

# The North West Company Inc.

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## Notice of Meeting & Management Information Circular for an Annual General Meeting of Shareholders of The North West Company Inc.

APRIL 13, 2022



# The North West Company Inc.



April 13, 2022

Dear Shareholder:

You are invited to attend an annual general meeting (the **"Meeting"**) of the shareholders of the common voting shares and variable voting shares of The North West Company Inc. (**"North West"**) to be held on Wednesday, June 8, 2022 at 11:30 a.m. (Central Time) by virtual-only meeting via live audio webcast online at <https://web.lumiagm.com/471321061> for the purposes set forth below.

This year North West will hold its Meeting in a virtual-only format, which will be conducted via live audio webcast. At the Meeting, shareholders will have an equal opportunity to participate online, regardless of their geographic location.

This Notice of Meeting and Management Information Circular (the **"Circular"**) describes the business to be conducted at the Meeting, the resolutions to be voted upon and the voting process, and provides information on executive compensation and corporate governance at North West. We hope that you will take the time to read the Circular in advance of the Meeting as it provides background information that will help you exercise your right to vote on a number of important matters. We encourage you to exercise your vote by voting as outlined in the accompanying Circular.

You can find our 2021 Annual Report, which includes our consolidated financial statements and the auditor's report to shareholders for the financial year ended January 31, 2022, and the Management's Discussion and Analysis, on our website at [www.northwest.ca](http://www.northwest.ca) or on SEDAR at [www.sedar.com](http://www.sedar.com).

At the Meeting, you will be asked to consider and vote upon:

- the election of the directors of North West, who will serve until the next annual general meeting of shareholders;
- the appointment of PricewaterhouseCoopers LLP as external auditor, who will serve until the next annual general meeting of shareholders, and to authorize the directors to set the auditor's compensation; and
- an advisory resolution on North West's approach to executive compensation.

On behalf of the Board of Directors, we would like to thank you for your continued support of North West.

Sincerely,

*"H. Sanford Riley"*

H. Sanford Riley  
Chairman of the Board

*"Daniel G. McConnell"*

Daniel G. McConnell  
President and Chief Executive Officer

The North West Company Inc.



## Notice of Annual General Meeting of Shareholders

You are invited to the 2022 Annual General Meeting of common and variable voting shareholders (the "**Meeting**") of The North West Company Inc. ("**North West**").

**Date:** Wednesday, June 8, 2022      **Place:** <https://web.lumiagm.com/471321061>

**Time:** 11:30 a.m. (Central Time)

The Meeting will have the following purposes:

1. to receive North West's consolidated annual financial statements for the year ended January 31, 2022, including the external auditor's report;
2. to elect the directors of North West, who will serve until the next annual general meeting of shareholders;
3. to appoint PricewaterhouseCoopers LLP as external auditor, who will serve until the next annual general meeting of shareholders, and to authorize the directors to set the auditor's compensation;
4. to consider an advisory resolution on North West's approach to executive compensation disclosed in the Management Information Circular dated April 13, 2022 (the "**Circular**"); and
5. to consider any other business which may be properly brought before the Meeting, and any and all adjournments thereof.

The accompanying Circular provides detailed information relating to the above matters. You have the right to vote at the Meeting as set out in the Circular if you are a holder of North West common voting shares or variable voting shares as of the close of business on May 4, 2022.

**BY ORDER OF THE BOARD  
OF DIRECTORS OF  
THE NORTH WEST COMPANY INC.**

*"Amanda Sutton"*

Winnipeg, Manitoba  
April 13, 2022

Amanda Sutton  
Vice President, Legal and Corporate Secretary  
The North West Company Inc.

# Management Information Circular

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# Management Information Circular

## FORWARD-LOOKING STATEMENTS

This management information circular contains forward-looking statements about North West, including its business operations, strategy and expected financial performance and condition. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as “expects”, “anticipates”, “plans”, “believes”, “estimates”, “intends”, “targets”, “projects”, “forecasts” or negative versions thereof and other similar expressions, or future or conditional future financial performance (including sales, earnings, growth rates, capital expenditures, dividends, debt levels, financial capacity, access to capital, and liquidity), ongoing business strategies or prospects, and possible future action by North West.

Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about North West, economic factors and the retail industry in general. They are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied by forward-looking statements made by North West due to, but not limited to, important factors such as general economic, political and market factors in North America and internationally, the impact of the COVID-19 pandemic on North West’s business and overall economic and societal conditions, interest and foreign exchange rates, changes in accounting policies and methods used to report financial condition, including uncertainties associated with critical accounting assumptions and estimates, the effect of applying future accounting changes, business competition, technological change, changes in government regulations and legislation, changes in tax laws, unexpected judicial or regulatory proceedings, catastrophic events, North West’s ability to complete strategic transactions and integrate acquisitions and North West’s success in anticipating and managing the foregoing risks. In particular, as the impact and extent of the COVID-19 pandemic is not known as of the date of this management information circular, all forward-looking statements in this management information circular are qualified by the risks associated with the COVID-19 pandemic. There is significant risk that the COVID-19 pandemic will cause the assumptions underlying the forward-looking information in this management information circular to be incorrect and the actual performance of North West to differ materially from the forward-looking statements contained herein. The reader is cautioned that the foregoing list of important factors is not exhaustive. Other risks are outlined in the section entitled “Description of the Business — Risk Factors” in North West’s Annual Information Form dated April 13, 2022, under the heading “Risk Management” in our Annual Report for the year ended January 31, 2022, and

in our most recent consolidated financial statements, management information circular, material change reports and news releases.

The reader is also cautioned to consider these and other factors carefully and not place undue reliance on forward-looking statements. Other than as specifically required by applicable law, North West is under no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise. Additional information on North West can be found on SEDAR at [www.sedar.com](http://www.sedar.com) or on North West's website at [www.northwest.ca](http://www.northwest.ca).

## **NON-GAAP FINANCIAL MEASURES**

This management information circular refers to "EBITDA", which is not a recognized financial measure under International Financial Reporting Standards. North West's method of calculating EBITDA may differ from other companies and may not be comparable to measures used by other companies. See the "Non-GAAP" measures section of North West's Annual Report for the year ended January 31, 2022 for further information.

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# PART I — VOTING INFORMATION

Unless stated otherwise, information contained in this Management Information Circular (the “**Circular**”) is given as of April 13, 2022.

## WHAT MATTERS WILL I BE VOTING UPON?

Shareholders will be asked to vote upon the following matters:

1. to elect the directors of North West, who will serve until the next annual general meeting of shareholders;
2. to appoint PricewaterhouseCoopers LLP as external auditor, who will serve until the next annual general meeting of shareholders, and to authorize the directors to set the auditor’s compensation;
3. to consider an advisory resolution on North West’s approach to executive compensation disclosed in the Circular; and
4. to consider any other business which may be properly brought before the Meeting, and any and all adjournments thereof.

## WHO CAN VOTE?

You are entitled to one vote for each North West common voting share (“**Common Voting Share**”) and North West variable voting share (“**Variable Voting Share**”) you own as of the record date (the “**Shareholder**” or “**Shareholders**”), subject to the voting restrictions and adjustments attached to the Variable Voting Shares, as discussed below under “RESTRICTIONS ON VOTING”. The Board of Directors of North West (the “**Board**” or the “**Directors**”) have set May 4, 2022 as the record date (the “**Record Date**”).

## HOW DO I ATTEND AND PARTICIPATE AT THE MEETING?

North West is holding the Meeting in a virtual-only format, which will be conducted via live audio webcast. Shareholders will not be able to attend the Meeting in person. Attending the Meeting online enables Registered Shareholders (as defined below) and duly appointed proxyholders, including non-registered beneficial Shareholders who have duly appointed themselves as proxyholder, to participate at the Meeting and ask questions, all in real time. Registered Shareholders and duly appointed proxyholders can vote at the appropriate time during the Meeting.

Guests, including non-registered beneficial Shareholders who have not duly appointed themselves as proxyholder, can log in to the Meeting as set out below. Guests can listen to the Meeting but are not able to vote.



If you wish to attend and participate in the Meeting as a Registered Shareholder or duly appointed proxyholder:

- Log in online at <https://web.lumiagm.com/471321061>. It is recommended that you log in at least one hour before the Meeting starts.
- Click on "I have a control number" and then enter your control number (see below) and password "northwest2022" (case sensitive).

**OR**

If you wish to attend the Meeting as a guest:

- Click on "I am a guest" and then complete the online form to provide brief details (name, company, email).

Registered Shareholder: The control number will be located on the form of proxy or in the email notification you received from North West's transfer agent, TSX Trust Company.

Duly Appointed Proxyholders: North West's transfer agent, TSX Trust Company will provide the proxyholder with a control number by e-mail after the proxy voting deadline has passed and the proxyholder has been duly appointed and registered as described under the heading "APPOINTMENT OF A THIRD PARTY AS A PROXY" below.

It is your responsibility to ensure internet connectivity for the duration of the Meeting and you should allow ample time to log in to the Meeting online before it begins.

## **REGISTERED SHAREHOLDERS**

You are a registered Shareholder if your name appears on your Share certificate (a "**Registered Shareholder**"). The enclosed form of proxy indicates whether you are a Registered Shareholder. Please also see "HOW DO I VOTE IF I AM A REGISTERED SHAREHOLDER?" below.

Each Shareholder is entitled to one vote for each Common Voting Share and one vote for each Variable Voting Share (collectively with the Common Voting Shares, the "**Shares**") registered in his, her or its name as of the Record Date. If a Shareholder sells some or all of the Shares that he, she or it owns after the Record Date, the person who purchased the Shares will become a Shareholder, but is not eligible to vote at the Meeting.

## **NON-REGISTERED BENEFICIAL SHAREHOLDERS**

You may be a non-registered beneficial Shareholder (as opposed to a Registered Shareholder) if your Shares are held on your behalf, or for your account, by a broker, a securities dealer, a bank, a trust company or another similar entity (an "**Intermediary**"). If you are a non-registered beneficial Shareholder, your Intermediary will be the entity legally entitled to vote your Shares. In order to vote your Shares, you must carefully follow the instructions that your Intermediary

delivered to you with this Circular. Instead of completing the form of proxy that is printed on blue paper and may be enclosed with this Circular, you will likely be asked to complete and deliver a different form to your Intermediary. This form will instruct the Intermediary how to vote your Shares at the Meeting on your behalf. As a non-registered beneficial Shareholder, while you are invited to attend the Meeting, you will not be entitled to vote at the Meeting, unless you submit all required information to your Intermediary well in advance of the Meeting and carefully follow its instructions and procedures. Please also see "HOW DO I VOTE IF I AM A NON-REGISTERED BENEFICIAL SHAREHOLDER?" below.

## HOW DO I VOTE IF I AM A REGISTERED SHAREHOLDER?

You can vote your Shares by proxy prior to the Meeting, or at the Meeting if you are a Registered Shareholder.

### VOTING BY PROXY

**Vote on the internet.** Go to [www.tsx.com/vote-proxy](http://www.tsx.com/vote-proxy) and follow the instructions on the screen. You will need the control number located on the enclosed form of proxy. You do not need to return your form of proxy.

**Vote using your smartphone.** Scan the QR Code located on your proxy and follow the instructions on the screen. You will need the control number located on the enclosed form of proxy. You do not need to return your form of proxy.

**Vote by email.** Scan and email your proxy to [proxylvote@tmx.com](mailto:proxylvote@tmx.com). You do not need to return your form of proxy.

**Vote by fax.** Fax your proxy (both sides) to 416-368-2502 or toll free in Canada and United States to 1-866-781-3111. You do not need to return your form of proxy.

**Vote by mail.** By completing, dating and signing the enclosed form of proxy and returning same in the envelope provided or send to TSX Trust Company, PO Box 721, Agincourt, Ontario, Canada M1S 0A1.

### VOTING AT THE MEETING

Registered Shareholders and duly appointed proxyholders (including non-registered beneficial Shareholders who have duly appointed themselves as proxyholder) may vote at the Meeting by completing a ballot online through the live webcast platform during the Meeting, as further described under the heading "HOW DO I ATTEND AND PARTICIPATE AT THE MEETING?".

Guests (including non-registered beneficial Shareholders who have not duly appointed themselves as proxyholder) can log into the Meeting to listen to the Meeting, but will not be able to vote during the Meeting.

Non-registered beneficial Shareholders who have not duly appointed themselves as proxyholder will not be able to vote at the Meeting but will be able to participate as a guest. This is because North West and its transfer agent, TSX Trust Company, do

not have a record of the non-registered beneficial Shareholders of North West, and, as a result, will have no knowledge of a non-registered beneficial Shareholder's Shares or entitlement to vote, unless the non-registered beneficial Shareholder is appointed as proxyholder.

If you are a non-registered beneficial Shareholder and wish to vote at the Meeting, you must appoint yourself as proxyholder by inserting your own name in the space provided on the voting instruction form sent to you and you must follow all applicable instructions, including the deadline provided by your broker or Intermediary. See the headings "APPOINTMENT OF A THIRD PARTY AS A PROXY" and "HOW DO I ATTEND AND PARTICIPATE AT THE MEETING?".

## **INSTRUCTIONS FOR REGISTERED SHAREHOLDERS**

The following instructions are for Registered Shareholders only. If you are a non-registered beneficial Shareholder, please follow your intermediary's instructions on how to vote your Shares and see the discussion under the heading "HOW DO I VOTE IF I AM A NON-REGISTERED BENEFICIAL SHAREHOLDER?" below.

If you are unable to attend the Meeting, or if you do not wish to personally cast your votes, you may still make your votes count by authorizing another person who will be at the Meeting to vote on your behalf. You may either tell that person how you want to vote, or let him or her choose for you. This is called voting by proxy.

### **What Is a Proxy?**

A proxy is a document that you may sign in order to authorize another person to cast your votes for you at the Meeting. The form of proxy that is printed on blue paper and is enclosed with this Circular is a form of proxy that you may use to authorize another person to vote on your behalf at the Meeting. You may use this form of proxy to assign your votes to the Chairman (or his alternate) or to any other person of your choice. You may also use any other legal form of proxy.

### **Appointing a Proxyholder**

Your proxyholder is the person that you appoint to cast your votes at the Meeting on your behalf. You may choose the Chairman (or his alternate) or any other person that you want to be your proxyholder. Please note that your proxyholder is not required to be another Shareholder. If you want to authorize the Chairman (or his alternate) as your proxyholder, please leave the line near the top of the form of proxy blank, as the Chairman's name (and the name of his alternate) are already pre-printed on the form. If you want to authorize another person as your proxyholder, fill in that person's name in the blank space located near the top of the enclosed form of proxy and cross out the name of the Chairman and his alternate.

Your proxy authorizes the proxyholder to vote and otherwise act for you at the Meeting, including any continuation of the Meeting that may occur in the event that the Meeting is postponed or adjourned. If you return the attached form of proxy to TSX Trust Company, and have left the line for the proxyholder's name blank, then the Chairman (or his alternate) will automatically become your proxyholder.

## Depositing Your Proxy

To be valid, the form of proxy must be filled out, correctly signed (exactly as your name appears on the form of proxy), and returned to the transfer agent for the Shares, TSX Trust Company, by no later than 11:30 a.m. (Central Time) on June 6, 2022 (or at least 24 hours prior to the commencement of any reconvened meeting in the event of any adjournment or postponement of the Meeting). Your proxyholder may then vote on your behalf at the Meeting once they have been registered as described below under "APPOINTMENT OF A THIRD PARTY AS A PROXY".

You may instruct your proxyholder how you want to vote on the issues listed in the Notice of Meeting by checking the appropriate boxes on the form of proxy. If you have specified on the form of proxy how you want to vote on a particular issue, then your proxyholder must cast your votes as instructed. Depending on the particular resolution, if you do not wish to vote in favour of a matter proposed at the Meeting you may, as applicable to the specific resolution, withhold your vote from, or vote your Shares against, such resolution at the Meeting. By checking "**WITHHOLD FROM VOTING**" on the form of proxy, where applicable, you will be abstaining from voting. By checking "**AGAINST**" on the form of proxy, where applicable, you will be voting against the particular resolution.

**If you have NOT specified how to vote on a particular matter, your proxyholder is entitled to vote your Shares as he or she sees fit. Please note that if your form of proxy does not specify how to vote on any particular matter, and if you have authorized the Chairman (or his alternate) to act as your proxyholder (by leaving the line for the proxyholder's name blank on the form of proxy), your Shares will be voted at the Meeting as follows:**

- "**FOR**" the election of the ten nominees to the Board;
- "**FOR**" the re-appointment of PricewaterhouseCoopers LLP as auditors of North West and to authorize the audit committee of the Board to fix the auditor's remuneration;
- "**FOR**" the advisory resolution on North West's approach to executive compensation; and
- "**FOR**" management proposals generally.

For more information on these matters, please see "PART II — BUSINESS OF THE MEETING". If any other issues properly arise at the Meeting that are not described in the Notice of Meeting, or if any amendments or variations are proposed to the matters described in the Notice of Meeting, your proxyholder is entitled to vote your Shares as he or she sees fit. The Notice of Meeting sets out all the matters to be determined at the Meeting that are known to the Directors as of April 13, 2022.

## Can I Change My Vote?

If you want to change your vote or revoke your proxy after you have signed and delivered it to TSX Trust Company, you may do so by delivering another properly

executed form of proxy bearing a later date and delivering it as set out above under the heading "Depositing Your Proxy" by no later than 11:30 a.m. (Central Time) on June 6, 2022 (or at least 24 hours prior to any reconvened meeting in the event of any adjournment(s) or postponement(s) of the Meeting), or in any other manner permitted by law.

If a Shareholder has followed the process for attending and voting at the Meeting online, voting at the Meeting online will revoke such Shareholder's previous proxy. If you do not wish to revoke a previously submitted proxy, you should not vote during the Meeting.

If you revoke your proxy and do not replace it with another form of proxy that is deposited with TSX Trust Company on or before the deadline at 11:30 a.m. (Central Time) on June 6, 2022, you may still vote your own Shares in person at the Meeting provided you are a Registered Shareholder whose name appeared on the Shareholders' register of North West as at May 4, 2022.

## HOW DO I VOTE IF I AM A NON-REGISTERED BENEFICIAL SHAREHOLDER?

The information set forth in this section is important to many Shareholders, as a substantial number of persons do not hold Shares in their own name.

Holders who do not hold their Shares in their own name ("**Beneficial Shareholders**" collectively or "**Beneficial Shareholder**" individually) should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by Shareholders whose names appear on the records maintained by or on behalf of North West as the registered holders of Shares on the Record Date. If such Shares are listed in an account statement provided to a Shareholder by a broker or other intermediary, then in almost all cases those Shares will not be registered in that holder's name on the records of North West. Such Shares will more likely be registered under the name of the holder's broker, an agent or nominee of that broker or another intermediary. In Canada, the vast majority of such Shares are typically registered under the name of CDS & Co., the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms. Shares held by brokers or their agents or nominees or another intermediary can only be voted upon the instructions of the Beneficial Shareholder. Without specific instructions, the intermediaries are prohibited from voting the Shares for their clients. North West does not know for whose benefit Shares registered in the name of CDS & Co. are held.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of Shareholder meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to Registered Shareholders, however, its purpose is limited to instructing the Registered Shareholder how to vote on behalf of the Beneficial Shareholder. The

majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically mails a scannable voting instruction form in lieu of the form of proxy. The Beneficial Shareholder is requested to complete and return the voting instruction form to Broadridge as instructed by Broadridge. Alternatively, the Beneficial Shareholder can call a toll-free telephone number or access the internet to provide instructions regarding the voting of the Shares held by the beneficial holder. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at a meeting. A Beneficial Shareholder receiving a voting instruction form cannot use that voting instruction form to vote Shares directly at the Meeting as the voting instruction form must be returned as directed by Broadridge well in advance of the Meeting in order to have such Shares voted.

If you are a Beneficial Shareholder, you may only attend the Meeting as a proxyholder for the registered holder and vote your Shares, as applicable, in that capacity. If you wish to attend the Meeting and vote your own Shares, you must do so as proxyholder for the registered holder. To do this, you should enter your own name in the blank space on the applicable form of proxy or voting instruction form provided to you (and cross out the name of the Chairman and his alternate) and return the document to your broker or other intermediary (or the agent of such broker or other intermediary) in accordance with the instructions provided by such broker or intermediary well in advance of the Meeting and carefully follow its instructions and procedures. You should then register your duly appointed proxyholder as described below under "APPOINTMENT OF A THIRD PARTY AS A PROXY".

## **APPOINTMENT OF A THIRD PARTY AS A PROXY**

**Shareholders who wish to appoint someone other than the Chairman (or his alternate) as their proxyholder to attend and participate at the Meeting as their proxyholder and vote their Shares MUST submit their form of proxy or voting instruction form, as applicable, appointing that person as proxyholder and they MUST complete the additional step of registering the proxyholder by calling TSX Trust Company, as described below. Registering your proxyholder is an additional step to be completed AFTER you have submitted your form of proxy or voting instruction form. Failure to register the proxyholder will result in the proxyholder not receiving a control number, which is required to vote at the Meeting.**

- Step 1: Submit your form of proxy or voting instruction form: To appoint someone other than the Chairman (or his alternate) as proxyholder, insert that person's name in the blank space provided in the form of proxy or voting instruction form (if permitted) and follow the instructions for submitting such form of proxy or voting instruction form. This must be completed before registering such proxyholder, which is an additional step to be completed once you have submitted your form of proxy or voting instruction form.

If you are a non-registered beneficial Shareholder and wish to vote at the Meeting, you have to insert your own name in the space provided on the voting instruction form sent to you by your Intermediary, follow all of the applicable instructions provided by your Intermediary AND register yourself as proxyholder, as described below. By doing so, you are instructing your Intermediary to appoint you as proxyholder. It is important that you comply with the signature and return instructions provided by your Intermediary. Please also see further instructions below under the heading “HOW DO I ATTEND AND PARTICIPATE AT THE MEETING?”.

- **Step 2: Register your proxyholder:** To register a third-party proxyholder, Shareholders must contact TSX Trust Company by going to TSX Trust Company’s website to complete and submit the electronic form at <https://www.tsxtrust.com/control-number-request> or by calling 866-751-6315 (in North America) or 212-235-5754 (outside North America by 11:30 a.m. (Central Time) on June 6, 2022, or, if the Meeting is adjourned or postponed, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time and date of the adjourned or postponed Meeting, and provide TSX Trust Company with the required proxyholder contact information so that TSX Trust Company may provide the proxyholder with a control number via email. Without a control number, proxyholders will not be able to vote or ask questions at the Meeting but will be able to participate as a guest.

## IS MY VOTE CONFIDENTIAL?

The transfer agent protects the confidentiality of individual Shareholder votes, except where (a) the Shareholder clearly intends to communicate his or her individual position to management; or (b) as necessary to comply with legal requirements. All proxies are considered confidential and will be returned to North West’s transfer agent, TSX Trust Company. The transfer agent will also act as the Meeting’s scrutineers and will count the proxies and tabulate and verify the results. The transfer agent will refer a proxy to North West if it has a comment or is intended for North West’s management, or in connection with the applicable legal requirements.

## HOW MANY SHARES ARE ENTITLED TO VOTE?

As of April 13, 2022, the Common Voting Shares and the Variable Voting Shares are the only classes of Shares of North West outstanding which entitle holders to vote at meetings of Shareholders.

As of January 31, 2022, 31,869,199 Common Voting Shares and 14,186,037 Variable Voting Shares were outstanding. Each Shareholder is entitled to one vote per Share on all matters to be voted on at Shareholder meetings, subject to the voting restrictions and adjustments attached to the Variable Voting Shares, as discussed below under “RESTRICTIONS ON VOTING”.

A quorum is required to conduct the business of the Meeting. Two or more individuals present either holding personally or representing as proxies not less in aggregate than 25% of the outstanding Shares will constitute a quorum at the

Meeting. North West's list of Shareholders as of the Record Date will be used to deliver to Shareholders both the Notice of Meeting and this Circular, as well as to determine who is eligible to vote.

## **ARE THERE ANY PRINCIPAL HOLDERS OF SHARES?**

As at April 13, 2022, based on publicly available filings, to the knowledge of the Board and the officers of North West, there are no principal holders of North West's voting securities.

