh alternative courses of conduct that may be available;
- (d) focus on weighing the benefit versus harm to the Company and its shareholders when considering alternative recommendations or courses of action;
- (e) if the Compensation Committee deems it appropriate, secure independent expert advice and understand the expert's findings and the basis for such findings, including retaining consultants or others to assist the Committee in fulfilling its duties and responsibilities; and
- (f) provide management with appropriate opportunities to meet privately with the Compensation Committee.

Nothing in this Charter is intended, or should be determined, to impose on any member of the Compensation Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all members of the Board are subject at law.

**2. COMPOSITION AND MEETINGS**

- 2.1 The Compensation Committee shall be comprised of at least three directors, each of whom shall be an outside director, who is unrelated and free of any relationship that in the opinion of the Board of Directors would interfere with his or her exercise of independent judgment as a committee member.
- 2.2 The Compensation Committee will have a Chair nominated or approved by the Board of Directors from time to time as the Board of Directors sees fit.
- 2.3 A quorum for any meeting of the Compensation Committee shall be a majority of its members.
- 2.4 The Compensation Committee shall meet at least once annually and more frequently as circumstances may dictate. The Chair shall prepare and/or approve of an agenda in advance of each meeting. The Compensation Committee should meet privately in executive session at least annually with management. In addition, the Chair shall be responsible for acting as the “Lead Director” for the Compensation Committee (see Schedule “F”).
- 2.5 The Compensation Committee shall be empowered to retain, at the expense of the Company, independent legal counsel, accountants or other consultants to assist it in the conduct of its Mandate.

## SCHEDULE “H”

### CORPORATE GOVERNANCE AND NOMINATING COMMITTEE CHARTER

1. **PURPOSE OF THE CORPORATE GOVERNANCE AND NOMINATING COMMITTEE** (the “CGNC”)

1.1 The CGNC will assist the Board of Directors in fulfilling its governance/supervisory regarding corporate governance in general, including without limitation: (i) activities relating to the selection, appointment and compensation of qualified, effective directors; (ii) matters relating to the stewardship role of the Board in respect of the management of the Company; and (iii) such procedures as may be necessary to allow the Board to carry out its activities independent of management. The CGNC’s primary responsibilities and duties are to assist the Board of Directors with its oversight responsibilities by the following:

- (a) *Board Nominee Identification* - The CGNC shall establish processes for identifying, interviewing and recommending to the Board suitable nominees for appointment to the Board as additional members or to succeed existing Directors, guided by the following general principles in deciding upon such appointments: (i) the specific skill set required by the Board at a given time taking into account the skill sets of the remaining Board members; (ii) relevant industry, academic and employment-related qualifications of the individual; (iii) relevant industry experience; and (iv) alignment with the philosophies of the Company, including a commitment to promote the implementation of the policies adopted by the Company.
- (b) *Committee Chair Recommendations* - The CGNC shall recommend to the Board a member of each Board committee to serve as Chair of such committee (including the CGNC).
- (c) *Board Independence* - The CGNC shall formulate and administer all procedures required to ensure that the Board functions independently of Management.
- (d) *Monitoring Effectiveness* - The CGNC shall monitor the effectiveness of the relationship between management of the Company and the Board and the effectiveness of the operation of the Board, Board committees and individual Directors, and recommend and ensure appropriate changes and improvements are made to meet the appropriate level of effectiveness.
- (e) *Board Stewardship* - The CGNC shall make recommendations to the Board, on an ongoing basis, concerning corporate governance in general and regarding the Board’s stewardship role in the management of the Company; including the roles and responsibilities of Directors and the recommendation of appropriate policies and procedures to ensure Directors carry out their duties with due diligence and in compliance with all legal requirements. In particular, the Governance Committee will monitor compliance with any rules, regulations or guidelines promulgated by regulatory authorities relating to corporate governance.
- (f) *Committee Structure and Membership* - The CGNC shall review the roles and mandates of the Board’s committees and any recommendations received from the committees, and recommend appropriate changes. It will also assess and provide recommendations on an annual basis to the Board on the effectiveness of the committees of the Board. The CGNC shall consider on a regular basis whether and to what extent the contribution of each of the Company’s Directors on the Board’s committees should be assessed.
- (g) *Policies* - Review and recommend the adoption of corporate policies such as Disclosure Policies, Insider Trading Policies, and other relevant policies associated with ensuring an effective system of corporate governance.