## **RESTRICTIONS ON VOTING**

### **Why does North West have Common Voting Shares and Variable Voting Shares?**

North West's Articles provide restrictions with respect to subscriptions, issues, transfers or purchases of Common Voting Shares which would cause North West to cease to be "Canadian" as defined in the *Canada Transportation Act* (the "**CTA**"). The CTA requires that North West, as a corporation which holds a scheduled Canadian airline license, be Canadian; that is, controlled in fact by Canadians and that at least 51% of its voting interests be owned and controlled by Canadians. In addition, the CTA requires that no more than 25% of the voting interests of North West may be owned directly or indirectly by any single non-Canadian, either individually or in affiliation with another person, and no more than 25% of the voting interests of North West may be owned directly or indirectly by one or more non-Canadians authorized to provide an air service in any jurisdiction, either individually or in affiliation with another person.

Please note that regardless of how your Shares are held, you must complete the declaration on your instrument of proxy or voting instruction form regarding whether or not the Shares you represent are owned or controlled by a "Canadian" for the purposes of North West's ownership restrictions. If you do not complete such a declaration, or complete it improperly, the voting rights attached to the Shares you represent will not be counted.

### **Who can own or control Common Voting Shares?**

Common Voting Shares may only be beneficially owned and controlled, directly or indirectly, by Canadians. Any Common Voting Shares beneficially owned or controlled, directly or indirectly, by a person who is not a Canadian is automatically converted to a Variable Voting Share.

### **What is the voting right attached to a Common Voting Share?**

Each Common Voting Share confers the right to one vote at all meetings of North West's Shareholders.



## Who can own or control Variable Voting Shares?

Variable Voting Shares may only be beneficially owned or controlled, directly or indirectly, by non-Canadians. Therefore, any Variable Voting Share owned or controlled, directly or indirectly, by a person who is Canadian is automatically converted to a Common Voting Share.

## What is the voting right attached to a Variable Voting Share?

Variable Voting Shares carry one vote per Variable Voting Share held, except where (i) the number of issued and outstanding Variable Voting Shares exceeds 49% of the total number of all issued and outstanding Shares or 49% of the votes that may be cast at a particular meeting, including securities convertible into such Shares and currently exercisable options and rights to acquire such Shares or such convertible securities (or any greater percentage permitted by the CTA or that the Governor in Council may specify pursuant to the CTA), (ii) any single non-Canadian, either individually or in affiliation with any other person, holds, in the aggregate, a number of Variable Voting Shares that exceeds 25% of the total number of all issued and outstanding Shares, or 25% of the number of votes that may be cast at a particular meeting, including securities convertible into such Shares and currently exercisable options and rights to acquire such Shares or such convertible securities (or any greater percentage permitted by the CTA or that the Governor in Council may specify pursuant to the CTA), or (iii) one or more non-Canadians authorized to provide air services, together with such persons in affiliation with them, hold, in the aggregate, a number of Variable Voting Shares that exceeds 25% of the total number of all issued and outstanding Shares, or 25% of the number of votes that may be cast at a particular meeting, including securities convertible into such Shares and currently exercisable options and rights to acquire such Shares or such convertible securities (or any greater percentage permitted by the CTA or that the Governor in Council may specify pursuant to the CTA). If either of the above-noted thresholds is surpassed at any time, the votes attributed to holders of Variable Voting Shares will be affected as follows:

- first, if required, a reduction of the voting rights of any single non-Canadian owner (inclusive of any single non-Canadian owner authorized to provide air service) carrying more than 25% of the votes (the “**Stage 1 Reduction**”) to ensure that such non-Canadian owners never carry more than 25% of the votes that holders of Voting Shares cast at any Meeting of Shareholders;
- second, if required and after giving effect to the Stage 1 Reduction, a further proportional reduction of the voting rights of all non-Canadian owners authorized to provide an air service to ensure that such non-Canadian owners authorized to provide an air service (the “**Stage 2 Reduction**”), in the aggregate, never carry more than 25% of the votes that holders of Voting Shares cast at any Meeting of Shareholders;
- third, if required and after giving effect to the Stage 1 Reduction and the Stage 2 Reduction if any, a proportional reduction of the voting rights for

all non-Canadian owners as a class to ensure that non-Canadians never carry, in aggregate, more than 49% of the votes that owners of Voting Shares cast at any Meeting of Shareholders.

The constraints described above do not apply to Variable Voting Shares held by a non-Canadian by way of security only, subject to compliance with certain requirements set forth in North West's Articles, or to Variable Voting Shares held by one or more underwriters solely for the purpose of distributing the Variable Voting Shares to the public, or by any person acting in relation to the Variable Voting Shares solely in its capacity as an intermediary in the payment of funds or the delivery of securities, or both, in connection with trades in securities and that provides centralized facilities for the clearing of trades in securities.

## **SOLICITATION OF PROXIES**

North West requests that you fill out your form of proxy to ensure your votes are cast at the Meeting. If you leave the form of proxy blank, and if you do not specify how your Shares are to be voted on particular resolutions, the Chairman (or his alternate) will vote your Shares as described above under the heading "HOW DO I VOTE IF I AM A REGISTERED SHAREHOLDER? — INSTRUCTIONS FOR REGISTERED SHAREHOLDERS — Depositing Your Proxy". This solicitation of your proxy (your vote) is made by or on behalf of the Board.

North West will pay the costs related to the foregoing solicitation of your proxy. This solicitation will be made primarily by mail. Employees of North West and its subsidiaries, or representatives of TSX Trust Company, may also ask for proxies to be returned, but will not be paid any additional compensation for doing so.

## **HOW IS A VOTE PASSED?**

The matters scheduled to be voted upon at the Meeting consist of ordinary resolutions. Ordinary resolutions are passed by a simple majority, meaning that if more than half of the votes that are cast are in favour, then the resolution passes.

## **WILL THERE BE ANY OTHER BUSINESS CONDUCTED AT THE MEETING?**

As of April 13, 2022, management and the Directors do not know of any matters to be brought before the Meeting other than those set forth in the Notice of Meeting accompanying this Circular.

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## PART II — BUSINESS OF THE MEETING

### RECEIVING OUR ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

Our Annual Consolidated Financial Statements for the financial year ended January 31, 2022, including the external auditor's report, will be presented at the Meeting, and are included in our 2021 Annual Report. The financial statements have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

Our 2021 Annual Report has been mailed to Registered and Beneficial Shareholders who have requested that these materials be sent to them. These documents are also available on North West's website at [www.northwest.ca](http://www.northwest.ca) and under North West's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### APPOINTING OUR AUDITOR

The Board proposes the appointment of PricewaterhouseCoopers LLP ("**PWC**") as our auditor until the next annual meeting of Shareholders. PWC have been the auditors of North West since January 1, 2011, and auditors of its predecessor companies since June 10, 1987.

If you return a form of proxy but do not specify how you want your Shares voted, the persons named as proxyholders will cast the votes represented by proxy at the Meeting "**FOR**" the reappointment of PricewaterhouseCoopers LLP, Chartered Accountants, Winnipeg, Manitoba, as auditors of North West to hold office until the next annual meeting of Shareholders at a remuneration to be determined by the Audit Committee of the Board.

### AUDIT FEES

Fees payable to PWC for the financial years ended January 31, 2022 and January 31, 2021 are set out in the table below.

| Type of Fees<br>(\$ in thousands) | Fiscal 2021  | % of<br>Total Fees | Fiscal 2020  | % of<br>Total Fees |
|-----------------------------------|--------------|--------------------|--------------|--------------------|
| Audit Fees                        | \$420        | 89.9               | \$432        | 88.7               |
| Audit-Related Fees                | 15           | 3.2                | 18           | 3.7                |
| Tax Fees                          | 32           | 6.9                | 37           | 7.6                |
| All other Fees                    | —            | —                  | —            | —                  |
| <b>Total</b>                      | <b>\$467</b> | <b>100</b>         | <b>\$487</b> | <b>100</b>         |

The nature of each category of fees is described below:

### **Audit Fees**

Audit fees were paid for professional services rendered by the auditors for the audit of North West's annual consolidated financial statements or services provided in connection with statutory and regulatory filings or engagements, and the review of North West's interim consolidated financial statements.

### **Audit-Related Fees**

Audit-related fees pertain to professional services for store audit procedures, review of procedures for North West, confirmation on compliance with debt covenants, due diligence, completion of procedures required by contract and advice on new accounting standards.

### **Tax-Related Fees**

Tax-related fees include professional services for tax compliance services and advice, commodity tax consultation, reorganizations, acquisitions and other tax-related matters.

### **All Other Fees**

Generally, these fees include professional services for business consulting.

## **PRE-APPROVAL POLICES AND PROCEDURES**

As part of North West's governance structure, the Audit Committee annually reviews and approves the terms of the external auditor's engagement. To further ensure the independence of the auditors is not compromised, the Audit Committee also pre-approves all engagements of the auditors for non-audit related services in accordance with its pre-approval policy.

## **ELECTING OUR BOARD OF DIRECTORS**

Our Articles provide that the Board may consist of a minimum of three and a maximum of thirteen Directors. The Board has determined to nominate each of the ten persons listed below for election as a Director at the Meeting. The Board recommends that Shareholders vote **"FOR"** the election of each of the ten nominees as Directors.

You will vote on electing the following ten nominees to the Board:

- Brock Bulbuck
- Deepak Chopra
- Frank Coleman
- Stewart Glendinning
- Annalisa King
- Violet Konkle
- Steven Kroft
- Daniel McConnell
- Jennefer Nepinak
- Victor Tootoo

Each Director elected at the Meeting shall hold office until the close of the next annual meeting of Shareholders or until a successor has been elected or appointed in accordance with our Articles and By-laws.

North West does not contemplate that any of the nominees will be unable to serve as a Director, but if it should occur for any reason prior to the Meeting or any postponement or adjournment thereof it is intended that discretionary authority shall be exercised by the persons named in the accompanying form of proxy to vote any proxy for the election of the remaining nominees and any other person or persons in place of any nominee or nominees unable to serve.

All nominated Directors are currently Directors of North West. The Director profiles starting on page 18 of this Circular give you detailed information about each of these nominees.

If you return a form of proxy but do not specify how you want your Shares to be voted, the persons named as proxy holders will cast the votes represented by proxy at the Meeting **“FOR”** the listed Director nominees. Each Director elected will hold office until the next annual meeting of Shareholders or until his or her successor is elected or appointed, unless his or her office is vacated earlier.

## **ADVISORY RESOLUTION ON EXECUTIVE COMPENSATION APPROACH**

The Board, through the Human Resources, Compensation and Pension Committee (the **“Compensation Committee”**), is responsible for formulating and monitoring the effectiveness of North West’s executive compensation program. In creating North West’s executive compensation program, North West is guided by the goal of aligning the interests of North West’s executives with the long-term interests of the Shareholders. Please read our 2021 report on executive compensation, starting on page 47 of this Circular. We describe our compensation philosophy, the objectives and elements of each program, and the way we measure and assess the performance and make compensation decisions. We explain how and why a large portion of our executive’s compensation is linked to performance and earned over the longer term.

You will have an opportunity to vote on our approach to executive compensation at the upcoming Meeting. Your vote is advisory and non-binding, and will provide the Board and the Compensation Committee with important feedback.

**“RESOLVED on an advisory basis and not to diminish the role and responsibilities of the Board, that the Shareholders accept the approach to executive compensation disclosed in North West’s Circular delivered in advance of the 2022 annual general meeting of Shareholders.”**

Approval of this resolution will require that it be passed by a majority of the votes cast by Shareholders. As this is an advisory vote, the results will not be binding on the Board. However, the Board and the Compensation Committee will consider the outcome of the vote as part of its ongoing review of North West’s executive compensation program.

At the 2021 Annual General Meeting, North West's approach to executive compensation was approved by 91.44% of the Shares voted on the advisory vote.

North West encourages Shareholders with specific concerns to contact the Board directly by writing to the Chairman of the Board, 77 Main Street, Winnipeg, Manitoba R3C 1A3.

If you return a form of proxy but do not specify how you want your Shares voted, the persons named as proxy holders will cast the votes represented by proxy at the Meeting **"FOR"** the advisory resolution.

North West will disclose the results of the advisory vote in its report on the 2022 Annual General Meeting voting results.

## **OTHER BUSINESS**

North West will consider any other business that may properly come before the Meeting. As at the date of this Circular, we are not aware of any other business to be considered at the Meeting.

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# PART III — DIRECTOR INFORMATION

## DIRECTOR NOMINEES

The Articles of North West provide that the Board shall consist of a minimum of three Directors and a maximum of thirteen Directors, with the actual number to be determined from time to time by the Board. The Board has determined that, at the present time, the appropriate number of Directors to be elected at the Meeting is ten.

The following biographies highlight the experience, attributes and qualifications of each Director nominee. Specifically, the following tables state their name and ages, a summary of their career experience, the period during which they have served as a Director of North West, their independence status, their non-public and public company board memberships, their meeting attendance, their equity ownership in North West, and the voting results for each incumbent Director from last year's election.

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**Brock Bulbuck****Independent**

Mr. Bulbuck most recently served as Executive Chair of Boyd Group Services Inc. from 2020 to 2021. Prior to this role, Mr. Bulbuck served as Chief Executive Officer from 2010 to 2019. After joining Boyd in 1993, Mr. Bulbuck served in many senior leadership roles and played a leading role in the overall development and growth of the business. Mr. Bulbuck also serves as a Director on the Board of Boyd Group Services Inc. He is also a past Chairperson of the Winnipeg Football Club Board of Directors, a past member of the Canadian Football League Board of Governors and a current Director of the Pan Am Clinic Foundation. Mr. Bulbuck has a Bachelor of Commerce (Honors) degree from the University of Manitoba and is a Chartered Professional Accountant.

Winnipeg, Manitoba  
Canada

Age: 62

Director Since: 2018

| Board/Committee Membership | Attendance | Attendance (Total) |
|----------------------------|------------|--------------------|
| Board of Directors         | 6 of 6     | 100%               |
| Audit Committee            | 4 of 4     | 100%               |
| Compensation Committee     | 5 of 5     | 100%               |

#### Other Current Public Company Directorships

Boyd Group Services Inc.

#### Equity Ownership<sup>(2)</sup>

| Year       | Shares | Deferred Share Units (DSUs) | Total Shares and DSUs | Total Value of Shares and DSUs <sup>(4)</sup> (\$) | Minimum Required to Meet Ownership Guidelines (\$) | Meets Share Ownership Target |
|------------|--------|-----------------------------|-----------------------|--|--|------------------------------|
| 2021       | 2,000  | 17,375                      | 19,375                | 679,094  |  |                              |
| 2020       | 2,000  | 13,275                      | 15,275                | 494,452  | 270,000  | Yes                          |
| Net Change | –      | 4,100                       | 4,100                 | 184,642  |  |                              |

#### Voting Results for 2021 Annual Shareholders Meeting

| Votes For  | % of Votes For | Votes Withheld | % of Votes Withheld | Total Votes |
|------------|----------------|----------------|---------------------|-------------|
| 25,096,677 | 97.51%         | 640,914        | 2.49%               | 25,737,591  |

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**Deepak Chopra****Independent**

Toronto, Ontario  
Canada

Age: 59

Director Since: 2018

Mr. Chopra most recently served as President and Chief Executive Officer of Canada Post Corporation from February 2011 to March 2018. Mr. Chopra has more than 30 years of global experience in the financial services, technology, retail and logistics and supply-chain industries. Prior to that he worked for Pitney Bowes Inc., a NYSE-traded technology company known for postage meters, mail automation and location intelligence services, for more than 20 years. He served as President of Pitney Bowes Canada and Latin America from 2006 to 2010. Prior to that, Mr. Chopra held a number of increasingly senior executive roles in Europe, Asia Pacific and Middle East regions. He has previously served on the boards of Canada Post Corporation, Purolator Holdings Ltd., SCI Group, the Canada Post Community Foundation, Conference Board of Canada and the Toronto Region Board of Trade. Mr. Chopra is a Fellow of the Institute of Chartered Professional Accountants of Canada.

| Board/Committee Membership <sup>(6)</sup> | Attendance | Attendance (Total) |
|---|------------|--------------------|
| Board of Directors                        | 6 of 6     | 100%               |
| Audit Committee                           | 2 of 2     | 100%               |
| Compensation Committee                    | 5 of 5     | 100%               |
| Governance Committee                      | 2 of 2     | 100%               |
|   |            | 15 of 15 100%      |

#### Other Current Public Company Directorships

Celestica, Inc.; Descartes Systems Group; Sun Life Financial

#### Equity Ownership<sup>(2)</sup>

| Year       | Shares | Deferred Share Units (DSUs) | Total Shares and DSUs | Total Value of Shares and DSUs <sup>(4)</sup> (\$) | Minimum Required to Meet Ownership Guidelines (\$) | Meets Share Ownership Target |
|------------|--------|-----------------------------|-----------------------|--|--|------------------------------|
| 2021       | –      | 6,618                       | 6,618                 | 231,961  |  |                              |
| 2020       | –      | 4,987                       | 4,987                 | 161,429  | 270,000  | No <sup>(5)</sup>            |
| Net Change | –      | 1,631                       | 1,631                 | 70,532   |  |                              |

#### Voting Results for 2021 Annual Shareholders Meeting

| Votes For  | % of Votes For | Votes Withheld | % of Votes Withheld | Total Votes |
|------------|----------------|----------------|---------------------|-------------|
| 25,596,230 | 99.45%         | 141,361        | 0.55%               | 25,737,591  |

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**Frank Coleman****Independent**

Mr. Coleman has been the President and Chief Executive Officer of the Coleman Group of Companies since 1991. This includes retail food, retail furniture and clothing operations throughout the Province of Newfoundland and Labrador. He is a past Director of the Distribution Council of Canada, The Canadian Federation of Independent Grocers, Emera Newfoundland & Labrador Holdings Inc., Fishery Products Ltd., and Newfoundland Power (a subsidiary of Fortis). He also served as the Honorary Lieutenant Col. of the Royal Newfoundland Regiment Battalion 2.

Corner Brook,  
Newfoundland and Labrador  
Canada

Age: 68

Director Since: 1999

| Board/Committee Membership | Attendance |      | Attendance (Total) |      |
|----------------------------|------------|------|--------------------|------|
| Board of Directors         | 6 of 6     | 100% |                    |      |
| Audit Committee            | 4 of 4     | 100% | 15 of 15           | 100% |
| Compensation Committee     | 5 of 5     | 100% |                    |      |

#### Other Current Public Company Directorships

Rocky Mountain Liquor Inc.

#### Equity Ownership<sup>(2)</sup>

| Year       | Shares | Deferred Share Units (DSUs) | Total Shares and DSUs | Total Value of Shares and DSUs <sup>(4)</sup> (\$) | Minimum Required to Meet Ownership Guidelines (\$) | Meets Share Ownership Target |
|------------|--------|-----------------------------|-----------------------|--|--|------------------------------|
| 2021       | 24,500 | 47,966                      | 72,466                | 2,539,933  |  |                              |
| 2020       | 24,500 | 43,246                      | 67,746                | 2,192,938  | 270,000  | Yes                          |
| Net Change | –      | 4,720                       | 4,720                 | 346,995  |  |                              |

#### Voting Results for 2021 Annual Shareholders Meeting

| Votes For  | % of Votes For | Votes Withheld | % of Votes Withheld | Total Votes |
|------------|----------------|----------------|---------------------|-------------|
| 22,391,555 | 87.00%         | 3,346,036      | 13.00%              | 25,737,591  |

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**Stewart Glendinning****Independent**

Ocean Ridge, Florida  
United States

Age: 57

Director Since: 2014

Mr. Glendinning has been the Executive Vice President and Chief Financial Officer of Tyson Foods since 2018. Prior to that he worked with Molson Coors Brewing Company beginning in 2005 where he held the positions of (i) Chief Financial Officer, Molson Coors UK, (ii) Global Chief Financial Officer, Molson Coors Brewing Company, (iii) President and Chief Executive Officer, Molson Coors UK, (iv) President and Chief Executive Officer, Molson Coors Canada, and (v) President and Chief Executive Officer of Molson Coors International. Before joining Molson Coors, Mr. Glendinning worked with KPMG and The Hackett Group, both professional services companies where he held various senior audit and consulting roles, working with a broad array of multinational clients. He has also served with various organizations within the U.S. Naval Reserve.

| Board/Committee Membership   | Attendance | Attendance (Total) |
|------------------------------|------------|--------------------|
| Board of Directors           | 6 of 6     | 100%               |
| Audit Committee              | 4 of 4     | 100%               |
| Governance Committee (Chair) | 4 of 4     | 100%               |

#### Other Current Public Company Directorships

None

#### Equity Ownership<sup>(2)</sup>

| Year       | Shares | Deferred Share Units (DSUs) | Total Shares and DSUs | Total Value of Shares and DSUs <sup>(4)</sup> (\$) | Minimum Required to Meet Ownership Guidelines (\$) | Meets Share Ownership Target |
|------------|--------|-----------------------------|-----------------------|--|--|------------------------------|
| 2021       | –      | 32,886                      | 32,886                | 1,152,654  |  |                              |
| 2020       | –      | 27,920                      | 27,920                | 903,770  | 270,000  | Yes                          |
| Net Change | –      | 4,966                       | 4,966                 | 248,884  |  |                              |

#### Voting Results for 2021 Annual Shareholders Meeting

| Votes For  | % of Votes For | Votes Withheld | % of Votes Withheld | Total Votes |
|------------|----------------|----------------|---------------------|-------------|
| 24,005,320 | 93.27%         | 1,732,271      | 6.73%               | 25,737,591  |

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Vancouver,  
British Columbia  
Canada

Age: 55

Director Since: 2014

Ms. King is currently the Chair of the Board for the Vancouver Airport Authority. Prior to that, Ms. King was Senior Vice President and Chief Financial Officer of Best Buy Canada Ltd., serving in this position from 2008 through 2016. Before her role at Best Buy Canada Ltd., she was Senior Vice President of Business Transformation for Maple Leaf Foods Inc. She has also held senior positions, primarily in finance, throughout her career at consumer packaged goods companies, Kraft and Pillsbury Canada. In addition to the public company directorship set out below, and the Vancouver Airport Authority, Ms. King is a director of the Templeton DOC General Partnership Ltd. Ms. King obtained her ICD.D designation from the Institute of Corporate Directors in 2013, and obtained fellowship from the National Association of Corporate Directors in 2018.

| Board/Committee Membership | Attendance |      | Attendance (Total) |      |
|----------------------------|------------|------|--------------------|------|
| Board of Directors         | 6 of 6     | 100% |                    |      |
| Audit Committee (Chair)    | 4 of 4     | 100% | 14 of 14           | 100% |
| Governance Committee       | 4 of 4     | 100% |                    |      |

#### Other Current Public Company Directorships

Saputo Inc.; First Capital Real Estate Investment Trust

#### Equity Ownership<sup>(2)</sup>

| Year       | Shares | Deferred Share Units (DSUs) | Total Shares and DSUs | Total Value of Shares and DSUs <sup>(4)</sup> (\$) | Minimum Required to Meet Ownership Guidelines (\$) | Meets Share Ownership Target |
|------------|--------|-----------------------------|-----------------------|--|--|------------------------------|
| 2021       | 4,946  | 12,305                      | 17,251                | 604,648  |  |                              |
| 2020       | 4,946  | 10,440                      | 15,386                | 498,045  | 270,000  | Yes                          |
| Net Change | –      | 1,865                       | 1,865                 | 106,603  |  |                              |

#### Voting Results for 2021 Annual Shareholders Meeting

| Votes For  | % of Votes For | Votes Withheld | % of Votes Withheld | Total Votes |
|------------|----------------|----------------|---------------------|-------------|
| 25,684,354 | 99.79%         | 53,237         | 0.21%               | 25,737,591  |

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**Violet Konkle****Independent**

Ms. Konkle is the past President and Chief Executive Officer of The Brick Ltd. Prior to joining The Brick in 2010 as President of Business Support, she held a number of positions with Walmart Canada, including Chief Operating Officer and Chief Customer Officer. Ms. Konkle also held a number of senior executive positions with Loblaw Companies Ltd., including Executive Vice President, Atlantic Wholesale Division. Ms. Konkle is a director of Boyd Group Services Inc., GFL Environmental Inc., Bailey Metal Products, Elswood Investment Corporation and Abarta. She is a past director of Longo's Fruit Markets Inc., Dare Foods, The Brick Ltd., Trans Global Insurance, the Canadian Chamber of Commerce and Habitat for Humanity. Ms. Konkle obtained her ICD.D designation from the Institute of Corporate Directors in 2014.