The CGNC will also conduct such other duties as may be assigned by the Board. With respect to the exercise of its duties and responsibilities, the CGNC should:

- (a) exercise the care, diligence and skill that a reasonably prudent person would exercise gathering and considering all material information;
- (b) remain flexible, so that it may be in a position to best react or respond to changing circumstances or conditions;

- (c) understand and weigh alternative courses of conduct that may be available;
- (d) focus on weighing the benefit versus harm to the Company and its shareholders when considering alternative recommendations or courses of action;
- (e) if the CGNC deems it appropriate, secure independent expert advice and understand the expert's findings and the basis for such findings, including retaining consultants or others to assist the Committee in fulfilling its duties and responsibilities; and
- (f) provide management with appropriate opportunities to meet privately with the CGNC.

Nothing in this Charter is intended, or should be determined, to impose on any member of the CGNC a standard of care or diligence that is in any way more onerous or extensive than the standard to which all members of the Board are subject at law.

## **2. COMPOSITION AND MEETINGS**

- 2.1 The CGNC shall be comprised of at least two directors, each of whom shall be an outside director, who is unrelated and free of any relationship that in the opinion of the Board of Directors would interfere with his or her exercise of independent judgment as a committee member.
- 2.2 The CGNC will have a Chair nominated or approved by the Board of Directors from time to time as the Board sees fit. The Chair shall be responsible for acting as the “Lead Director” for the CGNC (see Schedule “F”)
- 2.3 A quorum for any meeting of the CGNC shall be a majority or all if only two of its members.
- 2.4 The CGNC shall meet at least once annually and more frequently as circumstances may dictate. The Chair shall prepare and/or approve of an agenda in advance of each meeting. The CGNC should meet privately in executive session at least annually with management.
- 2.5 The CGNC shall be empowered to retain, at the expense of the Company, independent legal counsel, accountants or other consultants to assist it in the conduct of its Charter.

## **SCHEDULE “T”**

### **AUDIT COMMITTEE CHARTER**

#### **1. PURPOSE OF THE AUDIT COMMITTEE**

1.1 The Audit Committee will assist the Board of Directors in fulfilling its responsibilities to the Company’s Shareholders, potential Shareholders and the investment community. The Audit Committee’s primary responsibilities and duties are to:

- (a) identify and monitor the management of the principal risks that could impact the financial reporting of the Company;
- (b) monitor the integrity of the Company’s financial reporting process and system of internal controls regarding financial reporting and accounting compliance;
- (c) monitor the independence and performance of the Company’s external auditors and internal auditing department;
- (d) provide an avenue of communication among the external auditors, management, the internal auditing department and the Board of Directors;
- (e) require management to develop policies, procedures and practices to manage principal risks;
- (f) monitor compliance with legal and regulatory requirements and ensuring that management creates a culture of honesty and ethical behaviour, including setting the proper tone and placing a strong emphasis on fraud prevention; and
- (g) report to the Board of Directors.

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, subject to approval of the Board of Directors. The external auditors shall report to the Audit Committee and the Audit Committee shall have direct access to anyone in the organization.

#### **2. COMPOSITION AND MEETINGS**

2.1 The Audit Committee shall meet all requirements of the *Business Corporations Act* (Ontario), *Securities Act* (Ontario) and The Toronto Stock Exchange. The Audit Committee shall be comprised of at least three Directors, each of whom shall be an outside director who is unrelated and free of any relationship that, in the opinion of the Board of Directors, would interfere with his or her exercise of independent judgment as a committee member.

2.2 An outside Director is a Director who is not a member of management. An unrelated Director is a Director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director’s ability to act with a view to the best interests of the Company, other than interests and relationships arising from shareholding.

2.3 All members of the Audit Committee shall be financially literate and able to read and understand basic financial statements. In addition, at least one member of the Audit Committee shall have accounting or related financial management experience.

2.4 The Audit Committee will have a Chair nominated or approved by the Board of Directors from time to time as the Board of Directors sees fit.

2.5 A quorum for any meeting of the Audit Committee shall be a majority of its members.

2.6 The Audit Committee shall meet quarterly or more frequently as circumstances may dictate. The Chair shall prepare and/or approve an agenda in advance of each meeting. The Audit Committee should meet privately in executive session at least annually with management, the Chief Internal Auditor, the external auditors and, as a committee, to discuss any matters that the Audit Committee or each of the foregoing groups believe should be discussed. In addition, the Chair shall be responsible for acting as the “Lead Director” for the Audit Committee (see Schedule “F”).

2.7 In addition, the Audit Committee should communicate with management and the external auditors on an at least a semi-annual basis to review the Company's interim financial statements and significant findings based upon the auditors' review procedures.