Fenwick, Ontario  
Canada

Age: 68

Director Since: 2014

| Board/Committee Membership     | Attendance | Attendance (Total) |
|--------------------------------|------------|--------------------|
| Board of Directors             | 6 of 6     | 100%               |
| Compensation Committee (Chair) | 5 of 5     | 100%               |
| Governance Committee           | 4 of 4     | 100%               |

#### Other Current Public Company Directorships

Boyd Group Services Inc.; GFL Environmental Inc.

#### Equity Ownership<sup>(2)</sup>

| Year       | Shares | Deferred Share Units (DSUs) | Total Shares and DSUs | Total Value of Shares and DSUs <sup>(4)</sup> (\$) | Minimum Required to Meet Ownership Guidelines (\$) | Meets Share Ownership Target |
|------------|--------|-----------------------------|-----------------------|--|--|------------------------------|
| 2021       | 3,650  | 26,566                      | 30,216                | 1,059,071  |  |                              |
| 2020       | 3,650  | 23,000                      | 26,650                | 862,661  | 270,000  | Yes                          |
| Net Change | –      | 3,566                       | 3,566                 | 196,410  |  |                              |

#### Voting Results for 2021 Annual Shareholders Meeting

| Votes For  | % of Votes For | Votes Withheld | % of Votes Withheld | Total Votes |
|------------|----------------|----------------|---------------------|-------------|
| 25,636,664 | 99.61%         | 100,927        | 0.39%               | 25,737,591  |

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**Steven Kroft****Independent**

Mr. Kroft was Chief Executive Officer of the CEL Group of Companies from 1998 until 2022, and now serves as its Executive Chairman. Collectively, Conviron and Argus Controls have become widely recognized as the world leaders in the supply and manufacture of controlled environment equipment used primarily in agricultural research and high value plant production applications. A lawyer, Mr. Kroft previously practiced law with a major Manitoba law firm from 1992 to 1997. In addition to his role at the CEL Group, Mr. Kroft is the Chair of CancerCare Manitoba Foundation, is a Director Emeritus of the Business Council of Manitoba, and is a current Director of the True North Youth Foundation. Mr. Kroft obtained his ICD.D designation from the Institute of Corporate Directors in 2017.

Winnipeg, Manitoba  
Canada

Age: 55

Director Since: 2021

| Board/Committee Membership | Attendance |      | Attendance (Total) |      |
|----------------------------|------------|------|--------------------|------|
| Board of Directors         | 2 of 2     | 100% |                    |      |
| Audit Committee            | 2 of 2     | 100% | 6 of 6             | 100% |
| Compensation Committee     | 2 of 2     | 100% |                    |      |

#### Other Current Public Company Directorships

None

#### Equity Ownership<sup>(2)</sup>

| Year       | Shares | Deferred Share Units (DSUs) | Total Shares and DSUs | Total Value of Shares and DSUs <sup>(4)</sup> (\$) | Minimum Required to Meet Ownership Guidelines (\$) | Meets Share Ownership Target |
|------------|--------|-----------------------------|-----------------------|--|--|------------------------------|
| 2021       | –      | 1,608                       | 1,608                 | 56,360   |  |                              |
| 2020       | –      | –                           | –                     | –  | 270,000  | No <sup>(5)</sup>            |
| Net Change | –      | 1,608                       | 1,608                 | 56,360   |  |                              |

#### Voting Results for 2021 Annual Shareholders Meeting

| Votes For | % of Votes For | Votes Withheld | % of Votes Withheld | Total Votes |
|-----------|----------------|----------------|---------------------|-------------|
| –         | –              | –              | –                   | –           |

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**Daniel McConnell****Non-independent  
(President and Chief Executive Officer)**

Dan McConnell joined The North West Company in 2002 in the role of Manager, Real Estate and Store Development. He advanced to the position of Director in April 2004, promoted to Vice-President of Real Estate & Store Development in September 2008. He then became Executive Vice-President, Chief Development Officer in 2014 and in 2018 became President, International Retail relocating to Boca Raton before returning to Winnipeg in July 2021 as President and Chief Executive Officer. Dan has a Master's Degree in Business Administration from the University of Wales and many years' experience in retail development.

Winnipeg, Manitoba  
Canada

Age: 46  
Director Since: 2021

| Board/Committee Membership        | Attendance | Attendance (Total) |
|-----------------------------------|------------|--------------------|
| Board of Directors <sup>(1)</sup> | 2 of 2     | 100%               |

**Other Current Public Company Directorships**

None

**Equity Ownership<sup>(2)</sup>**

| Year       | Shares | Deferred Share Units (DSUs) <sup>(3)</sup> | Total Shares and DSUs | Total Value of Shares and DSUs <sup>(4)</sup> (\$) | Minimum Required to Meet Ownership Guidelines (\$) | Meets Share Ownership Target |
|------------|--------|--|-----------------------|--|--|------------------------------|
| 2021       | 30,257 | –  | 30,257                | 1,060,508  |  |                              |
| 2020       | –      | –  | –                     | –  | 270,000  | Yes                          |
| Net Change | 30,257 | –  | 30,257                | 1,060,508  |  |                              |

**Voting Results for 2021 Annual Shareholders Meeting**

| Votes For | % of Votes For | Votes Withheld | % of Votes Withheld | Total Votes |
|-----------|----------------|----------------|---------------------|-------------|
| –         | –              | –              | –                   | –           |

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**Jennefer Nepinak****Independent**

Winnipeg, Manitoba  
Canada

Age: 50  
Director Since: 2019

Ms. Nepinak is an experienced advisor and lawyer and is the Associate Vice-President, Indigenous Engagement at The University of Winnipeg. She is a citizen of Minegozhiibe Anishinabe (Pine Creek First Nation) and is fluent in Ojibwe. She has held leadership roles at the Canadian Museum for Human Rights, the Treaty Relations Commission of Manitoba, and with various First Nation governments, as well as with the governments of Canada and Manitoba. A passionate leader firmly rooted in the Indigenous community her efforts are founded in a balanced approach focused on ensuring that Indigenous ways of knowing and being are recognized and incorporated. Ms. Nepinak has over 25 years of political, government and business experience and is skilled at initiating collaborative processes that involve numerous cross-sector partners and stakeholders. With extensive governance experience, Ms. Nepinak has served on various boards including the Assembly of Manitoba Chiefs, the Treaty Legacy Foundation, Rossbrook House, the Helen Betty Osborne Memorial Foundation, The University of Winnipeg Board of Regents, the Canadian Education Coalition, and Manitoba Hydro. Ms. Nepinak received a Bachelor of Arts in Sociology (1997), completed her Law degree at the University of Manitoba and Osgoode Hall Law School at York University (2000), and received her designation with the Institute of Corporate Directors at Rotman School of Management (2018). She is currently pursuing a Master of Arts in Indigenous Governance and is also a practising member of The Law Society of Manitoba.

| Board/Committee Membership <sup>(6)</sup> | Attendance | Attendance (Total) |
|---|------------|--------------------|
| Board of Directors                        | 6 of 6     | 100%               |
| Audit Committee                           | 2 of 2     | 100%               |
| Compensation Committee                    | 5 of 5     | 100%               |
| Governance Committee                      | 1 of 2     | 50%                |
|   |            | 14 of 15           |
|   |            | 93%                |

**Other Current Public Company Directorships**

None

**Equity Ownership<sup>(2)</sup>**

| Year       | Shares | Deferred Share Units (DSUs) | Total Shares and DSUs | Total Value of Shares and DSUs <sup>(4)</sup> (\$) | Minimum Required to Meet Ownership Guidelines (\$) | Meets Share Ownership Target |
|------------|--------|-----------------------------|-----------------------|--|--|------------------------------|
| 2021       | –      | 11,915                      | 11,915                | 417,621  |  |                              |
| 2020       | –      | 8,038                       | 8,038                 | 260,190  | 270,000  | Yes                          |
| Net Change | –      | 3,877                       | 3,877                 | 157,431  |  |                              |

**Voting Results for 2021 Annual Shareholders Meeting**

| Votes For  | % of Votes For | Votes Withheld | % of Votes Withheld | Total Votes |
|------------|----------------|----------------|---------------------|-------------|
| 25,606,422 | 99.49%         | 131,169        | 0.51%               | 25,737,591  |

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**Victor Tootoo****Independent**

Iqaluit, Nunavut  
Canada

Age: 57

Director Since: 2015

Mr. Tootoo is the Vice-President of NVision Insight Group, which specializes in empowering Indigenous communities and works with all levels of government and Inuit organizations in Northern Canada. He is also President of Northern Allied Nunavut Travel Inc., a travel management company which caters to corporations in Northern Canada; President of AV Nunavut Fuels Inc., which purchases and distributes fuel to Northern Canada; President of Kivallingmiut and Auyiittiq Aviation, which provides helicopter and charter services in Northern Canada; and President of Nahanni Nunavut Construction, which provides civil project management and general contractor services. Prior to launching his commercial career, Mr. Tootoo held numerous positions with various governments in the North. Mr. Tootoo holds a Chartered Professional Accountants designation, and also attended Assiniboine Community College where he obtained a Diploma in Business Administration.

| Board/Committee Membership | Attendance | Attendance (Total) |
|----------------------------|------------|--------------------|
| Board of Directors         | 6 of 6     | 100%               |
| Audit Committee            | 4 of 4     | 100%               |
| Governance Committee       | 4 of 4     | 100%               |

**Other Current Public Company Directorships**

None

**Equity Ownership<sup>(2)</sup>**

| Year       | Shares | Deferred Share Units (DSUs) | Total Shares and DSUs | Total Value of Shares and DSUs <sup>(4)</sup> (\$) | Minimum Required to Meet Ownership Guidelines (\$) | Meets Share Ownership Target |
|------------|--------|-----------------------------|-----------------------|--|--|------------------------------|
| 2021       | –      | 12,532                      | 12,532                | 439,247  |  |                              |
| 2020       | –      | 10,655                      | 10,655                | 344,902  | 270,000  | Yes                          |
| Net Change | –      | 1,877                       | 1,877                 | 94,345   |  |                              |

**Voting Results for 2021 Annual Shareholders Meeting**

| Votes For  | % of Votes For | Votes Withheld | % of Votes Withheld | Total Votes |
|------------|----------------|----------------|---------------------|-------------|
| 25,678,812 | 99.77%         | 58,779         | 0.23%               | 25,737,591  |

**Notes**

- (1) The President and Chief Executive Officer attends Board committee meetings as an invited guest.
- (2) The table shows the number and value of Shares and DSUs as at January 31, 2022, valued at the closing price of the Shares at January 31, 2022 of \$35.05. The table also shows the number and value of Shares and DSUs as at January 31, 2021, valued at the closing price as at January 31, 2021 of \$32.37.
- (3) Mr. Daniel McConnell is not eligible to participate in the Director Deferred Share Unit Plan, as he is an employee of North West.
- (4) Indicates Shares owned either directly or subject to the Director's control and direction.
- (5) Directors have five years from his/her date of initial appointment to the Board to meet the minimum shareholding requirement. Mr. Chopra was appointed to the Board in April 2018, and Mr. Kroft was appointed to the Board in August 2021.
- (6) Mr. Chopra transferred from the Audit Committee to the Governance Committee in 2021 and Ms. Nepinak transferred from the Audit Committee to the Governance Committee in 2021.

# DIRECTOR COMPENSATION

## DIRECTOR FEES

The Governance and Nominating Committee (the “**Governance Committee**”) is responsible for reviewing Director compensation and recommending to the Board the amount and structure of Director compensation. The compensation program for Directors is designed to attract and retain highly qualified Directors with a desired range of skills, expertise and experience, as well as being aligned with Shareholder interests. The Governance Committee conducts an in-depth market review every three years to assess the market competitiveness of Director compensation, including share ownership requirements. The Governance Committee retained Korn Ferry in 2019 as its consultant to conduct this review.

The comparator group selected to benchmark Director compensation was updated and consisted of fifteen companies listed below in the Canadian retail sector with industry similarity.

|                           |                           |                                    |
|---------------------------|---------------------------|------------------------------------|
| Alcanna Inc.              | Empire Company Ltd.       | Metro Inc.                         |
| Birks Group Inc.          | GoEasy Ltd.               | Recipe Unlimited Corporation       |
| BMTC Group Inc.           | Hudson’s Bay Company      | Reitmans (Canada) Ltd.             |
| Canadian Tire Corporation | Indigo Books & Music Inc. | Richelieu Hardware Ltd.            |
| Dollarama Inc.            | Leon’s Furniture Ltd.     | Sleep Country Canada Holdings Inc. |

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The following table provides a detailed breakdown of the retainer and meeting fee schedule for non-management Directors in fiscal 2021.

|  | <b>Fiscal 2021<br/>(\$)</b>   |
|--|---|
| <b>Annual Cash Retainer</b>  |   |
| Chairperson of the Board <sup>(1)</sup>  | 172,500   |
| Board Members <sup>(2)</sup>   | 40,000  |
| Audit Committee Chairperson <sup>(2)</sup>                                     | 15,000  |
| Governance and Nominating Committee Chairperson <sup>(2)</sup>                 | 10,000  |
| Human Resources, Compensation and Pension Committee Chairperson <sup>(2)</sup> | 12,000  |
| Committee Retainer (Committee members and Committee Chairs) <sup>(2)</sup>     | 5,000   |
| <b>Annual Equity Retainer<sup>(3)</sup></b>                                    |   |
| Chairperson of the Board   | 77,500  |
| Board Members  | 50,000  |
| <b>Meeting Attendance Fees<sup>(4)</sup></b>                                   |   |
| Board meeting (in person or by conference call)                                | 1,500   |
| Any Committee meeting of the Board (in person or by conference call)           | 1,500   |
| Travel Fees  | 1,500 (when total travel time for a round trip is greater than or equal to 6 hours but less than 10 hours) or<br>3,000 (when total travel time for a round trip is greater than or equal to 10 hours) |

#### Notes

- (1) The Chairperson of the Board is not paid any meeting attendance fees. This Annual Retainer is divided into four equal payments and paid per fiscal quarter (either by cash or the grant of Deferred Share Units at the discretion of the Chairperson).
- (2) These Annual Retainers are divided into four equal payments and paid per fiscal quarter (either by cash or the grant of Deferred Share Units at the discretion of the Director).
- (3) The Annual Equity Retainer is paid by the grant of Deferred Share Units in July of each year.
- (4) Each Board member and Committee Chairperson, other than the Chairperson of the Board, are entitled to meeting attendance fees of \$1,500 per meeting, in addition to their Annual Cash Retainers. These fees are paid either by cash or the grant of Deferred Share Units at the discretion of the Director.

The Governance Committee is scheduled to conduct its next in-depth review to assess the market competitiveness of Director compensation in Summer 2022.

## **DIRECTOR DEFERRED SHARE UNIT PLAN**

North West offers a deferred share unit plan for independent Directors (the “**DSU Plan**”). The purpose of the DSU Plan is to enhance the ability of North West to attract and retain independent Directors whose training, experience and ability will contribute to the effective governance of North West, and to directly align their interests with the interests of Shareholders by providing compensation for services to North West in the form of deferred share units (“**DSUs**”).

## **DSUs Granted prior to December 2016**

For DSUs granted prior to December 2016, Directors were credited with DSUs for the amount of the annual equity retainer, and for the portion of the annual cash retainer and meeting fees each Director elected to allocate on an annual basis to the DSU Plan. Participants were credited with DSUs on a quarterly basis. The number of DSUs underlying an award was calculated on the date of grant by dividing the portion of the Director's fees that were payable to the participant in DSUs for the current quarter, by the fair market value of the Shares on the date that the award was granted. Fair market value was determined by calculating the weighted average trading price of the Shares on the TSX for the five trading days on which the Shares traded immediately preceding such date. The grant for DSUs could not exceed \$100,000 per calendar year for any Director.

Each DSU entitles the holder to receive one Share at the time of exercise. A participant may elect at the time of exercise of any DSUs granted prior to December 2016, subject to the consent of North West, to receive an amount in cash equal to the aggregate current market value of the Shares, determined based on the closing price of the Shares on the TSX on the trading day preceding the exercise date, in consideration for the surrender by the participant to North West the right to receive Shares from the exercising of DSUs.

DSUs, which vested immediately on the grant date, can be exercised by the holder at any time after the Director resigns or retires from the Board, but no later than December 31 of the first calendar year commencing after the holder ceases to be a Director.

## **DSUs Granted after December 2016**

Effective December 2016, the DSU Plan was amended to change the terms of those DSUs credited to Directors for the portion of the annual cash retainer and meeting fees each Director elects to allocate on an annual basis to the DSU Plan after December 31, 2016, and now also entitles Directors to allocate on an annual basis, any Committee cash retainers to the DSU Plan (individually and collectively, the "**Cash DSUs**"). Participants are credited with Cash DSUs on a quarterly basis. The number of Cash DSUs underlying an award remains the same, and is calculated on the date of grant by dividing the portion of the Director's fees that were payable to the participant in Cash DSUs for the current quarter, by the fair market value of the Shares on the date that the award was granted.

Under the terms of the amended DSU Plan, the holders of any DSUs granted after December 31, 2016 for the Cash DSUs are entitled to receive at the time of exercise, an amount in cash equal to the aggregate current market value of the Shares, determined based on the closing price of the Shares on the TSX on the trading day preceding the exercise date. Directors are not entitled to receive Shares for Cash DSUs at the time of exercise. There is no limit for the amount of Cash DSUs that can be granted to any Director.

Directors remain entitled to receive one Share at the time of exercise for any DSUs credited for the amount of the annual equity retainer (the "**Share DSUs**"). The grant for Share DSUs cannot exceed \$100,000 per calendar year for any Director.

The remaining terms of the original DSU Plan remain unchanged for both Cash DSUs and Share DSUs.

There were 308,258 DSUs outstanding as at January 31, 2022. See "PART III — DIRECTOR INFORMATION — DIRECTOR NOMINEES" starting on page 18 of this Circular for the number of current DSUs held by individual Directors.

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## DIRECTOR TOTAL COMPENSATION FOR FISCAL 2021

The following table shows the amounts, before withholdings, earned by the non-management Directors during the year ended January 31, 2022 in respect of membership and attendance on North West's Board and its Board committees. The Directors are also reimbursed for reasonable travel and other expenses properly incurred by them in attending Board or Board Committee meetings in connection with their services as Directors.

| Name                               | Fees Earned (\$) <sup>(1)</sup> | Share-Based Awards (\$) <sup>(2)</sup> | Option-Based Awards (\$) | Non-Equity Incentive Plan Compensation (\$) | Pension Value (\$) | All Other Compensation (\$) | Total (\$) |
|------------------------------------|---------------------------------|--|--------------------------|---|--------------------|-----------------------------|------------|
| H. Sanford Riley <sup>(3)</sup>    | 43,125                          | 206,875                                | –                        | –   | –                  | –                           | 250,000    |
| Brock Bulbuck <sup>(4)</sup>       | –                               | 122,500                                | –                        | –   | –                  | –                           | 122,500    |
| Deepak Chopra                      | 74,000                          | 50,000                                 | –                        | –   | –                  | –                           | 124,000    |
| Frank Coleman <sup>(5)</sup>       | 22,500                          | 100,000                                | –                        | –   | –                  | –                           | 122,500    |
| Stewart Glendinning <sup>(6)</sup> | –                               | 131,000                                | –                        | –   | –                  | –                           | 131,000    |
| Annalisa King                      | 89,000                          | 50,000                                 | –                        | –   | –                  | –                           | 139,000    |
| Violet Konkle <sup>(7)</sup>       | 47,500                          | 90,000                                 | –                        | –   | –                  | –                           | 137,500    |
| Steven Kroft <sup>(8)</sup>        | –                               | 54,959                                 | –                        | –   | –                  | –                           | 54,959     |
| Jennifer Nepinak <sup>(9)</sup>    | –                               | 121,000                                | –                        | –   | –                  | –                           | 121,000    |
| Victor Tootoo                      | 77,000                          | 50,000                                 | –                        | –   | –                  | –                           | 127,000    |

### Notes

- (1) Represents fees paid to the Director in cash.
- (2) Represents awards under the DSU Plan for the fiscal year ended January 31, 2022.
- (3) Mr. Riley received \$77,500 in Share DSUs and \$129,375 in Cash DSUs.
- (4) Mr. Bulbuck received \$50,000 in Share DSUs and \$72,500 in Cash DSUs.
- (5) Mr. Coleman received \$50,000 in Share DSUs and \$50,000 in Cash DSUs.
- (6) Mr. Glendinning received \$50,000 in Share DSUs and \$81,000 in Cash DSUs.
- (7) Ms. Konkle received \$50,000 in Share DSUs and \$40,000 in Cash DSUs.
- (8) Mr. Kroft received \$50,000 in Share DSUs and \$4,959 in Cash DSUs.
- (9) Ms. Nepinak received \$50,000 in Share DSUs and \$71,000 in Cash DSUs.

## DIRECTOR SHARE OWNERSHIP REQUIREMENTS

To ensure Directors are aligned with Shareholder interests, all non-management Directors of North West are required to hold Shares or Deferred Share Units at levels set by the Board. North West's share ownership requirements were reviewed in 2019 by Korn Ferry to ensure alignment with market and best governance practice. Minimum Share ownership requirement (i) for Directors remains at \$270,000 (three times the annual cash and equity retainer), and (ii) for the Chairman of the Board remains at \$750,000 (three times the annual cash and equity retainer). Directors have five years from their initial appointment to the Board to comply with these minimum Share ownership requirements. The Governance Committee is scheduled to conduct its next in-depth review to assess ownership requirements in Summer 2022.

# CORPORATE GOVERNANCE

## INTRODUCTION

The Board is committed to fulfilling its mandate to supervise the management of the business and affairs of North West with the highest standards of ethical conduct and in the best interests of the Shareholders of North West. It is focused on processes that truly matter in creating and sustaining investor value and long-term health of our enterprise. The Board has, in light of governance requirements and best practice standards in Canada, implemented a comprehensive set of governance systems and materials. In addition to the governance practices set out in National Policy 58-201 — *Corporate Governance Guidelines and National Instrument — Disclosure of Corporate Governance Practices*, North West is subject to rules of the Canadian Securities Administrators regarding both audit committees and the certification of certain annual and interim filings, and the TSX.

The responsibility of the Board is to oversee the conduct of North West's business. The Board discharges its responsibilities either directly, or through its committees. The Directors are kept informed of North West's operations at meetings of the Board and its Committees, and through reports and discussions with management. As of April 13, 2022, the Board consists of eleven Directors.

North West's corporate governance framework is supported by clearly defined roles for its Board and Committees. The Governance Committee provides direction, reviews best governance practices, monitors compliance, and makes recommendations to the Board to enhance corporate governance and Board effectiveness. The Board has approved the disclosure of corporate governance practices and structure as set out in this section.

## ABOUT THE BOARD

The Board's mandate provides that the Board is responsible for the stewardship and oversight of management of North West and its business. A copy of this mandate is attached as Schedule "A" to this Circular. The Board reviews its mandate on a regular basis. The Board's principal duties include overseeing North West's business strategy and strategic planning process, succession planning, as well as approving policies, procedures and systems for implementing strategy and managing risk.

North West's Board is also responsible for North West's environmental, health and safety, and social initiatives and has delegated responsibility for oversight to the Governance and Nominating Committee and the Audit Committee. In addition to the information provided in our 2021 Annual Report under the heading "Risk Management", North West's Sustainability Roadmap is available on North West's website at [www.northwest.ca](http://www.northwest.ca).

The Board holds four regular meetings each year, as well as additional meetings as required. At each regularly scheduled meeting, the Board receives presentations from executives of North West. At the end of every regularly scheduled Board meeting, in

order to facilitate an open and candid discussion among independent Directors, a session is held without any management present, including the Chief Executive Officer.

## **Strategy and Risk Management**

The Board oversees the development of North West's strategic direction and the implementation by management of the strategic goals. North West strategy is an important priority of the Board, and at least one part of every regular Board meeting is dedicated to the review of North West's strategy. The Board also receives quarterly strategic updates from management and considers changes to North West's strategic direction.

North West's Board is responsible for risk oversight. The Board has approved the adoption and implementation of a formal Enterprise Risk Management framework across North West on an integrated basis. The primary goal of risk management is to ensure that the outcomes of risk-taking are consistent with North West's business activities, strategies and risk appetite. As part of the risk management framework, North West management provides the Board and the Audit Committee with regular updates on key risks.

## **Structure and Committees**

The Board exercises its duties through its Committees. The Board has three Committees who oversee the activities of North West. The Chairperson of the Board is an ex-officio non-voting member of all Committees of the Board. The President and Chief Executive Officer attends Board Committee meetings as an invited guest.

### ***Governance and Nominating Committee ("Governance Committee")***

The Governance Committee is composed of six Directors, namely Stewart Glendinning (Chairperson), Deepak Chopra, Annalisa King, Violet Konkle, Jennefer Nepinak and Victor Tootoo, all of whom are independent as defined in National Instrument 52-110.

The Governance Committee is responsible for developing and monitoring North West's approach to corporate governance in accordance with good corporate practice and applicable laws and policies. In particular, the Governance Committee is responsible for overseeing the role, composition, and effectiveness of the Board and its Committees. In this regard, the Governance Committee is responsible for such matters as establishing and reviewing the mandate of the Board and its Committees; identifying and evaluating candidates for nomination to the Board; overseeing the orientation and education programs for the Directors; assessing the effectiveness of the Board, its Committees and individual Directors; and establishing and reviewing general corporate policies and practices, such as related party transaction policies and insider trading guidelines.



## ***Human Resources, Compensation and Pension Committee*** ***("Compensation Committee")***

The Compensation Committee is composed of six Directors, namely Violet Konkle (Chairperson), Brock Bulbuck, Deepak Chopra, Frank Coleman, Steven Kroft and Jennefer Nepinak, all of whom are independent as defined in National Instrument 52-110.

The Compensation Committee is responsible for ensuring that appropriate and effective human resource recruitment, development, compensation, retention, succession planning, and performance evaluation programs are developed and implemented in conformity with North West's strategic objectives, and with a view to attract and retain the best qualified executives, management and employees. See "PART IV — COMPENSATION DISCUSSION AND ANALYSIS" starting on page 47 of this Circular for the report presented this year on executive compensation.

## ***Audit Committee***

The Audit Committee is composed of six Directors, namely Annalisa King (Chairperson), Brock Bulbuck, Frank Coleman, Stewart Glendinning, Steven Kroft and Victor Tootoo, all of whom are independent and financially literate, as those terms are defined in National Instrument 52-110.

The Audit Committee is responsible for overseeing the integrity of North West's financial statements. In this regard, the primary duties of the Audit Committee involve reviewing North West's disclosure controls and procedures, overseeing the internal controls over financial reporting, and reviewing all significant accounting policies and any proposed changes thereto.

The Audit Committee reviews and recommends to the Board the approval of North West's quarterly financial statements and the annual audited financial statements, and is responsible for recommending to the Board the appointment of the external auditors and their compensation. It is also responsible for approving the external audit plan, evaluating the external auditors' performance, assessing the independence of the external auditors, and pre-approving all non-audit related fees.

The Audit Committee oversees the internal audit function, and approves the internal audit plan and reviews internal audit reports. It is responsible for overseeing North West's processes for identifying and assessing major financial risk exposures and the steps taken to monitor and control such risks.

## ***In-Camera Sessions***

The Board and its Committees conduct "in-camera" sessions at each quarterly meeting and as required at special meetings, at which no management Directors or other members of management are present. The in-camera sessions are intended not only to encourage the Board and its Committees to fully and independently fulfil their mandates, but also to facilitate the performance of fiduciary duties and responsibilities of the Board and its committees on behalf of the Shareholders.

## **Independent Board Chair**

H. Sanford Riley is the Chair of the Board. Mr. Riley is an independent Director as defined in National Instrument 58-101. As Chairperson of the Board, his responsibilities include ensuring the Board functions effectively and independently of management, and that it meets its obligations and responsibilities as set out in its mandate. The Board Chair sets the “tone” for the Board and its members to foster ethical and responsible decision making, appropriate oversight of management, and effective governance practices. The Board has developed and approved a written position description of the Chair of the Board.

## **CEO Position Description**

A written position description for the Chief Executive Officer has been developed and approved by the Board. The Chief Executive Officer reports to the Board and has general supervision and control over the business and affairs of North West. The Chief Executive Officer provides effective leadership and vision for North West to grow value responsibly, in a profitable and sustainable manner. The Chief Executive Officer sets the “tone” for management to foster ethical and responsible decision making, appropriate management, and effective governance practices.

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## **BOARD NOMINATION, COMPOSITION AND RENEWAL**

### **Majority Voting Policy**

North West's majority voting policy provides that any nominee who receives more withheld votes than votes in his or her favor in an uncontested election of Directors will tender his or her resignation to the Chair of the Board promptly following the Meeting. Subject to the requirements of the *Canada Business Corporations Act*, the Governance Committee will consider the Director's offer to resign (within 90 days of the Meeting) and make a recommendation to the Board whether to accept it. The Governance Committee and the Board will consider if there are exceptional circumstances whereby the Director's resignation should not be accepted, consistent with the Board's fiduciary duty to act in the best interests of North West. Any Director who tenders his or her resignation will not participate in any meetings at which the resignation is considered. The Board will announce its decision in a press release as soon as practically possible after the Meeting. If the Board rejects the resignation, it will disclose the reasons why.

Subject to the requirements of the *Canada Business Corporations Act*, the Board may leave any resulting vacancy unfilled until the next annual meeting of Shareholders or fill the vacancy through the appointment of a new Director.

### **Board Tenure and Term Limits**

Pursuant to North West's Corporate Governance Policy, Directors are not permitted to stand for re-election after reaching the age of 70 years, unless otherwise agreed upon by the Board of Directors in connection with board succession planning and transition. At this time, the Board does not believe arbitrary term limits are appropriate, nor does it believe that Directors should expect to be re-nominated annually until they reach the normal retirement age established by the Board. The Board relies on regular formal Board, Board Committee, and Director assessments for evaluating Board members and the overall performance of the Board and its Committees. With respect to its composition, the Board strives to achieve a balance between experience, on the one hand, and the need for renewal and fresh perspectives, on the other.

North West's current average Board tenure is eight years. As at April 13, 2022, five Directors have served on the Board for a period of less than five years, four Directors have served for between five and ten years, and two Directors have served for more than fifteen years. Over the past five years, with a number of longer-serving Directors retiring, North West has welcomed five new independent Directors to the Board.

### **Expertise and Composition of the Board**

The Governance Committee annually reviews both the size and composition of the Board. In considering new nominees for the Board, the Governance Committee assesses the skill, expertise and experience of incumbent Directors in order to determine the skills, expertise and experience it should seek in new Board members to add value to the Board. The Governance Committee then makes recommendations on candidates to the Board.

North West believes a board of directors is most effective when it can draw from a variety of skills and experience. The Board looks for the following skills and experience when recruiting new Directors: corporate governance experience; retail experience; operations experience; human resources and executive compensation experience; community affairs/government relations experience; financial expertise/literacy; risk management experience; information technology experience; international experience; indigenous experience; community experience; logistics/supply chain/transportation experience; e-commerce experience; and c-level public company experience. In addition, a candidate's diversity of gender, indigenous heritage, nationality, geography, age, experience, and other attributes are considered favorably in the assessment of a candidate.

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## Skills Matrix

The Board believes that it has the appropriate diversity of skill, experience and expertise on the Board required to perform effectively and to act in the best interests of North West and its Shareholders. The skills matrix set out below is used to assess the Board’s overall strengths and to assist in the Board’s ongoing renewal process, which balances the need for experience and knowledge of North West’s business with the benefit of board renewal and diversity. Although the Directors have a breadth of experience in many areas, the skills matrix lists fourteen important qualifications determined by the Board and highlights various key skills for each Director. The matrix is not intended to be an exhaustive list of each Director’s skills.

| Skills  | Directors    |             |            |             |                 |          |            |           |               |             |            |  |
|---|--------------|-------------|------------|-------------|-----------------|----------|------------|-----------|---------------|-------------|------------|--|
|   | Riley, H. S. | Bullock, B. | Chopra, D. | Coleman, F. | Glendinning, S. | King, A. | Konkle, V. | Kroft, S. | McConnell, D. | Nepinak, J. | Tootoo, V. |  |
| Corporate Governance  | ✓            | ✓           | ✓          | ✓           | ✓               | ✓        | ✓          | ✓         | ✓             | ✓           | ✓          |  |
| Retail  | ✓            |             | ✓          | ✓           | ✓               | ✓        | ✓          |           | ✓             | ✓           |            |  |
| Operations  | ✓            | ✓           | ✓          | ✓           | ✓               | ✓        | ✓          | ✓         | ✓             | ✓           | ✓          |  |
| Human Resources / Executive Compensation                    | ✓            | ✓           | ✓          | ✓           | ✓               | ✓        | ✓          |           | ✓             | ✓           | ✓          |  |
| Community Affairs / Government Relations                    | ✓            |             | ✓          | ✓           | ✓               |          | ✓          | ✓         | ✓             | ✓           | ✓          |  |
| Financial Expertise / Literacy                              | ✓            | ✓           | ✓          | ✓           | ✓               | ✓        |            |           | ✓             | ✓           | ✓          |  |
| Risk Management   | ✓            | ✓           | ✓          | ✓           | ✓               | ✓        | ✓          | ✓         | ✓             | ✓           | ✓          |  |
| Information Technology                                      | ✓            | ✓           | ✓          | ✓           | ✓               | ✓        | ✓          |           | ✓             | ✓           | ✓          |  |
| International   | ✓            | ✓           | ✓          | ✓           | ✓               |          |            | ✓         | ✓             | ✓           |            |  |
| Indigenous  | ✓            |             | ✓          |             | ✓               |          |            |           | ✓             | ✓           | ✓          |  |
| Community Experience within the Markets North West Operates | ✓            |             |            | ✓           | ✓               |          |            |           | ✓             | ✓           | ✓          |  |
| Logistics / Supply Chain / Transportation                   |              |             | ✓          | ✓           | ✓               | ✓        | ✓          |           | ✓             | ✓           | ✓          |  |
| E-commerce  |              |             | ✓          | ✓           | ✓               | ✓        |            |           |               | ✓           |            |  |
| C-level Public Company                                      | ✓            | ✓           | ✓          | ✓           | ✓               | ✓        | ✓          |           | ✓             |             |            |  |

## Board Diversity

North West’s Corporate Governance Policy (the “**Governance Policy**”) and Board Diversity Policy (the “**Diversity Policy**”) are based on the belief that a board comprised of men and women representing different points of view add greater value than a board comprised of directors with similar backgrounds. The Governance Policy and the Diversity Policy both expressly encourage diversity in the composition of the Board in the broadest sense and with respect to a wide range of attributes such as diversity of gender, indigenous heritage, nationality, geography, experience,

and other attributes. The Board accordingly aims to be comprised of directors who have a range of perspectives, insights and views in relation to the opportunities and issues facing North West, with an emphasis on finding the best qualified candidate given the needs and circumstances.

Although targets relating to the nomination of female directors have not been adopted to date, the Board has emphasized its commitment to the recruitment of women in recent years by making the identification of candidates who are female a key search criterion in the director selection and nomination process it has undertaken.

As of April 13, 2022, as to gender, the Board is comprised of three (27%) female Directors and eight (73%) male Directors. The Board has two Directors that are of indigenous heritage and one Director that is of Indian (South Asian) heritage. The Board has determined that, at this time, a target would not be the most effective way of ensuring it is comprised of diverse attributes and backgrounds. North West will continue to focus on encouraging diversity in the composition of the Board as a key search criterion when selecting directors.

## **DIVERSITY OF NORTH WEST MANAGEMENT**

North West believes that a diversity of backgrounds, opinions, and perspectives and a culture of inclusion helps create a healthy and dynamic workplace, which improves overall business performance. North West also recognizes that supporting a diverse workplace is a business imperative that helps North West attract and retain the brightest and most talented individuals for its leadership team.

Specific targets or quotas for gender or other diversity representation have not been adopted for executive officer positions due to the need to consider a balance of criteria in each individual appointment. This includes the importance that appointments are made, and are perceived to be made, on the merits of the individual and the needs of North West at the relevant time. In addition, targets or quotas based on specific criteria could limit North West's ability to ensure the overall composition of its leadership team meets the needs of North West and its Shareholders. One exception is that North West is creating more targeted career paths for executive candidates of indigenous heritage.

With respect specifically to gender diversity, as of April 13, 2022, the composition is four women out of twenty-four (17%) total executive officers (as defined in National Instrument 51-102 *Continuous Disclosure Obligations*). North West has an inclusive talent-based workplace and this is reflected in the diversity of its employee base. At more senior levels diversity continues to increase over time with year to year variability driven by strategy, structure and succession planning factors.

## **DIRECTOR REQUIREMENTS AND EXPECTATIONS**

The Board has developed written position descriptions for individual Directors, which sets out the expectations for each Director.

## Board Independence

The Board has reviewed the status of each of its Directors to determine whether such Director is “independent” as defined under National Instrument 58-101. Such review is based on the applicable factual circumstances, including financial, contractual and other relationships. Of the ten nominee Directors, nine are independent within the meaning of National Instrument 58-101. Each of Brock Bulbuck, Deepak Chopra, Frank Coleman, Stewart Glendinning, Annalisa King, Violet Konkle, Steven Kroft, Jennefer Nepinak and Victor Tootoo, is an independent Director. Daniel McConnell, the President and Chief Executive Officer of North West, is not independent. The independent Directors meet separately from management at all regular meetings and as necessary at special meetings.

## Code of Ethical Conduct and Disclosure

The Board believes that a culture of strong corporate governance and ethical business conduct must be endorsed by the Board and all employees. The Code of Conduct (as defined below) addresses many areas of business conduct.

North West has a written code of conduct for its Directors and employees (the “**Code of Conduct**”). A copy of the Code of Conduct can be found on [www.sedar.com](http://www.sedar.com). Management is responsible to advise the Board on any compliance issues relating to the Code of Conduct. To the knowledge of the Board, there have been no departures from the Code of Conduct during fiscal 2021 that would have required the filing of a material change report.

Each Director and employee of North West must possess and exhibit the highest degree of integrity, professionalism and values, and must never be in a conflict of interest with North West. A Director who has a conflict of interest regarding any particular matter under consideration should advise the Board, refrain from debate on the matter and abstain from any vote regarding it.

North West’s Respectful Workplace Policy provides a procedure for employees to raise concerns or questions regarding various matters, including discrimination based on gender, race, disability, ethnicity, nationality, religion, sexual orientation, and/or gender identity.

North West’s Whistleblower Policy provides a procedure for employees to raise concerns or questions regarding various matters, including any audit and accounting concerns.

North West has also adopted a Corporate Disclosure Policy which is reviewed by the Board on a regular basis. Quarterly and annual disclosure and financial packages are reviewed by the Disclosure Committee of Management prior to being recommended for Board approval and CEO/CFO certification of annual filings.

## Attendance of Directors at Board and Committee Meetings

Each Director is expected to attend all meetings of the Board, and the Committees upon which they serve and to come to such meetings fully prepared. The following

table provides a summary of the Board and Board Committee meetings held during the twelve-month period ended January 31, 2022. Each Director nominee's attendance record for such meetings, as applicable, is set forth starting on page 18 of this Circular in their respective biographies. Overall, the Directors attended 99% of applicable Board and Committee meetings in fiscal 2021.

| <b>Type of Meeting Held</b>                         | <b>Number of Meetings</b> | <b>Attendance</b> |
|---|---------------------------|-------------------|
| Board of Directors                                  | 6                         | 100%              |
| Audit Committee                                     | 4                         | 100%              |
| Human Resources, Compensation and Pension Committee | 5                         | 100%              |
| Governance and Nominating Committee                 | 4                         | 95%               |

### **Related Party Transactions and Conflicts of Interest**

In the event a Director or officer has a material interest in any transaction or agreement entered into by North West, such interest must be declared and recorded. If the transaction or agreement is being considered by the Board, the Director is also required to exclude him or herself from any discussions or vote relating to such transaction or agreement.

### **Public Company Directorships**

The Board has not implemented a formal policy which limits the number of public company directorships its Directors can hold. The Board believes that its Director evaluation program is the best method for ensuring that Directors remain accountable and continue to discharge their duties as North West Directors. The Board also monitors and is guided by industry best practices with respect to limiting the number of public company directorships each Director can hold.

The names of all other reporting issuers on which each Director of North West serves as a Director is set out in this Circular is set forth starting on page 18 of this Circular in their respective biographies.

Ms. Violet Konkle and Mr. Brock Bulbuck both sit on the Board of Directors of Boyd Group Services Inc. The Board does not believe that this relationship impacts the ability of these Directors to act in North West's best interests.

## **DIRECTOR DEVELOPMENT AND ASSESSMENT**

### **New Director Orientation**

North West has a formal orientation process for new Directors. Directors are required to read and become familiar with North West's various corporate policies, all Board and Committee mandates, and certain First Nation background materials. Directors meet with the Corporate Secretary who provides the Director with an overview of North West's corporate structure and governance practices. Directors also meet with members of senior management, at which time senior management provides the



new Director with an overview of North West's business, operations and initiatives. Directors are required to tour one or more of the major store banners during the first 18 months of their appointment. Private meetings with other Directors are encouraged to establish rapport and understand Board dynamics. A new Director may also be assigned a mentor to assist them with any issues they encounter during their first year of service.

## **Director Continuing Education**

Directors are kept informed as to matters impacting North West's operations through reports and presentations at Board meetings. In addition, at each quarterly Board meeting, the Board receives information on the operations of North West, including a report from the Chief Executive Officer, a report on corporate development activities, a report on operations and strategic initiatives, a financial overview and other pertinent information. All executives are available for discussions with Directors concerning any questions or comments which may arise between Board meetings.

Each September the Board travels to a different store division or geographic area to visit stores and meet customers, community leaders, management and staff to better understand North West's operations in both urban and remote communities. Directors also have the opportunity to meet one-on-one with North West's executive team members and to accompany such members on store tours in order to become familiar with the communities in which North West operates. However, in 2021, to mitigate risks presented by the COVID-19 pandemic to the health and safety of our communities, the Board conducted the aforementioned elements of director education via virtual-only format.

Directors have the opportunity to participate in external director education events through North West's membership in the Institute of Corporate Directors. North West will also fund 50% of the tuition if a Director wishes to enroll in the Institute of Corporate Directors Education Program. Third parties provide presentations to the Board at Board meetings and virtual-only educational lunches. Topics during this past year included focused presentations on (i) Sales Initiatives, (ii) Financial & Operating Drivers, (iii) Cultural Awareness, and (iv) Canadian Supply Chain. Directors also may elect to receive ongoing industry information through North West's membership in various industry associations such as the Retail Council of Canada. Directors may, with the consent of the Chair of the Governance Committee, engage outside advisors at the expense of North West.

## **Board and Director Assessment**

### ***Assessment of the Board, Board Committees and Board and Committee Chairs***

The performance and effectiveness of the Board and its Committees, the Chairman of the Board and individual Directors (including in their capacity as Committee members), are regularly assessed under the Governance Committee's oversight through processes that are intended to encourage candid and constructive commentary.

Each year, each Director completes an online survey of their assessment of the functioning of the Board. Directors are asked to rate the Board's performance based on criteria which address, among other things, the Board's composition and practices, relationship with management, and the oversight of North West's strategy, risk, financial reporting, and CEO performance. The senior management team is also included in the assessment process and are asked to complete a separate Board assessment survey. The annual online survey also requires each Director to assess each Board Committee. Directors are asked to rate the performance of each Committee against a set of criteria, including each Committee's composition, practices, relationship with the Board and management, and performance of its duties. The assessment of the performance of the Chairman of the Board and the Chairs of each Committee are also included in the annual online survey.

The results of the evaluations are reviewed by the Chairperson of the Governance Committee with the Chairman of the Board, and are also discussed at the meetings of the Governance Committee and the Board. The Governance Committee is also responsible for creating a plan to address any deficiency or implementing any suggestions elicited through the assessment process.

### ***Individual Director Assessments***

Peer evaluations of independent Directors are completed through an online survey every two years. Directors are asked to evaluate each other's skills, knowledge and participation on the Board. The peer evaluation is intended to ensure that each Director is contributing to the ongoing stewardship of North West. Results of the peer reviews are reviewed by the Chairman of the Board, who then meets with each Director to provide feedback on the results of the survey.

## **COMMUNICATION WITH SHAREHOLDERS**

North West is committed to transparent and effective communication with its Shareholders. In support of this commitment, the Board has developed practices to facilitate Shareholder engagement.

North West has adopted a Corporate Disclosure Policy, which is reviewed on a regular basis. Quarterly and annual financial disclosures are reviewed by an internal Disclosure Committee prior to being recommended for Board approval and CEO/CFO certification of annual and interim filings. North West's quarterly conference calls with analysts and institutional investors are accessible on a recorded basis to interested retail investors, the media and members of the public for seven days. North West includes all significant disclosure documents on its website at [www.northwest.ca](http://www.northwest.ca).

Inquiries and requests for information from Shareholders and potential investors receive prompt attention from an appropriate officer. North West's President and Chief Executive Officer and Executive Vice President and Chief Financial Officer are responsible for maintaining communications with the investing public.

North West encourages feedback from its Shareholders and engages in regular communications with financial analysts and institutional investors. North West also solicits feedback through its "Say on Pay" advisory resolution on executive compensation.

## **CORPORATE CEASE ORDERS OR BANKRUPTCIES**

No Director is, or has been within the past ten years, a director or executive officer or promoter of any other company that, while such person was acting in that capacity:

- (i) was the subject of a cease trade or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than 30 consecutive days;
- (ii) was subject to an event that resulted, after the person ceased to be a director or executive officer, in the issuer being the subject of a cease trade order or similar order or an order denying statutory exemption; or
- (iii) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been 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 that person.

No Director has, within the ten years preceding the date hereof, been subject to any penalties or sanctions imposed by a court relating to securities legislation or by any securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely to be considered important to a reasonable investor making an investment decision.

No Director is, or has become, within the ten years preceding the date hereof, bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been 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 that individual.

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# PART IV — COMPENSATION DISCUSSION AND ANALYSIS

## LETTER TO OUR SHAREHOLDERS

We believe that it is important that North West clearly communicate to Shareholders our compensation plans and programs, as well as the philosophies that underlie them. Compensation is used to attract, motivate, and retain outstanding talent, link compensation to business results and individual performance, and promote decision making that delivers returns to our Shareholders on a sustainable and consistent basis.

The Human Resources, Compensation and Pension Committee (the “**Compensation Committee**”) is responsible for recommending performance-based compensation awards for Board approval. We work carefully to structure North West’s compensation programs to deliver the right outcomes for our Shareholders, our customers and our employees. These programs introduce a level of variability in our compensation expense which protect Shareholders in difficult years, and reward management in years of superior performance. We rely on specific pre-determined performance targets, benchmarks, independent experts, and rigorous analysis, but we also rely on our experience, expertise and considered application of the Board’s business judgement when setting compensation.

At North West, we view ourselves as a total return company. Our fundamental objective is to deliver to Shareholders a strong and growing dividend, supported by consistent earnings gains. Our total return orientation is supported through North West’s compensation policies. Annual incentives are driven by how well management performs against earnings targets, adjusted for capital efficiency. Payments are quickly reduced to minimum levels if results fall short. Our long-term compensation plans center around equity awards which recognize the importance of dividends to our Shareholders.

We didn’t anticipate a 2021 that would see the continuation of COVID as a pervasive risk factor throughout a second year. Our leadership and team members continued to focus on the safety of our customers and team members, and on advocating for our customers to ensure proper supply to meet our remote communities’ needs. Our store team leaders’ commitment to their communities was equally supported by a passionate and committed support office team.