### **3. RESPONSIBILITIES AND DUTIES**

3.1 In carrying out its responsibilities, the Audit Committee's policies and procedures should remain flexible, in order to best react to changing conditions and to ensure to the directors and shareholders that the corporate accounting and reporting practices of the Company are in accordance with all requirements and are of the highest quality.

3.2 In particular, the Audit Committee shall:

- (a) review and reassess the adequacy of this Mandate at least annually and submit any changes to the Board of Directors for review;
- (b) review generally the Company's financial statements and related documents prior to filing or distribution, which review should include discussion with management of significant issues regarding accounting principles, practices and significant management estimates and judgments;
- (c) annually, in consultation with management, external auditors and internal auditors, consider the integrity of the Company's financial reporting processes and controls; discuss significant financial risk exposures and the steps that management has taken to monitor, control and report such exposures; and review significant findings prepared by the external auditors and the internal auditing department together with management's responses;
- (d) review with the external auditors, the internal auditors and financial accounting personnel the adequacy and effectiveness of the accounting and financial controls of the Company, and elicit any recommendations for the improvement of such internal control procedures or particular areas where new or more detailed controls or procedures are desirable;
- (e) meet with the external auditors and financial management of the Company to review the scope of the proposed audit for the current year and the audit procedures to be utilized, and at the conclusion thereof, review such audit; and review and discuss, on an annual basis, with the external auditors all significant relationships they have with the Company that could impair the external auditors' independence;
- (f) review the effectiveness of the overall process for identifying the principal risks affecting financial reporting and provide the Audit Committee's views to the Board of Directors;
- (g) review the independence and performance of, and recommend to the Directors, the external auditors to be selected to audit the financial statements of the Company and its divisions and subsidiaries, including ensuring that the Company has not hired and will not hire individuals for positions that would impair auditor independence;
- (h) approve the fees and other significant compensation to be paid to the external auditors;
- (i) pre-approve all non-audit services to be provided to the Company or its subsidiaries by its external auditors;
- (j) review the mandate, budget, staffing, plan, changes in plan, activities, organizational structure and qualifications of the internal audit function, as needed;
- (k) review, on an annual basis, with the Company's legal counsel any legal matters that could have a significant impact on the Company's financial statements, compliance with applicable laws and regulations and inquiries received from regulators or governmental agencies;
- (l) review accounting and financial human resources and succession planning related thereto with the Company, to the extent such matters are not dealt with by another committee;
- (m) prepare and disclose a summary of this Mandate to shareholders;
- (n) establish and oversee a corporate whistleblower policy, establishing procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of concerns regarding

- questionable accounting or auditing matters; and
- (o) submit minutes of all meetings of the Audit Committee to, or discuss matters discussed at each committee meeting with, the Board of Directors on an appropriate basis.



## **SCHEDULE “J”**

### **POSITION DESCRIPTION FOR THE CHIEF EXECUTIVE OFFICER**

The Chief Executive Officer of Martinrea shall have full responsibility for the day-to-day operations of the Company's business in accordance with its strategic plan as approved by the Board of Directors.

The Chief Executive Officer is accountable to the Board of Directors for the overall management of Martinrea and for conformity with policies agreed upon by the Board of Directors.

The approval of the Board of Directors (or appropriate committee) shall be required for all significant decisions outside of the ordinary course of Martinrea's business.

More specifically, the primary responsibilities of the Chief Executive Officer include the following:

- (1) developing, for the Board of Directors' approval, a strategic direction and positioning to ensure the Company's success;
- (2) ensuring the day-to-day business affairs of Martinrea are appropriately managed by developing and implementing processes that will ensure the achievement of Martinrea's financial and operating goals and objectives;
- (3) fostering a corporate culture that promotes professionalism, integrity, performance, customer focus and service;
- (4) keeping the Board of Directors aware of Martinrea's performance and events affecting its business, including opportunities on the marketplace and adverse or positive developments;
- (5) recruiting, developing and maintaining competent and productive management teams and establishing the organizational structure within Martinrea and its subsidiaries; and
- (6) ensuring, in cooperation with the Board of Directors, that there is an effective succession plan in place for the Chief Executive Officer position.





**QUESTIONS MAY BE DIRECTED TO THE PROXY SOLICITOR:**



**NORTH AMERICAN TOLL FREE:**

**1-877-452-7184**

**COLLECT OUTSIDE NORTH AMERICA:**

**1-416-304-0211**

**EMAIL: [ASSISTANCE@LAURELHILL.COM](mailto:ASSISTANCE@LAURELHILL.COM)**