2021 saw a number of changes to the Company’s Pension Plans. The existing Executive Defined Benefit Pension Plan is now closed to new entrants as of January 1, 2022, and all employees, including new executives, will participate in the company’s Defined Contribution Pension Plan. The Human Resources Compensation and Pension Committee continues to review benchmark compensation practices with the support of Meridian Compensation Consultants to ensure that our approach to executive compensation fulfills our governance obligations as dictated by our mandate, ensuring that we attract and retain top talent while aligning with the interests of all of our stakeholders.

We believe our approach to executive compensation is working as intended. In the following pages, you will find a straightforward and transparent description of our executive pay practices, and the specific corporate and individual measure of performance that factored into North West's compensation program for 2021, and the payments NEO's received in respect of 2021 from these programs.

On behalf of the members of the Compensation Committee and the Board, we want to thank you for your continued support of North West.

Sincerely,

*"Violet Konkle"*

Violet A. M. Konkle  
Chair, Human Resources,  
Compensation and Pension Committee

*"Sandy Riley"*

H. Sanford Riley  
Chairman of the Board

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## INTRODUCTION

The following Compensation Discussion and Analysis (“**CD&A**”) is intended to provide North West’s Shareholders with a description of the processes and decisions involved in the design, oversight and payout of our compensation programs for the named executive officers (“**NEOs**”) for the fiscal year ended January 31, 2022. Although the CD&A focuses on the compensation policies and practices for NEOs, these programs generally apply to North West’s entire executive team.

The NEOs during fiscal 2021 were as follows:

- Dan McConnell, President and Chief Executive Officer;
- John King, Executive Vice President and Chief Financial Officer;
- Jim Caldwell, President, Canadian Retail;
- Kyle Hill, President, Alaska Commercial Company;
- J. Kevin Proctor, President, Cost-U-Less and Riteway Foods; and
- Edward Kennedy, Former President and Chief Executive Officer.

## COMPENSATION GOVERNANCE

The Compensation Committee assists the Board in establishing North West’s compensation philosophy and structure, and in discharging its oversight accountabilities relating to the compensation and retention of key senior management employees, and in particular, the President and Chief Executive Officer. The Compensation Committee is comprised of six independent Directors: Violet Konkle, who serves as Chairperson, Brock Bulbuck, Deepak Chopra, Frank Coleman, Steven Kroft and Jennefer Nepinak. No member of the Compensation Committee has ever been an officer or employee of North West or any of its affiliates.

All members have direct experience in compensation matters as either current or former chief executive officers, executive officers, elected government officials, retail consultants, or through board of director positions in other publicly traded companies. Additional information regarding the Compensation Committee members is provided in the individual Director biographies found in the Director Nominees section starting on page 18 of this Circular. The Chairperson of the Board also participates in all Compensation Committee meetings as an ex-officio member. Collectively, this experience provides the Compensation Committee with the knowledge, skills, experience and background in executive compensation and human resource matters to make decisions on the suitability of North West’s compensation policies and practices.

The responsibilities, powers and operation of the Compensation Committee are set out in its mandate, which is attached as Schedule “B” to this Circular.

The Compensation Committee held five meetings in fiscal 2021. The President and Chief Executive Officer, Executive Vice President and Chief Financial Officer, and Vice President, Legal and Corporate Secretary attend meetings of the Compensation Committee, but do not have the right to vote on any matter. Other senior executives

may also attend parts of a meeting for presentation purposes. No executive, including the President and Chief Executive Officer, is present when his or her compensation is considered.

The Compensation Committee has instituted good governance practices that enhance the Compensation Committee's ability to effectively carry out its accountabilities. These practices include:

- utilizing a work plan which sets out the timetable of all regularly occurring matters for which the Compensation Committee has accountability;
- retaining an external independent advisor to advise the Compensation Committee on compensation levels and structure, and requiring their attendance when their reports are discussed and when requested to attend by the Chairperson of the Compensation Committee; and
- holding in-camera sessions without management present during every Compensation Committee meeting.

In addition, the Compensation Committee receives feedback from Shareholders on compensation matters through an annual advisory resolution on North West's approach to executive compensation.

## **EXECUTIVE COMPENSATION PHILOSOPHY**

Since its formation 35 years ago, North West has embraced an organization wide and market competitive pay-for-performance compensation philosophy linked to the delivery of superior total returns to its Shareholders through a focus on both earnings growth and annual cash dividend yield. North West's total compensation objective for executives is to provide target pay that is competitive with the median of the market and which will deliver actual pay in the upper quartile of the market when sustainable upper quartile performance is achieved. A significant portion of each executive's compensation is also "at risk" in order to motivate executives and align their interests with the creation of long-term Shareholder value.

North West's executive compensation program is designed to accomplish the following goals:

- attract and retain top talent;
- motivate superior performance;
- align rewards to the time horizon of the position;
- focus on key performance measures that drive dividend yield and long-term value growth for Shareholders; and
- be consistent with good governance practices.

Total compensation is linked to a combination of the achievement of operational and strategic targets, and total returns compared to other public retailers and high dividend yield companies. The executive compensation philosophy is to provide a reasonable level of annual salary commensurate with the responsibilities of the executive, with all other compensation elements except benefits, based on performance. The mix of incentive awards is aligned to the planning horizon

associated with the executive’s role. The following charts illustrate what portion of each NEO’s target compensation is “at risk” or performance based.

**President and CEO**



■ Base Salary 26% ■ At Risk (STIP and LTIP) 74%

**All Other NEOs**



■ Base Salary 42% ■ At Risk (STIP and LTIP) 58%

Compensation planning in the context of the short-term or annual incentive (“**STIP**”) is integrated with the annual business planning and budgeting process, and 100% of this award is “at risk” if corporate performance is not met for the year. Annual corporate performance, business unit performance and individual performance targets for executives are set based on the overall strategic plan and business priorities for the year. If the executive does not meet at least 90% of his or her performance target for the year, the executive does not receive any payment under the STIP. In addition, if the corporate performance achieved is less than 80% of target for the year, the Board retains the discretion to not pay any award, even if business unit and individual performance targets were achieved by the executive for that year. See “ELEMENTS OF 2021 EXECUTIVE COMPENSATION — SHORT TERM INCENTIVE PLAN” found on pages 59 and 60 of this Circular for more details on the short-term incentive plan.

Performance in the context of the long-term incentive (“**LTIP**”) is based on value creation for its Shareholders and is designed to encourage executives to remain with North West over the long term. The components of LTIP for NEOs are shown in the following graph:



■ Options 25% ■ TSR PSU 25%  
 ■ Financial Measure PSU 25% ■ Time-vesting PSU 25%



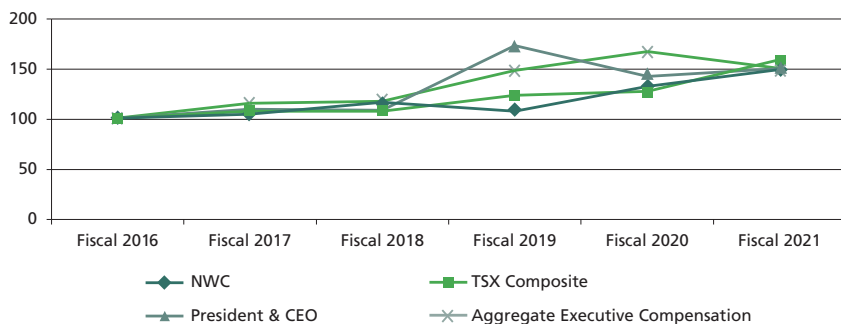
A significant portion of the long-term incentive is also “at risk”. 75% of the LTIP award is performance share units (“**PSUs**”) that vest at the end of each three-year cycle. The payment of PSUs is based equally on total shareholder return relative to its comparator peer group, financial performance versus target, and time-based. 25% of the LTIP award is share options which reward share price growth. Overall, the LTIP is specifically designed to reinforce North West’s performance goal of delivering superior total shareholder returns, consisting of higher than average sustainable dividends and earnings growth. See “ELEMENTS OF 2021 EXECUTIVE COMPENSATION — Performance Share Units and SHARE OPTION PLAN” found on pages 61-62 and 63-64 of this Circular for more details.

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## SHAREHOLDER RETURN AND EXECUTIVE COMPENSATION

Below is a comparison of the cumulative total return between North West and the TSX Composite Index for the fiscal years ended January 31, 2017 (“**Fiscal 2016**”) to January 31, 2022 (“**Fiscal 2021**”). This comparison assumes \$100 was invested on January 31, 2017 and all dividends were reinvested. The table and graph below also shows the trend in total compensation of the President and Chief Executive Officer for Fiscal 2016 to Fiscal 2021 and the total compensation of all of North West’s NEOs (“**Aggregate Executive Compensation**”) for the same period, and compares this compensation to North West’s return to Shareholders over this same period, as well as returns under the TSX Composite Index.

Total compensation for the purposes of this comparison includes base salary, STIP and LTIP (“**Total Compensation**”). To provide a consistent basis of comparison, the figures include the Total Compensation for only the top five named executive officers. The methodology used by North West has been adopted solely for the purposes of the comparison described below. It is not a recognized or prescribed methodology, and may not be comparable to methodologies used by other issuers for this purpose.



|   | Fiscal 2016 | Fiscal 2017 | Fiscal 2018 | Fiscal 2019 | Fiscal 2020 | Fiscal 2021 | 1 Year Annual Return (2020-2021) | 5 Year Compounded Annual Return |
|---|-------------|-------------|-------------|-------------|-------------|-------------|----------------------------------|---------------------------------|
| NWC   | 100         | 104         | 116         | 107         | 132         | 149         | 12.9%                            | 8.3%                            |
| TSX Composite                               | 100         | 107         | 107         | 123         | 127         | 159         | 25.0%                            | 9.8%                            |
| President & CEO Compensation <sup>(1)</sup> | 100         | 109         | 108         | 173         | 142         | 150         |                                  |                                 |
| Aggregate Executive Compensation            | 100         | 115         | 117         | 148         | 167         | 150         |                                  |                                 |

### Notes

- (1) President and CEO Total Compensation in 2021 includes Total Compensation for Mr. Kennedy up to his retirement on August 1, 2021 and Mr. McConnell’s Total Compensation as President and CEO from August 1, 2021 to January 31, 2022.

As shown in the graph and table above, over the past five-year period, North West Shares produced a compound annual return of 8.3%, compared to the TSX Composite Index return of 9.8%. The President and CEO's compensation and the Aggregate Executive Compensation have generally trended in line with the performance of the Company's Shares over the past five years however the correlation of Total Compensation to the Company's Share price can be impacted in the short-to-medium term by factors such as annual incentive plan payments and LTIP grants. The value of LTIP grants are calculated at the time of the grant using grant date fair values which do not reflect the actual value of compensation received when the LTIP vests or are exercised. In the longer-term, NEO compensation is directly impacted by North West's Share price performance through share options and PSU awards which aligns a significant portion of NEO compensation with shareholder returns. The increase in Total Compensation for the President and CEO in 2019 is substantially due to a special LTIP PSU grant pursuant to the extension of Mr. Kennedy's employment agreement. This special PSU grant combined with the translation of Mr. McConnell, President, International Retail, Total Compensation from U.S. to Canadian dollars as a result of his relocation to the Company's International Operations support office in Boca Raton, Florida were the primary factors contributing to the increase in Aggregate Executive Compensation in 2019. In 2021, Aggregate Executive Compensation decreased \$1.0 million or 10.0% to \$8.7 million compared to \$9.7 million in 2020 and as a percentage of EBIT was 4.0% in 2021 compared to 4.6% in 2020. This decrease was substantially due to lower annual incentive plan awards compared to last year as Earnings Before Interest and Income Taxes ("**EBIT**") increased \$11.1 million or 5.3% in 2021 compared to a \$79.0 million or 60.6% increase in 2020. Further information on the components included in total compensation for the President and CEO and the aggregate executive compensation are provided in the 2021 PERFORMANCE AND COMPENSATION — SUMMARY COMPENSATION TABLE on page 68 of this Circular.

North West believes that its executive compensation program supports a strong relationship between compensation earned by a NEO and the returns received by the Shareholder. It is structured to reduce the fixed cost component of compensation by paying market median salaries, while enhancing potential overall compensation through incentive based plans tied to corporate performance. For stock options and PSUs, there is a direct correlation between our Share price performance and the actual compensation realized by North West executives.

## **DESIGN OF COMPENSATION PROGRAM AND ROLE OF COMPENSATION CONSULTANTS**

The objective of North West's compensation program is to align the performance drivers of the business with those factors that should enhance total returns to Shareholders. This is intended to be accomplished by the direct relationship between the various drivers of North West's performance and performance based pay, the significant weightings of share-based incentives in the executive compensation mix, and the methodology used to determine PSU awards.

North West conducts an in-depth market review regularly to ensure base pay, incentives and total compensation is competitive and aligned with its performance

goals. Meridian Compensation Partners Inc. (“**Meridian**”) was engaged by the Compensation Committee in 2021 to provide independent advice and to assist the Committee in its in-depth review, to provide recommendations with respect to the competitiveness and design of North West’s executive compensation and generally to be available to provide advice to the Compensation Committee.

The analysis and advice requested from Meridian included executive compensation philosophy, market competitiveness of compensation, pay-for-performance analysis, incentive plan review, and performance calibration. During its review, Meridian evaluated North West’s executive compensation levels relative to market for each of the following elements: a) base salary; b) annual incentives; c) total cash compensation (the sum of base salary and annual incentives); d) grant date value of long-term incentives; and e) total direct compensation (the sum of total cash compensation and the grant date value of long-term incentives).

The companies comprising the core comparator peer group used by the Compensation Committee in benchmarking compensation for North West executives are listed in the table below. The companies were selected by the Compensation Committee based on industry similarity and relative-size of the company and includes companies in Canada and the U.S. which is reflective of North West’s operations.

#### Canadian Companies

|                                    |                                     |
|------------------------------------|-------------------------------------|
| Alcanna Inc.                       | Intertape Polymer Group Inc.        |
| Aritzia Inc.                       | Maple Leaf Foods Inc.               |
| Boyd Group Services Inc.           | NFI Group Inc.                      |
| Dollarama Inc.                     | Premium Brands Holdings Corporation |
| Indigo Books & Music Inc.          | Recipe Unlimited Corporation        |
| Sleep Country Canada Holdings Inc. | Rogers Sugar Inc.                   |
| High Liner Foods Incorporated      |                                     |

#### U.S. Companies

|                                      |                                     |
|--------------------------------------|-------------------------------------|
| Grocery Outlet Holding Corp.         | Sportsman’s Warehouse Holdings Inc. |
| Hibbett Sports Inc.                  | Sprouts Farmers Market Inc.         |
| John B. Sanfilippo & Son Inc.        | The Chef’s Warehouse Inc.           |
| Ollie’s Bargain Outlet Holdings Inc. | Weis Markets Inc.                   |
| PriceSmart Inc.                      |                                     |

North West relative size compared to the comparator group is summarized in the following table:

|   | Revenue | Total Assets | Enterprise Value | Market Capitalization |
|---|---------|--------------|------------------|-----------------------|
| North West’s percentile ranking versus the comparator group | 61%     | 40%          | 46%              | 52%                   |

In benchmarking the total compensation for each executive compared to the peer group, factors such as individual performance, relevant experience, scope of the role, internal equity and retention risk were considered. Upon consideration of these factors, the Compensation Committee approved an increase in the base salary for executives as noted in the ELEMENTS OF 2021 EXECUTIVE COMPENSATION — ANNUAL BASE SALARY on page 58 of this Circular.

In 2021, the compensation benchmarking also included a review of pension benefits. As a result of this review, North West’s Staff Pension Plan has been amended to include executives and the Executive Pension Plan was closed to new members effective January 1, 2022. Further information on Pension Plans is provided in ELEMENTS OF 2021 EXECUTIVE COMPENSATION — OTHER ELEMENTS OF 2021 COMPENSATION on page 64 of this Circular. There were no other changes to compensation practices as a result of the benchmarking in 2021 and the Board does not anticipate making any significant changes to compensation practices in North West’s 2022 fiscal year.

North West has not engaged Meridian to provide any services other than executive compensation advisory services to the Compensation Committee in 2017 through 2021. The pre-approval of the Compensation Committee is required prior to engaging Meridian to provide any other services to North West. The following presents the aggregate fees billed for executive compensation services by external independent consultants to the Compensation Committee for its fiscal years ended January 31, 2022 (“2021”) and January 31, 2021 (“2020”).

| <b>Advisor</b> | <b>Fiscal Year</b> | <b>Fees (\$ in Thousands)</b> |
|----------------|--------------------|-------------------------------|
| Meridian       | 2021               | 132                           |
| Meridian       | 2020               | 122                           |

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## ELEMENTS OF 2021 EXECUTIVE COMPENSATION

The key elements included in determining the total compensation of executives during 2021 were (i) annual base salary; (ii) short-term incentive awards; and (iii) long-term incentive awards (performance share units and options). Other elements of executive compensation include group benefits, pension benefits and perquisites.

The following charts illustrate each NEO's 2021 target total compensation mix as a percentage for each element. This mix reflects the proportionate amount of influence and focus each level has on decision making and business results within the respective planning horizon, while reinforcing the pay-for-performance link and alignment with Shareholder interests.

**President and CEO**



■ Base Salary 26%      ■ STIP 21%  
 ■ Performance Share Units 40%      ■ Options 13%

**All Other NEOs**



■ Base Salary 42%      ■ STIP 25%  
 ■ Performance Share Units 25%      ■ Options 8%

The following charts show the compensation mix described above as a percentage of base salary.

**President and CEO**



■ STIP Target 80%      ■ Performance Share Units 150%  
 ■ Options 50%

**All Other NEOs**



■ STIP Target 60%      ■ Performance Share Units 60%  
 ■ Options 20%

## ANNUAL BASE SALARY

Base salary reflects the scope and complexity of the role and is used to provide a level of income certainty and for attraction and retention. Annual increases to base salary are generally within the range applied to all employees of North West. Additional increases beyond this percentage may be made to reflect additional responsibilities, or to bring an executive's base salary within a competitive range of the median of the comparator market compensation data.

Consistent with North West's approach to salary increases described above, the following base salaries were approved by the Board in 2021 and became effective in May 2021.

| NEO   | 2021<br>Base Salary<br>(\$) | 2020<br>Base Salary<br>(\$) | Base Salary<br>Increase<br>(%) |
|---|-----------------------------|-----------------------------|--------------------------------|
| Dan McConnell, President and Chief Executive Officer <sup>(1)</sup>         | 700,000                     | 658,788                     | 6.3                            |
| John King, Executive Vice President and Chief Financial Officer             | 461,500                     | 450,250                     | 2.5                            |
| Jim Caldwell, President, Canadian Retail <sup>(2)</sup>                     | 400,000                     | –                           | –                              |
| Kyle Hill, President, Alaska Commercial Company <sup>(3)</sup>              | 407,095                     | 393,130                     | 3.6                            |
| J. Kevin Proctor, President, Cost-U-Less and Riteway Foods <sup>(4)</sup>   | 407,095                     | –                           | –                              |
| Edward Kennedy, Former President and Chief Executive Officer <sup>(5)</sup> | 890,600                     | 868,900                     | 2.5                            |

### Notes

- (1) Mr. McConnell was appointed President and Chief Executive Officer on August 1, 2021 at an annual salary of \$700,000 which reflects the results of the compensation benchmarking. Further information on compensation benchmarking is provided under DESIGN OF COMPENSATION PROGRAM AND ROLE OF COMPENSATION CONSULTANTS on page 54. Prior to August 1, 2021, Mr. McConnell was President, International Retail with an annual salary of CAD\$631,686 (US\$504,300). Mr. McConnell's salary was translated to Canadian dollars using an average rate of 1.2526 in 2021 and 1.3390 in 2020.
- (2) Mr. Caldwell was appointed President, Canadian Retail on September 20, 2021.
- (3) Mr. Hill was appointed President, Alaska Commercial Company on August 15, 2021 with an annual salary of US\$325,000. In 2020, Mr. Hill was Vice President, Procurement and Marketing, Alaska Commercial Company with an annual salary of US\$293,600. Mr. Hill's salary was translated to Canadian dollars using an average rate of 1.2526 in 2021 and 1.3390 in 2020.
- (4) Mr. Proctor was appointed President, Cost-U-Less and Riteway Foods on May 17, 2021

with an annual salary of US\$325,000. Mr. Proctor's salary was translated to Canadian dollars using an average rate of 1.2526 in 2021.

- (5) Mr. Kennedy retired as President and Chief Executive Officer effective August 1, 2021. Following Mr. Kennedy's retirement he was a consultant to the Company until January 31, 2022.

## SHORT TERM INCENTIVE PLAN ("STIP")

The STIP consists of an annual cash payment, and is made to recognize achievement against operational and strategic performance initiatives and targets set by the Board on an annual basis. The Compensation Committee receives quarterly reports on the performance of the STIP metrics, including performance against targets. The value of the STIP is based on a percentage of the executive's base salary. The STIP target awards each NEO is eligible to receive as a percentage of base salary is summarized in the following table:

| NEO             | STIP Design<br>(STIP Target as a % of Base Salary) |
|-----------------|--|
| President & CEO | 80%  |
| All other NEOs  | 60%  |

The payout curve for STIP performance relative to target STIP earnings for the NEOs is as follows:

| NEO                     | Less than<br>90% of<br>Target STIP<br>Performance <sup>(2)</sup> | 90% of<br>Target STIP<br>Performance<br>(Threshold) | Target STIP<br>Performance | 110% of<br>Target STIP<br>Performance<br>(Maximum) |
|-------------------------|--|---|----------------------------|--|
| All NEOs <sup>(1)</sup> | 0%   | 50%   | 100%                       | 200%   |

### Notes

- (1) Linear curve between threshold and target performance and target and maximum performance, starting at 50% when STIP performance achieves 90% of target.
- (2) If the corporate performance achieved is less than 80% of target for the year, the Board retains the discretion to not pay any award, even if business unit and individual performance targets were achieved by the executive for that year.

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The STIP weightings for each NEO for 2021 are broken down between the following measures:

| NEO   | Consolidated<br>STIP<br>Earnings <sup>(1)</sup> | Business Unit/<br>Performance <sup>(2)</sup> | Individual<br>Performance <sup>(3)</sup> | Total |
|---|---|--|--|-------|
| Dan McConnell, President and Chief Executive Officer            | 75%   | –  | 25%                                      | 100%  |
| President, International Retail                                 | 10%   | 65%  | 25%                                      | 100%  |
| John King, Executive Vice President and Chief Financial Officer | 60%   | 15%  | 25%                                      | 100%  |
| Jim Caldwell, President, Canadian Retail                        | 10%   | 65%  | 25%                                      | 100%  |
| Kyle Hill, President, Alaska Commercial Company                 | 10%   | 65%  | 25%                                      | 100%  |
| J. Kevin Proctor, President, Cost-U-Less and Riteway Foods      | 10%   | 65%  | 25%                                      | 100%  |
| Edward Kennedy, Former President and Chief Executive Officer    | 75%   | –  | 25%                                      | 100%  |

Notes

- (1) Corporate Performance: Earnings, before interest and income tax (“**EBIT**”) adjusted for cost of capital and other normalizing factors. If the maximum STIP weightings for Business Unit Performance or Individual Performance are not applied to any NEO in any given year, the unallocated balance must be applied to Consolidated STIP Earnings.
- (2) Business Unit Performance: earnings-based performance measures including EBIT adjusted for cost of capital and other normalizing factors of the business unit.
- (3) Individual Performance: initiatives and performance measures unique to function and aligned with corporate or business unit objectives.

Refer to the “2021 PERFORMANCE AND COMPENSATION — 2021 STIP Awards” on page 70 of this Circular for actual STIP awards earned by each NEO for 2021 performance.

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## LONG TERM INCENTIVE PLAN ("LTIP")

The LTIP is designed to motivate and reward executives to deliver total returns based on growth in share price and dividends, and to recognize both consistent achievement against operational and strategic targets and North West's total returns compared to other public Canadian and U.S. retailers.

The following describes the LTIP awards each NEO is entitled to receive, expressed as a percentage of base salary:

| NEO/Position  | LTIP<br>(as a % of<br>Base Salary) |
|---|------------------------------------|
| Dan McConnell, President and Chief Executive Officer            | 200%                               |
| John King, Executive Vice President and Chief Financial Officer | 80%                                |
| Jim Caldwell, President, Canadian Retail                        | 80%                                |
| Kyle Hill, President, Alaska Commercial Company                 | 80%                                |
| J. Kevin Proctor, President, Cost-U-Less and Riteway Foods      | 80%                                |
| Edward Kennedy, Former President and Chief Executive Officer    | 200%                               |

## Performance Share Units ("PSUs")

The payment of PSUs at the end of each three-year vesting cycle is based on three criteria as follows:

1. Operating:  $\frac{1}{3}$  of each PSU grant is based on a three-year actual earnings performance relative to target earnings;
2. Relative TSR:  $\frac{1}{3}$  of each PSU grant is based on total shareholder return ("TSR") relative to a defined peer group for the three-year period; and
3. Time-vesting:  $\frac{1}{3}$  of each PSU grant is time based. All awards fully vest at the end of the third year of the performance cycle.

For the portion of all PSUs linked to operating performance, a three-year earnings measure based on consolidated earnings and/or Strategic Business Unit earnings relative to target is used to determine the vesting factor.

The actual PSU operating portion of the award is interpolated as follows for each NEO:

| 0% of Target PSU below Threshold                 | 50% of Target PSU at Threshold <sup>(1)</sup> | 100% of Target PSU at Target Performance <sup>(1)</sup> | 200% of Target PSU at Maximum Performance <sup>(1)</sup> |
|--|---|---|--|
| Less than 85% of three-year Earnings Performance | 85% of three-year Earnings Performance        | 100% of three-year Earnings Performance                 | 105% of three-year Earnings Performance                  |

Note

- (1) PSU payout is interpolated between threshold and target performance, and between target and maximum performance.

The following TSR comparator group, which includes 14 retail industry peers based on correlation and business similarity and ten “high yield” peers, was used to determine the relative portion of each PSU grant (collectively, the “**TSR Comparator Group**”) for the PSUs granted in 2019-2021.

| Retail Peers                  |                       | High Yield Peers               |
|-------------------------------|-----------------------|--------------------------------|
| A&W Revenue Royalties         | Dollarama Inc.        | Apollo Commercial Real Estate  |
| Alcanna Inc.                  | Empire Company        | BCE Inc.                       |
| Alimentation Couche-Tard Inc. | Hudson’s Bay Company  | Emera Incorporated             |
| Boston Pizza Royalties        | Loblaw Companies Ltd. | Superior Plus Corp.            |
| Canadian Tire Corporation     | Metro Inc.            | First Capital Realty Inc.      |
| Cineplex Inc.                 | Pizza Royalty Corp.   | Fortis Inc.                    |
| Costco Wholesale Corp.        | Wal-Mart Stores Inc.  | Innergex Renewable Energy Inc. |
|                               |                       | Just Energy Group Inc.         |
|                               |                       | Sienna Senior Living Inc.      |
|                               |                       | Thompson Reuters Corporation   |

The actual PSU relative TSR portion of the award is interpolated as follows for NEOs.

| 0% of Target PSU below Threshold   | 50% of Target PSU at Threshold   | 100% of Target PSU at Target Performance                                       | 200% of Target PSU at Maximum Performance                                      |
|--|--|--|--|
| Less than 25th percentile of TSR Group based on three-year annualized TSR <sup>(1)</sup> | 25th percentile of TSR Group based on three-year annualized TSR <sup>(1)</sup> | 50th percentile of TSR Group based on three-year annualized TSR <sup>(1)</sup> | 75th percentile of TSR Group based on three-year annualized TSR <sup>(1)</sup> |

Notes

(1) Payout starts after North West’s historical three-year performance reaches the 25th percentile of the TSR Group, and increases on a linear basis to a maximum of 200% when North West’s historical three-year performance reaches the 75th percentile of the TSR Group.

The Compensation Committee retains the discretion to add entities to the TSR Comparator Group to replace any entities that are delisted as a publicly traded issuer, or are for other reasons no longer an appropriate entity to be included in the TSR Comparator Group.

The vesting period for PSUs is three years, and dividend equivalents accumulate over the three-year period. Dividend equivalents vest at the time the PSUs vest and to the same extent as the performance criteria for the PSUs are achieved.

Refer to “2021 PERFORMANCE AND COMPENSATION — SUMMARY COMPENSATION TABLE” starting on page 68 of this Circular for information on actual PSU awards granted to each NEO in 2021 and for amounts paid out under existing PSU grants in 2021.

## SHARE OPTION PLAN

The delivery of top-quartile total returns through an equal emphasis on growth and dividend yield is a key long-term objective of North West. In June 2011, the Shareholders approved an Amended and Restated Option Plan to include a partially declining strike price option for Canadian executives with a seven-year term as well as Standard Options. This feature was added to recognize that a significant portion of North West's long-term total return to Shareholders will continue to depend on its dividend performance in addition to growth, and that this element should accordingly be part of the long-term incentive award to North West executives. Apart from this feature, the purpose of this Amended and Restated Option Plan is similar to that of the Original Option Plan, namely:

- fostering greater alignment of interests between participating executives of North West and Shareholders, by providing a long-term incentive vehicle that allows them to accumulate a meaningful financial interest in North West, commensurate with the responsibility, time horizon of the role, commitment and risk associated with their role; and
- assisting North West in attracting, retaining, and motivating qualified individuals with the experience and ability to deliver strong results and support their business strategy.

Under this plan, a plan participant who is not subject to income taxes in the United States is entitled to elect at the time of exercise of the option, either: a) an option with an exercise price set on the grant date (the "**Standard Option**"); or b) an option to acquire the same number of Shares that may be acquired pursuant, and on the identical terms and conditions, to the corresponding Standard Option, except the exercise price for this option will be calculated by deducting from the exercise price applicable to the corresponding Standard Option, the portion of the dividends paid that exceed the hurdle rate set by the Board on an annual basis at the time of the grant (the "**Partially Declining Exercise Price Option**"). Under the current *Income Tax Act (Canada)* ("**ITA**"), the plan participant will pay tax on one-half of the "in the money amount" at the time of exercise if he or she elects the Standard Option, and will pay tax on the full "in the money amount" at the time of exercise if he or she elects the Partially Declining Exercise Price Option. Employees that are subject to income taxes in the United States are only entitled to receive Standard Options.

The exercise price for all options granted under the Partially Declining Exercise Price Option is calculated by deducting from the exercise price applicable to the Standard Option, the portion of all quarterly dividends paid, on a per Share basis, that exceed a dividend yield of 2% for North West.

The compensation review completed by Meridian in 2017 identified the declining strike price option as an uncommon LTIP vehicle based on both peers and the broader market. Beginning with the 2018 grant, the weighting to stock options was reduced to 25% and all option grants are Standard Options with no option to elect a declining strike price option at time of exercise. The options are time-vested awards that vest one quarter per year at the end of years one, two, three and four, with expiry of

options at the end of year seven. The purpose of this plan is to promote long-term shareholder value creation by fostering greater alignment of interests between the executives and Shareholders of North West.

Refer to “2021 PERFORMANCE AND COMPENSATION — SUMMARY COMPENSATION TABLE — OUTSTANDING EQUITY BASED AWARDS” starting on page 78 of this Circular for information on actual LTIP awards granted to each NEO in 2021.

## **OTHER ELEMENTS OF 2021 COMPENSATION**

### **Benefits**

Executives are eligible to receive benefits which include medical and dental insurance, life insurance, accidental death insurance, short-term disability insurance and employee paid long-term disability insurance. In addition, executives are eligible for an annual executive wellness assessment designed for health awareness and preventive care. In lieu of executive perquisites such as company cars, memberships, financial counselling and tax preparation, senior executives of North West receive a benefit payable in cash equal to 10% of base salary.

### **Pension Plans**

Eligible executives in Canada participate in a non-contributory Defined Benefit Pension Plan (“**Executive Pension Plan**”), subject to ITA limits, where the normal retirement age is set at age 65. The annual benefit payable upon retirement is based on a range of 1.4% to 1.7% per year of service as an executive, of the final average earnings (base salary and STIP) prior to retirement (based on highest three consecutive years of annual earnings in the ten-year period preceding retirement). Upon death, reduced payments continue to the spouse, if applicable. Executives may elect to contribute to the plan to provide for ancillary benefits. For retirement prior to 65 years of age, the total benefit payable is reduced by 3% per year prior to age 65. Alternatively, for retirement prior to age 65, the Board has the discretion to reduce the total benefit payable by 3% per year prior to age 60 if the member is at least age 55 and has ten years of service as a specified executive of North West at the time of retirement. Benefits in excess of ITA limits for service in the Executive Pension Plan are provided by a separate non-registered pension plan called the “**Excess Plan**”.

Some NEOs may also have accumulated a pension obligation for service as a non-executive in the defined benefit provision of North West’s registered Staff Pension Plan, which is subject to ITA limits. A non-contributory Staff Pension Plan defined benefit member receives a benefit of 0.7% of average pensionable earnings up to the average Yearly Maximum Pension Earnings (“**YMPE**”) plus 1.05% of their average earnings in excess of the average YMPE.

Effective January 1, 2022, the Executive Pension Plan was closed to new members. New Canadian-based executives will participate in the defined contribution provision of the registered Staff Pension Plan for eligible Canadian employees. The defined contribution provision of the Staff Pension Plan is a non-contributory pension plan whereby North West makes contributions based on a percentage of pensionable

earnings. Pensionable earnings is comprised of base salary and STIP. The contribution percentage is determined using a points system based on the member's age and years of membership in the pension plan as set out in the following table:

| <b>Age + Years of Pension Plan Membership</b> | <b>Contribution<br/>(as a % of<br/>Pensionable Earnings)</b> |
|---|--|
| Less than 50 points                           | 2.0%   |
| 50 – 54 points                                | 5.0%   |
| 55 – 59 points                                | 6.0%   |
| 60 or greater                                 | 7.5%   |

Contributions in excess of ITA limits for service in the defined contribution provision of the Staff Pension Plan are provided by a separate non-registered unfunded pension plan called the ("**Supplemental Employee Retirement Plan**" or "**SERP**").

Executives in North West's International division have the option to participate in North West's International 401(k) Plan, a defined contribution plan qualified under sections 401(a) and 401(k) of the Internal Revenue Code. Eligible employees may elect to contribute a portion of their salary to the plan, and North West provides 100% matching contributions on the employee's first 3% of contributions and 50% matching on the next 2% of contributions where North West's maximum match is 4%.

See "2021 PERFORMANCE AND COMPENSATION — SUMMARY COMPENSATION TABLE — Pension Benefits" on page 76 of this Circular for additional information regarding the value of these pension benefits.

### **Employee Share Ownership Plan**

Executives are entitled to participate in North West's Employee Share Ownership Plan ("**EOP Plan**"). Under the EOP Plan, North West contributes \$1 for every \$3 contributed by the employee for the purchase of North West Shares, subject to a maximum contribution by North West equal to 2% of the employee's base salary. North West pays all normal administrative costs, including broker's commissions on Share purchases.

### **Executive Deferred Share Unit Plan**

In December 2014, the Board approved an Executive Deferred Share Unit Plan (the "**Executive DSU Plan**"), under which all executives are eligible to convert their annual STIP award into DSUs. The Executive DSU Plan is designed to directly align executive's interests with the long-term interests of Shareholders by encouraging financial commitment to North West through DSUs.

Elections to participate in the Executive DSU Plan must be made by an executive prior to December 31 of the calendar year immediately prior to the performance year to which the annual STIP award relates. For example, an election by an executive officer

to defer a portion of their approved STIP award for the 2022 fiscal year of North West, must have been made prior to December 31, 2021. Such elections, once made, are irrevocable. An account (a “**DSU Account**”), is maintained by North West for each executive participating in the Executive DSU Plan, and will be credited with the executive’s award of DSUs from time to time as well as the date and price at which DSUs were granted. Except with the prior approval of the Board, the maximum number of DSUs which are permitted to be credited to an executive’s DSU Account (prior to any adjustments for dividends), shall not exceed:

- (a) for an executive, whose minimum share ownership requirements are one times his or her base salary, 50% of the executive’s base salary in value based on the fair market value of the Shares underlying the DSUs at the original award date; and
- (b) for an executive, whose minimum share ownership requirements are two or more times his or her base salary, 100% of the executive’s base salary in value based on the fair market value of the Shares underlying the DSUs at the original award date.

Participants are credited with DSUs at the time the annual STIP award is paid. The number of DSUs underlying an award is calculated on the date of grant by dividing the portion of the STIP award that is payable to the participant in DSUs by the fair market value of the Shares on the date that the award is granted. Fair market value is determined by calculating the weighted average trading price of the Shares on the TSX for the five trading days on which the Shares traded immediately preceding such date.

DSUs credited to an executive vest immediately and are payable in cash only following the cessation of employment with North West. DSUs attract dividend equivalents as dividends are declared and approved by the Board to be payable on Shares. DSU holdings of North West executive officers are included in their respective equity ownership levels for purposes of share ownership requirements discussed in this Circular.

There were no DSUs granted in 2021. See “PART IV — COMPENSATION DISCUSSION AND ANALYSIS — SHARE OWNERSHIP GUIDELINES” on page 80 of this Circular for more details.

## **RISK MANAGEMENT**

Through the combination of short and long-term incentives, North West’s executive compensation program provides for a significant portion of each executive’s compensation to be “at risk”. Consequently, it is important that these incentives do not provide an incentive to North West’s executives to achieve financial, operational or strategic objectives by taking excessive or unexpected risks. North West believes that its compensation policies and practices provide balanced incentives that are aligned with our business strategy and longer term shareholder value creation.

As required by its mandate, the Compensation Committee regularly reviews and ensures its executive compensation plan through its design, structure and

application, has a clear link between pay and performance and does not encourage excessive risk taking. Key areas of risk management include the following measures:

- the compensation program is designed to compensate all executives based on the same or substantially equivalent performance goals and is consistent with North West's compensation philosophy;
- there is a balance between short-term performance incentives and equity based awards that vest over time;
- the short-term and long-term incentive plan's performance goals have minimum thresholds and maximum caps. Actual results are measured against pre-approved metrics that are defined at the beginning of the fiscal year, and are substantially linked to North West's financial performance;
- North West's Share ownership guidelines require executives to own, directly or indirectly, Shares valued at a pre-defined percentage of their base salary; and
- equity is awarded annually with overlapping vesting periods which ensures that executives are exposed to long-term consequences of their decisions through unvested equity awards.

### **EXECUTIVE COMPENSATION CLAWBACK POLICY**

The Board adopted an executive compensation clawback policy applicable to awards made after March 14, 2013 under North West's STIP and LTIP plans. The clawback provision is triggered at the discretion of the Compensation Committee upon (i) any misstatement in, or restatement of, North West's financial statements, or (ii) any act of mistake, negligence, gross negligence, fraud or intentional misconduct by an executive or former executive, whereby the incentive compensation actually paid or awarded would have been a lower had the financial results been correctly reported.

### **HEDGING AND SPECULATIVE TRADING PROHIBITION**

North West's share trading restrictions prohibit North West's employees, officers and Directors from purchasing or selling North West Shares for short-term speculative purposes, from engaging in short selling of or trading in options in securities of North West. Employees, officers and Directors are also prohibited from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by employees.

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## 2021 PERFORMANCE AND COMPENSATION

### SUMMARY COMPENSATION TABLE

The following table summarizes the base salary, incentive-based awards, and other compensation awarded to the NEOs for the fiscal year ended January 31, 2022.

| Name/Principal Position   | Year | Salary (\$) <sup>(1)</sup> | Share Based Awards (\$) <sup>(2)</sup> | Option Awards (\$) <sup>(3)</sup> | Annual (Non-Equity) Incentive Plans (\$) <sup>(4)</sup> | Pension Value (\$) <sup>(5)</sup> | All Other Compensation (\$) <sup>(6)</sup> | Total Annual Compensation (\$) |
|---|------|----------------------------|--|-----------------------------------|---|-----------------------------------|--|--------------------------------|
| <b>Dan McConnell</b> <sup>(7)</sup><br>President and CEO                            | 2021 | 672,530                    | 752,718                                | 250,906                           | 872,497   | 1,879,400                         | 625,985                                    | 5,054,036                      |
|   | 2020 | 654,462                    | 395,273                                | 131,758                           | 739,753   | 280,200                           | 495,670                                    | 2,697,116                      |
|   | 2019 | 537,383                    | 293,648                                | 97,883                            | 195,362   | 307,400                           | 438,806                                    | 1,870,482                      |
| <b>John King</b><br>Executive Vice President and Chief Financial Officer            | 2021 | 458,471                    | 276,900                                | 92,300                            | 506,930   | 204,600                           | 52,053                                     | 1,591,254                      |
|   | 2020 | 439,413                    | 276,150                                | 84,050                            | 536,788   | 439,400                           | 45,100                                     | 1,820,901                      |
|   | 2019 | 407,692                    | 246,000                                | 82,000                            | 233,843   | 158,600                           | 44,753                                     | 1,172,888                      |
| <b>Jim Caldwell</b> <sup>(8)</sup><br>President, Canadian Retail                    | 2021 | 138,462                    | 87,396                                 | 29,132                            | –   | 1,842                             | 314,853                                    | 571,685                        |
|   | 2020 | –                          | –                                      | –                                 | –   | –                                 | –  | –                              |
|   | 2019 | –                          | –                                      | –                                 | –   | –                                 | –  | –                              |
| <b>Kyle Hill</b> <sup>(9)</sup><br>President, Alaska Commercial Company             | 2021 | 387,256                    | 234,567                                | 78,189                            | 403,476   | 179,400                           | 7,869                                      | 1,290,757                      |
|   | 2020 | 364,112                    | 235,878                                | 78,626                            | 471,756   | 210,900                           | 99,535                                     | 1,460,807                      |
|   | 2019 | 255,485                    | 123,711                                | 41,237                            | 102,346   | 90,900                            | 13,045                                     | 626,724                        |
| <b>J. Kevin Proctor</b> <sup>(10)</sup><br>President, Cost-U-Less and Riteway Foods | 2021 | 274,006                    | 173,208                                | 57,736                            | 292,523   | –                                 | 121,926                                    | 919,399                        |
|   | 2020 | –                          | –                                      | –                                 | –   | –                                 | –  | –                              |
|   | 2019 | –                          | –                                      | –                                 | –   | –                                 | –  | –                              |
| <b>Edward Kennedy</b> <sup>(11)</sup><br>Former President and CEO                   | 2021 | 542,219                    | 1,335,900                              | 445,300                           | 582,305   | 1,215,000                         | 48,350                                     | 4,169,074                      |
|   | 2020 | 863,192                    | 1,303,350                              | 434,450                           | 1,273,080   | 311,000                           | 90,455                                     | 4,275,527                      |
|   | 2019 | 842,923                    | 3,039,750                              | 423,850                           | 391,959   | 281,000                           | 92,529                                     | 5,072,011                      |

#### Notes

- (1) Additional information on base salary is provided in ELEMENTS OF 2021 EXECUTIVE COMPENSATION — ANNUAL BASE SALARY on page 58 of this Circular.
- (2) Represents the grant value of the PSUs when granted. The grant value of a PSU award assumes vesting at 100% of Target. The grant value is the fair value of the PSU award for the fiscal year under North West's PSU plan multiplied by the number of Shares granted. The fair market value at the grant date was calculated by using the volume weighted average closing market price for the five days prior to February 1 of the grant year. The total PSUs granted in 2019, 2020 and 2021 to each NEO are summarized below. The PSUs granted in 2019 vested on January 31, 2022. In 2019, Mr. Kennedy received special grant of 60,000 PSUs with a grant date value of \$1,768,200 pursuant to the terms of his employment contract. This special grant includes 30,000 time-based PSUs (the "Special RSUs") of which one-third vests on each of July 1, 2020, July 1, 2021 and July 1, 2022 (each an "Earned Date"). The special grant also

includes 30,000 performance-based PSUs (the “**Special PSUs**”) of which one-third vests on the same dates as the time-based PSUs subject to meeting certain performance targets established by the Board of Directors. See “EMPLOYMENT AGREEMENTS/OFFERS OF EMPLOYMENT” on page 86 of this Circular for details.

| NEO              | 2019 PSU Grant | 2020 PSU Grant | 2021 PSU Grant |
|------------------|----------------|----------------|----------------|
| Dan McConnell    | 9,260          | 10,665         | 20,058         |
| John King        | 7,910          | 9,977          | 8,491          |
| Jim Caldwell     | –              | –              | 2,521          |
| Kyle Hill        | 4,089          | 6,364          | 5,730          |
| J. Kevin Proctor | –              | –              | 4,240          |
| Edward Kennedy   | 100,886        | 47,086         | 40,966         |

- (3) These amounts reflect the grant value of the options when granted. The grant date fair value of stock options is calculated by Meridian using the Black-Scholes methodology. On advice from Meridian, North West has chosen to use the Black-Scholes model as the methodology for calculating the fair value of the options granted as this methodology is commonly used by issuers. The Black-Scholes fair value factor was multiplied by the volume weighted average closing price of the Shares on the TSX for the five trading days immediately preceding the grant date and divided by the target compensation for each NEO to calculate the number of options to grant to each eligible participant. See “OUTSTANDING EQUITY BASED AWARDS” on page 78 of this Circular for details.
- (4) Represents the dollar value of all amounts earned for services performed during the fiscal year that are related to awards under non-equity incentive plans and all earnings on any such outstanding awards. See annual STIP Awards on pages 59 and 60 of this Circular for details.
- (5) See table called “Pension Benefits” for details.
- (6) See table called “All Other Compensation” for details.
- (7) Mr. McConnell was appointed President and Chief Executive Officer on August 1, 2021. Prior to his appointment as President and Chief Executive Officer, Mr. McConnell was President, International Retail. Mr. McConnell’s compensation in 2021 is based on the time he spent in each role. Prior to August 1, 2021, Mr. McConnell was located in Boca Raton, Florida and his compensation was translated from U.S. dollars to Canadian dollars using an average rate of 1.2526 in 2021, 1.3390 in 2020 and 1.3246 in 2019. Mr. McConnell does not receive compensation in his capacity as a Director.
- (8) Mr. Caldwell joined North West in September 2021, in the role of President, Canadian Retail.
- (9) Mr. Hill was appointed President, Alaska Commercial Company in August 2021. Prior to this appointment, Mr. Hill was Vice President, Procurement and Marketing, Alaska Commercial Company. Mr. Hill’s compensation was translated from U.S. dollars to Canadian dollars using an average rate of 1.2526 in 2021 and 1.3390 in 2020. In 2019, Mr. Hill was in the role of Vice President, Strategy and Special Projects located in Canada.
- (10) Mr. Proctor joined North West in May 2021 in the role of President, Cost-U-Less and Riteway Foods. Mr. Proctor’s compensation was translated from U.S. dollars to Canadian dollars using an average rate of 1.2526 in 2021.
- (11) Mr. Kennedy retired as President and Chief Executive Officer effective August 1, 2021. Mr. Kennedy did not receive compensation in his capacity as a Director.

## STIP and LTIP Awards

The table below shows the STIP and LTIP awards by each NEO that were vested or earned during the fiscal year ended January 31, 2022.

| Name                          | Option-Based Awards/Value Vested During the Year (\$) <sup>(1)</sup> | Option-Based Awards/Value Exercised During the Year (\$) <sup>(2)</sup> | Share-Based Awards/Value Vested During the Year (\$) <sup>(3)</sup> | Non-Equity Incentive Plan Compensation/ Value Earned During the Year (\$) <sup>(4)</sup> |
|-------------------------------|--|---|---|--|
| Dan McConnell                 | 376,954  | –   | 440,956   | 872,497  |
| John King                     | 348,321  | –   | 371,942   | 506,930  |
| Jim Caldwell                  | –  | –   | –   | –  |
| Kyle Hill                     | 52,999   | –   | 171,702   | 403,476  |
| J. Kevin Proctor              | –  | –   | –   | 292,523  |
| Edward Kennedy <sup>(5)</sup> | 1,233,637  | 1,392,425   | 1,922,531   | 582,305  |

### Notes

- (1) The value of the option-based awards which vested during the fiscal year ended January 31, 2022 was calculated based on the fair value of the option as determined by the closing price of North West's Shares on the TSX at January 31, 2022 and the option strike price as follows:
  - (a) 2016 grant — \$10.46 per option based on the difference between the fair value of the option as at January 31, 2022 of \$35.05 and the declining strike price of \$24.59.
  - (b) 2017 grant — \$6.19 value per option based on the difference between the fair value of the option as at January 31, 2022 of \$35.05 and the declining strike price of \$28.86.
  - (c) 2018 grant — \$7.28 value per option based on the difference between the fair value of the option as at January 31, 2022 of \$35.05 and the strike price of \$27.77.
  - (d) 2019 grant — \$6.92 value per option based on the difference between the fair value of the option as at January 31, 2022 of \$35.05 and the strike price of \$28.13.
  - (e) 2020 grant — \$5.82 value per option based on the difference between the fair value of the option as at January 31, 2022 of \$35.05 and the strike price of \$29.23.
- (2) Represents the pre-tax amount received by each NEO from options exercised during the fiscal year ended January 31, 2022.
- (3) The value of the Share-based awards that vested during the year was calculated by multiplying the number of PSUs that vested by \$34.39, which is the fair market value of North West Shares at January 31, 2022. Fair market value was calculated by using the volume weighted average closing price of the Shares on the TSX for the five trading days immediately preceding the vesting date of February 1, 2022. The value also includes the equivalent of dividends earned up to January 31, 2022 on vested PSUs.
- (4) Please refer to "2021 PERFORMANCE AND COMPENSATION — 2021 STIP Awards" on page 72 of this Circular for information on the calculation of the STIP awards.
- (5) Mr. Kennedy retired as President and Chief Executive Officer effective August 1, 2021.

## **2021 STIP Awards**

The following summarizes North West's performance against the STIP targets set for each of the NEOs for the 2021 fiscal year. The weighting of each initiative varies by each NEO. See "2021 PERFORMANCE AND COMPENSATION — 2021 STIP Awards" on page 72 of this Circular for information on the calculation of the STIP awards.

North West does not provide further details about these measures as the STIP targets and objectives are aligned with North West's main priorities, and constitute targets and ongoing projects which are confidential and highly strategic, the disclosure of which could seriously jeopardize their completion. Please refer to the "Strategies" section in North West's 2021 Annual Report for more details on these initiatives, which can be found at [www.northwest.ca](http://www.northwest.ca) or at [www.sedar.com](http://www.sedar.com).

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| 2021 STIP Performance Measures  | Performance Against Target                          | Dan McConnell | John King | Kyle Hill | J. Kevin Proctor | Edward Kennedy |
|---|---|---------------|-----------|-----------|------------------|----------------|
| <b>Consolidated STIP Earnings:</b> 2021 Consolidated EBIT (adjusted for normalizing factors and cost of capital) versus Target  | 136.5% Exceeded Maximum threshold of 110% of Target | •             | •         | •         | •                | •              |
| <b>Business Unit Measures<sup>(1)</sup></b>   |   |               |           |           |                  |                |
| <b>Strategic Business Unit (SBU) STIP Earnings:</b> 2021 SBU EBIT (adjusted for normalizing factors and cost of capital) versus Target  |   | •             | •         | •         | •                |                |
| <b>COVID-19 Risks and Opportunities:</b> This measure applies to effectively managing the risks and opportunities related to COVID-19 including providing a safe environment for our customers and employees, maintaining business continuity, managing supply chain to ensure reliable service to our customers and capturing sales opportunities. |   | •             | •         | •         | •                | •              |
| <b>Talent Management:</b> This measure applies to leading talent and culture strategies including career development, succession planning and compensation programs.  |   | •             | •         |           |                  | •              |
| <b>Capital Structure:</b> This measure relates to optimizing the Company's capital structure to provide financial flexibility to support the execution of the Company's strategies and enhance shareholder value.   |   |               | •         |           |                  |                |
| <b>International SBU Strategy:</b> This measure applies to the development and execution of a long-term strategy aligned with the growth objectives and risk profile approved by the Board, including talent management and succession planning for senior management roles.  |   | •             |           | •         | •                | •              |
| <b>Environment, Social, Governance ("ESG"):</b> This measure relates to effectively implementing the Company's ESG policies and practices, including work on diversity, equity and inclusion policies, in alignment with the Company's sustainability roadmap.  |   | •             |           |           |                  | •              |
| <b>Project Enterprise:</b> This measure relates to the quality, quantity, timing and cost of implementing new Merchandise Management Systems including pricing, promotion, category management and vendor revenue management in International Operations.   |   |               |           | •         |                  |                |
| <b>Individual Measures<sup>(1)</sup></b>  |   |               |           |           |                  |                |
| <b>Other Initiatives:</b> These are individual measures for the corporation or SBU which support North West's strategy and key corporate initiatives.   |   | •             | •         | •         | •                | •              |

Note

- (1) A "•" indicates the inclusion of the NEO in the specific Business Unit Measure or Individual Measure and is not an indication of performance versus target for the specific measure. The range of performance on business unit and individual measures included measures which exceeded target performance, met target performance and were below target performance.

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The following sets out the individual STIP awards in fiscal 2021 for each NEO. No discretionary adjustment was used in determining individual NEO awards.

| NEO                           | STIP Performance Measure <sup>(1)</sup>                              | % Weight of Measure | % of Base Salary Target | Earned STIP \$ | % of Base Salary Paid |
|-------------------------------|--|---------------------|-------------------------|----------------|-----------------------|
| Dan McConnell <sup>(2)</sup>  | Consolidated STIP Earnings Combined Business Unit/Individual Targets | 75%                 |                         |                |                       |
|                               |  | 25%                 |                         |                |                       |
|                               | <b>TOTAL</b>   | 100%                | 80%                     | 872,497        | 124.6%                |
| John King                     | Consolidated STIP Earnings Combined Business Unit/Individual Targets | 60%                 |                         |                |                       |
|                               |  | 40%                 |                         |                |                       |
|                               | <b>TOTAL</b>   | 100%                | 60%                     | 506,930        | 109.8%                |
| Jim Caldwell <sup>(3)</sup>   | Consolidated STIP Earnings Combined Business Unit/Individual Targets | 10%                 |                         |                |                       |
|                               |  | 90%                 |                         |                |                       |
|                               | <b>TOTAL</b>   | 100%                | 60%                     | –              | –                     |
| Kyle Hill                     | Consolidated STIP Earnings Combined Business Unit/Individual Targets | 10%                 |                         |                |                       |
|                               |  | 90%                 |                         |                |                       |
|                               | <b>TOTAL</b>   | 100%                | 60%                     | 403,476        | 99.1%                 |
| J. Kevin Proctor              | Consolidated STIP Earnings Combined Business Unit/Individual Targets | 10%                 |                         |                |                       |
|                               |  | 90%                 |                         |                |                       |
|                               | <b>TOTAL</b>   | 100%                | 60%                     | 292,523        | 71.9%                 |
| Edward Kennedy <sup>(4)</sup> | Consolidated STIP Earnings Combined Business Unit/Individual Targets | 75%                 |                         |                |                       |
|                               |  | 25%                 |                         |                |                       |
|                               | <b>TOTAL</b>   | 100%                | 75%                     | 582,305        | 65.4%                 |

Note

- (1) Further information on the combined business unit and individual target weightings for each NEO is provided in the STIP weightings table on page 72 and on the 2021 STIP Performance Measures table on page 72 of this Circular.
- (2) Mr. McConnell was appointed President and Chief Executive Officer on August 1, 2021. Prior to this appointment, Mr. McConnell was President, International Retail. Mr. McConnell's STIP in 2021 was prorated based on the time he spent in each of his roles.
- (3) Mr. Caldwell joined North West in September 2021 as President, Canadian Retail and was not eligible for STIP in 2021.
- (4) Mr. Kennedy retired as President and Chief Executive Officer effective August 1, 2021 and his STIP was prorated based on the time he spent in the role.

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## PSUs Vested in 2021

The following sets out the calculation of the individual PSUs earned or vested during the fiscal year ended January 31, 2022 for each NEO. No discretionary adjustment was used by the Board in determining individual PSU payments.

| NEO              | Time-vesting <sup>(1)</sup> | Operating <sup>(1)</sup>       |           | Relative <sup>(1)</sup>        |           | Value of Vested PSU (\$) <sup>(3)</sup> |
|------------------|-----------------------------|--------------------------------|-----------|--------------------------------|-----------|---|
|                  | Vesting %                   | 2019-2021 Earnings Performance | Vesting % | TSR <sup>(2)</sup> Performance | Vesting % |   |
| Dan McConnell    | 100                         | 124%                           | 200       | P30                            | 59        | 440,956                                 |
| John King        | 100                         | 136%                           | 200       | P30                            | 59        | 371,942                                 |
| Jim Caldwell     | –                           | –                              | –         | –                              | –         | –                                       |
| Kyle Hill        | 100                         | 136%                           | 200       | P30                            | 59        | 171,702                                 |
| J. Kevin Proctor | –                           | –                              | –         | –                              | –         | –                                       |
| Edward Kennedy   | 100                         | 136%                           | 200       | P30                            | 59        | 1,922,531                               |

### Notes

- (1) See “ELEMENTS OF 2021 EXECUTIVE COMPENSATION — Performance Share Units” on page 61 of this Circular for further details on the methodology used to calculate the number of PSUs that vested.
- (2) TSR relative performance was calculated by Meridian, and represents the data point that is higher than 30% of all other data in the sample when ranked from low to high.
- (3) The value of the PSU awards was calculated by multiplying the number of PSUs that vested by \$34.39, which is the fair market value of North West Shares. Fair market value was calculated by using the volume weighted average closing price of the Shares on the TSX for the five trading days immediately preceding the vesting date. The value also includes the equivalent of dividends earned up to January 31, 2022 on vested PSUs.

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## All Other Compensation

The following table shows the breakdown of “All Other Compensation” in the Summary Compensation Table for 2019 to 2021. These amounts reflect the aggregate incremental costs to North West.

| NEO                             | Year | Flexible Benefits (\$) | Interest Subsidy on Loan (\$) | Employee Ownership (\$) | Other (\$) | Total All Other Compensation (\$) |
|---------------------------------|------|------------------------|-------------------------------|-------------------------|------------|-----------------------------------|
| Dan McConnell <sup>(1)</sup>    | 2021 | 67,253                 | –                             | 11,995                  | 546,737    | 625,985                           |
|                                 | 2020 | 65,446                 | –                             | 8,827                   | 421,397    | 495,670                           |
|                                 | 2019 | 22,296                 | –                             | 9,514                   | 406,996    | 438,806                           |
| John King                       | 2021 | 45,847                 | –                             | –                       | 6,206      | 52,053                            |
|                                 | 2020 | 43,711                 | –                             | –                       | 1,389      | 45,100                            |
|                                 | 2019 | 40,769                 | –                             | –                       | 3,984      | 44,753                            |
| Jim Caldwell <sup>(2)</sup>     | 2021 | 13,846                 | –                             | –                       | 301,007    | 314,853                           |
|                                 | 2020 | –                      | –                             | –                       | –          | –                                 |
|                                 | 2019 | –                      | –                             | –                       | –          | –                                 |
| Kyle Hill <sup>(3)</sup>        | 2021 | –                      | –                             | 7,598                   | 271        | 7,869                             |
|                                 | 2020 | 5,481                  | –                             | 312                     | 93,742     | 99,535                            |
|                                 | 2019 | 11,510                 | –                             | –                       | 1,535      | 13,045                            |
| J. Kevin Proctor <sup>(4)</sup> | 2021 | –                      | –                             | 3,392                   | 118,534    | 121,926                           |
|                                 | 2020 | –                      | –                             | –                       | –          | –                                 |
|                                 | 2019 | –                      | –                             | –                       | –          | –                                 |
| Edward Kennedy                  | 2021 | 43,946                 | 624                           | 87                      | 3,693      | 48,350                            |
|                                 | 2020 | 86,319                 | 1,613                         | 173                     | 2,350      | 90,455                            |
|                                 | 2019 | 84,292                 | 2,149                         | 173                     | 5,915      | 92,529                            |

### Note

- (1) The amount reported as “Other” for Mr. McConnell reflects the expense for benefits provided pursuant to North West’s standard moving program as a result of relocation to Boca Raton, Florida in July 2019, housing allowance and relocation costs to Winnipeg, Manitoba in July 2021. Benefits denominated in U.S. dollars were translated to Canadian dollars using an average exchange rate of 1.2526 in 2021, 1.3390 in 2020 and 1.3246 in 2019.
- (2) The amount reported as “Other” for Mr. Caldwell reflects the expense for benefits provided pursuant to North West’s standard moving program as a result of relocation to Winnipeg, Manitoba.
- (3) The amount reported as “Other” for Mr. Hill in 2020 reflects the expense for benefits provided pursuant to North West’s standard moving program as a result of relocation to Anchorage, Alaska. Benefits denominated in U.S. dollars were translated to Canadian dollars using an average exchange rate of 1.2526 in 2021 and 1.3390 in 2020.
- (4) The amount reported as “Other” for Mr. Proctor reflects the expense for benefits provided pursuant to North West’s standard moving program as a result of relocation to Boca Raton, Florida.



## Pension Benefits

The following is a summary of the retirement income of each of the NEOs under the defined benefit provisions of North West's pension arrangements. Please refer to "OTHER ELEMENTS OF 2021 COMPENSATION" on page 64 of this Circular for information regarding the terms and conditions of payments and benefits under the plan, including the formula for determining benefits.

### Defined Benefit Plans

| Name                          | Years of Credited Service (#) | Annual Benefits payable at year end (\$) | Annual Benefits payable at age 65 (\$) | Defined Benefit Obligation at start of year (\$) | Compensatory Change (\$) | Non-Compensatory Change (\$) | Defined Benefit Obligation at year end (\$) <sup>(1)</sup> |
|-------------------------------|-------------------------------|--|--|--|--------------------------|------------------------------|--|
| Dan McConnell <sup>(2)</sup>  | 19.5                          | 182,300                                  | 461,700                                | 3,205,500  | 1,879,400                | (542,700)                    | 4,542,200  |
| John King <sup>(2)</sup>      | 25.5                          | 235,500                                  | 358,400                                | 4,285,200  | 204,600                  | (413,800)                    | 4,076,000  |
| Kyle Hill <sup>(3)</sup>      | 2.8                           | 19,400                                   | 19,400                                 | 368,000  | 179,400                  | (366,700)                    | 180,700  |
| Edward Kennedy <sup>(4)</sup> | 26.7                          | 593,600                                  | 593,600                                | 12,570,000                                       | 1,215,000                | (2,692,000)                  | 11,093,000   |

#### Notes

- (1) Pensionable earnings are determined on a calendar-year basis, and include base salary and STIP. The defined benefit obligation under the defined benefit pension plan are calculated by North West's independent actuaries based on the same valuation method and significant assumptions used in determining the defined benefit obligations as disclosed in the notes to North West's audited Consolidated Financial Statements for the year-ended January 31, 2022. The underlying assumption used by the actuary is a 4% annual increase in pensionable earnings. Pensionable earnings in excess of 4% are allocated into the compensatory amount which comprises the defined benefit obligation as shown in this table (the reverse also applies in the event pensionable earnings grow less than 4%, which results in a negative amount for the year). The year-end defined benefit obligation is determined by projecting the previous calendar year pensionable earnings to retirement age for each NEO. The actuary determines the highest three consecutive years of pensionable earnings to determine the accrued pension and obligation. In most situations, this is the last or final three years.
- (2) Values include 6.17 years of Staff Pension Plan service for Mr. McConnell and 9.92 years of Staff Pension Plan service for Mr. King. The actuary determines the highest five consecutive year average earnings in the ten years prior to the end of employment to determine the accrued pension and obligation for the Staff Pension plan.
- (3) Mr. Hill was appointed President, Alaska Commercial Company in August 2021 and ceased accruing benefits in the Executive Pension Plan and Excess Plan.
- (4) Mr. Kennedy retired from North West on August 1, 2021. The non-compensatory amount reflects his election of retirement options.

## Defined Contribution Plans

| <b>Name</b>                     | <b>Accumulated<br/>Value At<br/>Start Of Year<br/>(\$)</b> | <b>Compensatory<br/>(\$)</b> | <b>Accumulated<br/>Value At<br/>Year End<br/>(\$)</b> |
|---------------------------------|--|------------------------------|---|
| Jim Caldwell <sup>(1)</sup>     | –  | 1,842                        | 1,842   |
| Kyle Hill <sup>(2)</sup>        | –  | –                            | –   |
| J. Kevin Proctor <sup>(2)</sup> | –  | –                            | –   |

### Notes

- (1) Mr. Caldwell is a member of the defined contribution provision of the Staff Pension Plan.
- (2) Mr. Hill and Mr. Proctor are eligible to participate in North West's International division 401(k) Plan.

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## OUTSTANDING EQUITY BASED AWARDS

The following are the total unexercised option-based awards and share-based awards granted to North West's NEOs as at January 31, 2022.

| Name             | Option-Based Awards |   |                            |                        | Share-Based Awards  |  |   |  |
|------------------|---------------------|---|----------------------------|------------------------|---|--|---|--|
|                  | Option Grant Year   | # of securities underlying unexercised options <sup>(1)</sup> | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money options (\$) <sup>(2)</sup> | # of Shares that have not vested (rounded to nearest Share) <sup>(3)</sup> | Market or payout value of Share-based awards that have not vested (\$) <sup>(4)</sup> | Market or payout of vested Share-based awards not paid out or distributed <sup>(5)</sup> |
| Dan McConnell    | 2016                | 32,512  | 28.81                      | April 13, 2023         |   |  |   |  |
|                  | 2017                | 45,140  | 32.40                      | June 23, 2024          |   |  |   |  |
|                  | 2018                | 30,748  | 27.77                      | April 27, 2025         |   |  |   |  |
|                  | 2019                | 33,489  | 28.13                      | April 30, 2026         |   |  |   |  |
|                  | 2019                | 2,139   | 28.32                      | October 1, 2026        |   |  |   |  |
|                  | 2020                | 36,378  | 29.23                      | June 19, 2027          |   |  |   |  |
|                  | 2021                | 21,581  | 35.51                      | April 22, 2028         |   |  |   |  |
|                  | 2021                | 23,072  | 34.67                      | September 20, 2028     | 1,310,056   | 32,326   | 1,296,835   | 440,956  |
| John King        | 2016                | 36,308  | 28.81                      | April 13, 2023         |   |  |   |  |
|                  | 2017                | 35,354  | 32.40                      | June 23, 2024          |   |  |   |  |
|                  | 2018                | 27,953  | 27.77                      | April 27, 2025         |   |  |   |  |
|                  | 2019                | 30,445  | 28.13                      | April 30, 2026         |   |  |   |  |
|                  | 2020                | 31,073  | 29.23                      | June 19, 2027          |   |  |   |  |
|                  | 2021                | 19,750  | 35.51                      | April 22, 2028         | 1,193,719   | 19,741   | 678,893   | 888,369  |
| Jim Caldwell     | 2021                | 6,384   | 34.67                      | September 20, 2028     | 2,426   | 2,576  | 88,589  | –  |
| Kyle Hill        | 2019                | 10,944  | 28.13                      | April 30, 2026         |   |  |   |  |
|                  | 2019                | 3,930   | 28.32                      | October 1, 2026        |   |  |   |  |
|                  | 2020                | 21,708  | 29.23                      | June 19, 2027          |   |  |   |  |
|                  | 2021                | 12,881  | 35.51                      | April 22, 2028         |   |  |   |  |
|                  | 2021                | 487   | 34.67                      | September 20, 2028     | 228,707   | 12,916   | 556,381   | 171,702  |
| J. Kevin Proctor | 2021                | 9,984   | 35.08                      | June 21, 2028          | –   | 4,376  | 188,505   | –  |
| Edward Kennedy   | 2017                | 225,174   | 32.40                      | June 23, 2024          |   |  |   |  |
|                  | 2018                | 36,120  | 27.77                      | April 27, 2025         |   |  |   |  |
|                  | 2019                | 157,364   | 28.13                      | April 30, 2026         |   |  |   |  |
|                  | 2020                | 160,613   | 29.23                      | June 19, 2027          |   |  |   |  |
|                  | 2021                | 95,282  | 35.51                      | April 22, 2028         | 3,680,935   | 116,448  | 4,004,647   | 1,922,531  |

### Notes

- (1) Unexercised options granted in 2017 and prior are time-vested awards that vest one-third per year at the end of years three, four and five. Options granted in 2018 onward are time-vested awards that vest one-quarter per year at the end of years one, two, three and four.
- (2) The market value of all unexercised in-the-money standard options granted in 2018 and onward, are calculated based on the difference between \$35.05, the closing price of a common Share on January 31, 2022, and the option exercise price noted in the above table. The market value of unexercised in-the-money declining strike price options for Canadian NEOs granted in 2016 and 2017 are calculated based on the difference between \$35.05, the closing price of a common Share on January 31, 2022, and the declining strike price of \$24.59 for 2016, the declining strike price of \$28.86 for 2017. A rolling 365 day volume weighted average yield calculation was used for the calculation of the revised strike price. The portion of all quarterly dividends paid since the 2016 and 2017 grants, on a per Share basis, that exceed a dividend yield of 2% for North West, is deducted from the strike price.

- (3) Includes the number of unvested PSUs outstanding as at January 31, 2022.
- (4) The market value of the unvested Share-based awards is calculated by multiplying the portion of the outstanding PSUs which are time-based (one-third of the PSU grants for 2020 and 2021) granted to the NEO by the fair market value of the Shares as at February 1, 2022 (\$34.39). Fair market value is calculated based on the volume weighted average closing price of the Shares on the TSX for the five trading days immediately preceding February 1, 2022. The two-third portion of the outstanding PSU grants for 2020 and 2021 which are subject to performance conditions are valued at the fair market value of the Shares as at February 1, 2022 (\$34.39) based on the achievement of target performance. The final amounts in the table include dividends earned up to January 31, 2022 on granted PSUs. No assumption is made for future dividends.
- (5) Includes the PSUs granted in 2019 that vested on January 31, 2022 plus any outstanding vested PSUs from 2018 multiplied by \$34.49 which is the fair market value of North West shares calculated based on the volume weighted average closing price of the Shares on the TSX for the five trading days immediately preceding the vesting date.

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## SHARE OWNERSHIP GUIDELINES

The Board established a Share Ownership Policy, effective December 11, 2014, outlining the minimum levels of Share ownership required for all executives. The policy is designed to align the interests of those executives with the interests of Shareholders, to demonstrate financial commitment to North West through personal Share ownership, and to promote North West's long-term commitment to sound corporate governance.

The following are included as "Shares" for the purposes of determining the Share ownership level for each executive:

- all Shares owned by the executive, an executive's spouse and any dependent children living in the same household (either purchased through the open market or those obtained from North West treasury through the exercise of stock options);
- the time-based portion of any PSUs granted to an executive; and
- any vested PSUs and DSUs granted to an executive.

Once an executive achieves the guidelines, if the Share price declines and the market value of the Shares held drops below the minimum, as long as the executive holds the minimum number of Shares (at peak price) going forward, the executive is considered to be in compliance with the guidelines.

Executives are required to maintain ownership levels that meet or exceed the guidelines within five years of being appointed or promoted to their current position. An executive that is promoted will have a further five years from the date of his/her promotion to attain the Share ownership multiple required for their new position.

North West believes that given the short and long-term incentive programs in place for executives, that there are sufficient mechanisms available to assist an executive to reach required ownership levels. Executives who are subject to this policy are required to abide by the following until their minimum Share ownership requirement is met:

- convert 100% of after-tax performance share units into Shares;
- purchase or hold Shares equivalent to the after-tax value of any stock options exercised by the Executive; and
- fully participate in North West's Employee Share Ownership Plan.

The table below shows the market value of Shares held by each of the NEOs as of January 31, 2022, based on the closing price of North West on the TSX on January 31, 2022 and the actual ownership as a multiple of their respective base salary.

| <b>NEO</b>                      | <b>Market Value<br/>of Shares<br/>(\$)<sup>(1)</sup></b> | <b>Net<br/>Ownership<br/>as a multiple<br/>of Base Salary</b> | <b>Minimum<br/>Ownership<br/>as a multiple<br/>of Salary</b> |
|---------------------------------|--|---|--|
| Dan McConnell <sup>(2)</sup>    | 1,671,035  | 2.4   | 4.0  |
| John King                       | 4,361,592  | 9.5   | 2.0  |
| Jim Caldwell <sup>(2)</sup>     | 30,081   | 0.1   | 2.0  |
| Kyle Hill <sup>(3)</sup>        | 235,623  | 0.7   | 2.0  |
| J. Kevin Proctor <sup>(2)</sup> | 51,130   | 0.2   | 2.0  |

Notes

- (1) Includes any Shares purchased through the open market, and 100% of outstanding time-based portion of PSUs, any vested PSUs and DSUs; all multiplied by the January 31, 2022 closing price of \$35.05.
- (2) Mr. McConnell was promoted to President and CEO in 2021 and has until 2026 to meet the minimum ownership requirement. Mr. Caldwell and Mr. Proctor commenced their employment in 2021 and have until 2026 to meet the minimum ownership requirement. Mr. Hill was promoted to President, Alaska Commercial Company in 2021 and has until 2026 to meet the minimum ownership requirement.

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## SUMMARY OF SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The total number of underlying Shares issuable to any participant pursuant to North West's Share Option Plans and the DSU Plan and all other equity compensation plans of North West will not exceed 10% of the issued and outstanding Shares at the date of any grants. The maximum number of Shares available for issuance under the Share Option Plans is a fixed number set at 4,354,020. The maximum number of Shares available for issuance under the DSU Plan is a fixed number set at 484,970. The maximum number of Shares available for issuance under the PSU plan is a fixed number set at 860,000. The following table provides information on securities authorized for issuance under equity compensation plans as at January 31, 2022:

| Equity Compensation Plan                      | Securities to be issued upon exercise of outstanding options and Director DSUs (A) | Weighted average exercise price of outstanding options and Director DSUs (B) | Securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column A) |
|---|--|--|---|
| Declining Strike Price Options <sup>(1)</sup> | 589,588  | \$31.06  | NA  |
| Standard Options <sup>(1)</sup>               | 1,274,837  | \$30.13  | NA  |
| Total Options <sup>(1)</sup>                  | 1,864,425  | \$30.42  | 2,165,510   |
| Director Deferred Share Units                 | 308,258  | NA   | 172,117   |
| Treasury-settled Performance Share Units      | 263,373  | NA   | 570,791   |

### Note

- (1) The outstanding options have a weighted average remaining life of 3.9 years with the declining strike price having a weighted average remaining life of 2.0 years and standard options having a weighted average remaining life of 4.8 years. Further information on share options, DSUs and PSUs is provided in Note 14 to the Company's audited consolidated financial statements for the year ended January 31, 2022 which is available on SEDAR at [www.sedar.com](http://www.sedar.com) or the Company's website at [www.northwest.ca](http://www.northwest.ca).

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## ADDITIONAL INFORMATION ON EQUITY COMPENSATION PLANS

The following table provides additional information on the Director Deferred Share Unit Plan, Treasury Settled Performance Share Units and the Share Option Plan as at January 31 for the past three years:

|  | 2022       | 2021       | 2020       |
|--|------------|------------|------------|
| <b>Total Shares issued and outstanding as at January 31</b>  | 47,878,650 | 48,613,319 | 48,750,929 |
| <b>Total weighted average Shares issued and outstanding for the year ended January 31</b>  | 48,267,780 | 48,757,611 | 48,750,929 |
| <b>Director Deferred Share Units ("DSUs")</b>  |            |            |            |
| Number of underlying Shares reserved for issuance upon exercise of all DSUs  | 308,258    | 314,829    | 318,227    |
| DSU Dilution — Shares reserved under the DSU Plan as a % of total Shares issued and outstanding as at January 31   | 0.64%      | 0.65%      | 0.65%      |
| Number of DSUs granted during the fiscal year (February 1 to January 31)   | 47,378     | 48,352     | 47,949     |
| DSU Burn Rate — % of DSUs granted during the fiscal year as a % of weighted average Shares outstanding for the year ended January 31   | 0.10%      | 0.10%      | 0.10%      |
| Number of DSUs available for future issuance under equity compensation plans   | 172,117    | 165,546    | 162,148    |
| <b>Treasury Settled Performance Share Units ("TPSUs")</b>  |            |            |            |
| Number of underlying Shares reserved for issuance upon exercise of all TPSUs   | 263,373    | 322,910    | 243,712    |
| TPSU Dilution — Shares reserved under the TPSU Plan as a % of total Shares issued and outstanding as at January 31   | 0.55%      | 0.66%      | 0.50%      |
| Number of TPSUs granted during the fiscal year (February 1 to January 31)  | 89,731     | 176,017    | 172,221    |
| TPSU Burn Rate — % of TPSUs granted during the fiscal year as a % of weighted average Shares outstanding for the year ended January 31                                       | 0.19%      | 0.36%      | 0.35%      |
| Number of TPSUs available for future issuance under equity compensation plans  | 570,791    | 525,069    | 616,288    |
| <b>Share Option Plan</b>   |            |            |            |
| Number of underlying Shares reserved for issuance upon exercise of all options   | 1,864,425  | 2,052,638  | 2,819,813  |
| Option Dilution — Shares reserved under Share Option Plans as a % of total Shares issued and outstanding as at January 31  | 3.89%      | 4.22%      | 5.78%      |
| Number of options granted during the fiscal year (February 1 to January 31)  | 329,846    | 461,969    | 499,311    |
| Option Burn Rate — % of options granted during the fiscal year as a % of weighted average Shares outstanding for the year ended January 31                                   | 0.68%      | 0.95%      | 1.02%      |
| Number of options available for future issuance under equity compensation plans  | 2,165,510  | 2,035,850  | 1,299,818  |
| <b>Total Equity Compensation Plans</b>   |            |            |            |
| Total Dilution — Shares reserved under all equity compensation plans as a % of total Shares issued and outstanding as at January 31  | 5.09%      | 5.53%      | 6.94%      |
| Total Burn Rate — options and DSUs granted during the fiscal year as a % of weighted average Shares outstanding as at January 31   | 0.97%      | 1.41%      | 1.48%      |
| Total Overhang — options and DSUs available for future issuance plus options and DSUs outstanding but not exercised as a % of Shares issued and outstanding as at January 31 | 11.16%     | 11.14%     | 11.21%     |



## TERMINATION AND CHANGE OF CONTROL BENEFITS

The following table summarizes the payments that would be received by each NEO pursuant to contractual provisions where the executive ceases to be employed by North West. The amounts calculated are based on compensation as at January 31, 2022. The provisions contained in the plan documents for the PSU plan and in the Original Option Plan and Amended and Restated Option Plan for termination and change of control apply to all NEOs.

The actual amount that each NEO could receive in the future as a result of termination of employment or change of control could differ materially from the amounts set forth as a result of a variety of factors, such as changes in Share price or base salary, timing of the termination or change of control, and the vesting and granting of additional Share awards. The following table also does not include any potential common law entitlements arising in the event of termination or change of control, or any amounts that may be agreed upon at the time of termination, or amounts paid at the discretion of the Board.

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|                        | For Cause (\$) | Without Cause (\$) | Change of Control (\$) | Retirement (\$) <sup>(1)</sup> | Death or Disability (\$) | Resignation (\$) |
|------------------------|----------------|--------------------|------------------------|--------------------------------|--------------------------|------------------|
| <b>Dan McConnell</b>   |                |                    |                        |                                |                          |                  |
| Base/Bonus/Perquisite  | -              | -                  | -                      | -                              | -                        | -                |
| PSUs <sup>(2)</sup>    | -              | 599,431            | 1,296,835              | 1,296,835                      | 599,431                  | -                |
| Options <sup>(3)</sup> | -              | 870,301            | 1,310,056              | 1,310,056                      | 870,301                  | -                |
| <b>Total</b>           | <b>-</b>       | <b>1,469,732</b>   | <b>2,606,891</b>       | <b>2,606,891</b>               | <b>1,469,732</b>         | <b>-</b>         |

|                        |          |                  |                  |                  |                  |          |
|------------------------|----------|------------------|------------------|------------------|------------------|----------|
| <b>John King</b>       |          |                  |                  |                  |                  |          |
| Base/Bonus/Perquisite  | -        | -                | -                | -                | -                | -        |
| PSUs <sup>(2)</sup>    | -        | 351,133          | 678,893          | 678,893          | 351,133          | -        |
| Options <sup>(3)</sup> | -        | 828,902          | 1,193,719        | 1,193,719        | 828,902          | -        |
| <b>Total</b>           | <b>-</b> | <b>1,180,035</b> | <b>1,872,612</b> | <b>1,872,612</b> | <b>1,180,035</b> | <b>-</b> |

|                                      |          |                |               |               |               |          |
|--------------------------------------|----------|----------------|---------------|---------------|---------------|----------|
| <b>Jim Caldwell</b>                  |          |                |               |               |               |          |
| Base/Bonus/Perquisite <sup>(4)</sup> | -        | 400,000        | -             | -             | -             | -        |
| PSUs <sup>(2)</sup>                  | -        | 29,530         | 88,589        | 88,589        | 29,530        | -        |
| Options <sup>(3)</sup>               | -        | -              | 2,426         | 2,426         | -             | -        |
| <b>Total</b>                         | <b>-</b> | <b>429,530</b> | <b>91,015</b> | <b>91,015</b> | <b>29,530</b> | <b>-</b> |

|                        |          |                |                |                |                |          |
|------------------------|----------|----------------|----------------|----------------|----------------|----------|
| <b>Kyle Hill</b>       |          |                |                |                |                |          |
| Base/Bonus/Perquisite  | -        | -              | -              | -              | -              | -        |
| PSUs <sup>(2)</sup>    | -        | 285,212        | 556,381        | 556,381        | 285,212        | -        |
| Options <sup>(3)</sup> | -        | 82,676         | 228,707        | 228,707        | 82,676         | -        |
| <b>Total</b>           | <b>-</b> | <b>367,888</b> | <b>785,088</b> | <b>785,088</b> | <b>367,888</b> | <b>-</b> |

|                         |          |               |                |                |               |          |
|-------------------------|----------|---------------|----------------|----------------|---------------|----------|
| <b>J. Kevin Proctor</b> |          |               |                |                |               |          |
| Base/Bonus/Perquisite   | -        | -             | -              | -              | -             | -        |
| PSUs <sup>(2)</sup>     | -        | 62,835        | 188,505        | 188,505        | 62,835        | -        |
| Options <sup>(3)</sup>  | -        | -             | -              | -              | -             | -        |
| <b>Total</b>            | <b>-</b> | <b>62,835</b> | <b>188,505</b> | <b>188,505</b> | <b>62,835</b> | <b>-</b> |

#### Notes

- (1) The amounts for all NEOs for retirement assume the NEO retires on or after the age of 55, and that they have been approved as a "Qualified Retirement" by the Board pursuant to the terms of these incentive plans.
- (2) This amount reflects the amounts payable under the plan document for North West's PSU plan. The value of the PSUs is calculated by multiplying the number of qualified Share units by the fair market value as determined under the PSU plans (\$34.39) as at January 31, 2022. With respect to death or disability, the amounts are prorated as at January 31, 2022 pursuant to the terms of the PSU plan.
- (3) These amounts reflect the amounts payable under the Original Option Plan and Amended and Restated Option Plan. With respect to the amounts payable upon Retirement, the amounts payable assume that all NEOs were approved for "Qualified Retirement" under the Original Option Plan and Amended and Restated Option Plan.

The value of the options is calculated by multiplying the number of qualified options by the January 31, 2022 closing Share price of \$35.05, and subtracting from that amount the number of qualified options multiplied by the exercise price or declining strike price of each option.

- (4) The base salary, bonus and perquisite amount ("**Base Amount**") to be paid to Mr. Caldwell upon termination without cause is pursuant to the terms of his employment agreement.

## EMPLOYMENT AGREEMENTS/OFFERS OF EMPLOYMENT

### *President and Chief Executive Officer*

Mr. McConnell does not currently have a finalized employment agreement which provides for termination and change of control benefits however, other key compensation matters have been agreed to and the Human Resources, Compensation and Pension Committee is in the process of finalizing a formal employment contract with Mr. McConnell.

### *President, Canadian Retail*

The key terms of Mr. Caldwell's employment agreement relating to termination are as follows:

**Termination without Cause** Mr. Caldwell is entitled to receive a payment in the amount of one (1) times his Base Salary as at the Date of Termination. In addition, all vested and unvested PSUs and options shall be settled in accordance with the applicable plans.

**Non-Competition/Non-Solicitation** Mr. Caldwell is bound by non-competition and non-solicitation covenants for a period of nine months from the date of termination of his employment.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVES

None of the Directors or executives of North West or its affiliated entities, nor any associate or affiliate of any of them, as at January 31, 2022, is or was indebted, directly or indirectly, to North West or any of its affiliated entities at any time.

## DIRECTOR AND OFFICER LIABILITY INSURANCE

North West maintains a Director and Officer liability insurance program. The program covers costs to defend and settle claims against North West's Directors and officers to an annual limit of \$50 million, with additional \$25 million coverage in Side A DIC coverage. The primary policy includes a \$250,000 deductible for an indemnifiable occurrence with no deductible for a non-indemnifiable occurrence. The cost of coverage for the period August 1, 2021 to August 1, 2022 was approximately \$352,000. Directors and officers do not pay premiums, and no indemnity claims were made or paid in 2021.

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

Management of North West is not aware of any material interest, direct or indirect, of any informed person (being a director or executive officer of North West or a person who beneficially owns or controls, directly or indirectly, more than 10% of the voting rights attached to Shares of North West) or any associate or affiliate of any of the foregoing persons, in any transaction since the commencement of our most recently completed financial year or in any proposed transaction which has materially affected or would materially affect us or any of our subsidiaries.

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## PART V — ADDITIONAL INFORMATION

Current financial information for North West is provided in North West's comparative financial statements and management's discussion and analysis for the most recently completed financial year. This information and additional information relating to North West can be found under North West's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com) and on North West's website at [www.northwest.ca](http://www.northwest.ca).

Copies of North West's Annual Information Form, Annual Report (including Management's Discussion and Analysis), financial statements, and this Circular may be obtained upon request to the Corporate Secretary of North West. North West may require the payment of a reasonable charge if the request is made by a person who is not a Shareholder of North West.

## PART VI — DIRECTORS' APPROVAL

The contents and the sending of this Circular have been approved by the Board.

Winnipeg, Manitoba, Canada  
April 13, 2022.

By ORDER OF THE BOARD OF DIRECTORS

*"Amanda Sutton"*

Amanda Sutton  
Vice President, Legal and Corporate Secretary  
The North West Company Inc.

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# Schedule “A” — Mandate of the Board of Directors

The Board of Directors (the “Board”) of The North West Company Inc. (“North West”) is responsible for the stewardship of North West, providing independent and effective leadership in supervising the business and affairs of North West. The Board will discharge this responsibility by developing and determining policies by which the business and affairs of North West are to be managed, and by overseeing the management of North West.

## A. COMPOSITION, BOARD ORGANIZATION, AND MEETINGS

- The Board will be comprised of between three and thirteen Directors, with the number of Directors from time to time being fixed by the Board. The Board will be constituted with a majority of individuals who are “independent” within the meaning of the corporate governance policies of National Instrument 58-101 Disclosure of Corporate Governance Practices.
- All Directors will have the skills and abilities appropriate to their appointment as a Director.
- The Directors will be elected at each annual meeting of shareholders subject to North West’s bylaws, and may be elected at a special meeting of shareholders, in each case to hold office for a term expiring at the close of the next annual meeting of shareholders following such an election.
- The Board is responsible for establishing formal delegations of authority, which define the limits of management’s power and authority, and delegating to management certain powers to manage the affairs of North West. The Board has delegated to the Chief Executive Officer (“CEO”) certain powers and authorities to manage the business and affairs of North West, subject to the limitations of North West’s governing legislation. Any power or authority not so delegated remains within the Board.
- The Board has established the following committees to assist in discharging its duties: the Audit Committee, the Governance and Nominating Committee, and the Human Resources, Compensation and Pension Committee. Each committee has its own Board approved mandate. The Board may establish additional Committees or merge or dispose of any committee, as circumstances require. The Board is responsible for overseeing the duties delegated to each committee.
- Quorum for a Board meeting will be a majority of the Directors. All directors are expected to attend, review all meeting materials and be prepared to participate at every Board meeting.

- In fulfilling its responsibilities, the Board shall have unrestricted access to management, and authority to select, retain, terminate and approve the fees of any independent advisor to assist it in performing its responsibilities.
- The independent members of the Board will meet separately after every regularly scheduled Board meeting without the non-independent members of the Board or management in attendance. The independent directors may also hold other meetings at such times and with such frequency as the independent directors consider necessary.
- Minutes of the Board and its committees shall be recorded and maintained by the Corporate Secretary, and subsequently presented to the Board or its committees for approval.

## **B. DUTIES AND RESPONSIBILITIES**

The Board's duties include:

### **1. Strategic Planning**

- Providing oversight and guidance on the strategic issues facing North West.
- Requiring the CEO, in collaboration with the Board, to develop and present to the Board for approval, North West's long-term strategic plan.
- Approving North West's financial objectives and annual operating plan, including capital allocations, expenditures, and transactions exceeding threshold amounts set by the Board.
- Monitoring implementation and effectiveness of the approved strategic and operating plans.
- Approving major business decisions not specifically delegated to management.

### **2. Identification and Management of Risks**

- Ensuring that processes are in place to identify and manage the principal risks inherent in North West's business and operations.
- Reviewing the systems that are implemented by management to manage and monitor those risks.
- Reviewing the processes that ensure compliance with applicable legal and regulatory requirements.

### **3. Financial Performance and Internal Controls**

- Overseeing the financial reporting and disclosure obligations of the Board.
- Recommending the appointment and remuneration of North West's external auditors to North West's shareholders.

- Overseeing the integrity of North West's management information systems and the effectiveness of North West's internal controls.
- Reviewing and approving North West's annual and quarterly financial statements, management's discussion and analysis, annual information form, management proxy circular, and other public disclosure documents that require board approval.
- Overseeing compliance with applicable audit and accounting requirements.
- Approving the issuance of securities and the declaration of dividends.

#### **4. Communications and Public Disclosure**

- Approving North West's communication policies.
- Overseeing establishment of processes for accurate, timely, and appropriate full public disclosure.
- Approving a written disclosure policy, and monitoring compliance of such policy and applicable corporate, securities and exchange requirements.

#### **5. Human Resources Management, Succession Planning and Executive Compensation**

- Supervising the succession planning processes of North West, and approving the selection, appointment, development, evaluation and compensation of the CEO and other senior officers.
- Overseeing North West's executive compensation program and overall compensation philosophy for all other employees.
- Monitoring North West's approach to human resource management.
- Ensuring there are policies and practices in place to enable North West to attract, develop, and retain the human resources required by North West to meet its business objectives.

#### **6. Governance**

- Developing a set of corporate governance principles and guidelines.
- Establishing appropriate structures and procedures to allow the Board to function independently of management.
- Establishing Board committees and defining their mandates to assist the Board in carrying out its roles and responsibilities.
- Approving the compensation of the Directors and the Chairperson of the Board.
- Setting expectations and responsibilities of Directors, including attendance at, preparation for, and participation in meetings.



- Undertaking regular evaluations of the Board, its committees, its members, and reviewing its composition with a view to the effectiveness and independence of the Board and its members.
- Ensuring that each new Director engages in a comprehensive orientation process and that all directors are provided with continuing education opportunities.
- Identifying competencies and skills necessary for the Board as a whole and for each individual Director.
- Identifying individuals qualified to become new Directors.
- Reviewing the Board mandate on a regular basis, or as a result of legislative or regulatory changes, to ensure it appropriately reflects the Board's stewardship responsibilities.

## **7. Integrity, Ethics and Social Responsibility**

- Establishing North West's values, including approving North West's Code of Conduct.
- Monitoring compliance with the Code of Conduct.
- Approving other policies and practices for dealing with matters related to integrity, ethics, environmental and social responsibility.
- To the extent possible, satisfying itself of the integrity of the CEO and other senior officers and that the CEO and other senior officers create a culture of integrity throughout North West.

## **C. NO RIGHTS CREATED**

This mandate is a broad policy statement and is intended to be part of the Board's flexible governance framework. While this mandate should comply with all applicable laws and North West's constituting documents, including articles and by-laws, this mandate does not create any legally binding obligations on the Board, any committee, any director or North West.

Approved by the Board of Directors effective March 12, 2015 and amended by the Board of Directors effective June 12, 2019.

# Schedule “B” — Human Resources, Compensation and Pension Committee Mandate

The Human Resources, Compensation, and Pension Committee (“Committee”) of the Board of Directors (the “Board”) of The North West Company Inc. (“North West”) has the oversight responsibility and specific duties described below.

## 1. Purpose:

The primary purpose of the Committee is to assist the Board in fulfilling its oversight or direct responsibilities with respect to:

- (a) development, compensation, and retention of Senior Management and Executives of North West and its subsidiaries (as defined herein);
- (b) recruitment, appointment, development, performance evaluation, compensation and retention of the Chief Executive Officer (“CEO”) of North West;
- (c) key compensation and human resources strategies and policies;
- (d) succession planning systems and processes relating to the CEO, Executives and Senior Management;
- (e) regulatory duties related to compensation, benefit plans and pension plans; and
- (f) share ownership guidelines for the CEO and Executives.

## 2. Committee Composition:

- (a) The Committee will be comprised of at least three Directors. All Committee members will be independent Directors (within the meaning of National Instrument 58-101 Disclosure of Corporate Governance Practices). Any Committee member who, for any reason, is no longer independent immediately ceases to be a Committee member.
- (b) The membership of the Committee will represent a diverse background of experience and skills, including members with retail, human resources (including executive compensation), financial and management experience.
- (c) Committee members will be appointed and removed by the Board. The Committee Chairperson will be appointed by the Board.

## 3. Reports

The Committee shall report to the Board on a regular basis, including before the public disclosure by North West of its Management Information Circular, or as required by continuous disclosure legislation on executive compensation.

## 4. Responsibilities

Subject to the powers and duties of the Board, and with the requirement that the Committee provides timely summary reports to the Board on its activities, the Board hereby delegates to the Committee the following powers and duties to be performed by the Committee on behalf of and for the Board:

### (a) Appointment and Compensation of Key Personnel

The Committee:

- (i) shall review and recommend to the Board, the appointment and terms of employment of the CEO;
- (ii) shall review and approve the appointment and terms of employment of any members of senior management who report directly to the CEO (“Executives”);
- (iii) shall review and approve annually a salary grid level for senior management who are not Executives, and who hold the title of either “Vice President”, “Director” or “General Manager” for North West and its subsidiaries (“Senior Management”);
- (iv) may obtain compensation data as necessary concerning entities that would be comparable to North West, and other data deemed appropriate by the Committee, and to the extent possible, understand the basis upon which comparable entities compensate their Executives and Senior Management;
- (v) shall review and recommend to the Board the compensation and design of incentive plans for the CEO, Executives, and Senior Management. In its review the Committee will assess the linkage of its compensation philosophy and incentive plans to North West’s financial and non-financial performance, support for North West’s business strategy, and alignment with North West’s employee compensation philosophy;
- (vi) shall review and recommend to the Board, periodic changes to compensation guidelines and benefit plans;
- (vii) shall review and recommend to the Board:
  - a. payouts and grants pursuant to North West’s Share based incentive plans for the CEO;
  - b. the CEO’s annual short term incentive plan payment and measures;
  - c. any discretionary bonuses for the CEO; and
  - d. the adjudication of any matters impacting North West’s incentive plans relating to the CEO,

- (viii) shall review and approve, for Executives and Senior Management:
- a. payouts and grants pursuant to North West's Share based incentive plans;
  - b. any discretionary bonuses for Executives and Senior Management proposed by the CEO;
  - c. for Executives, the payments and measures under North West's annual short term incentive plan; and
  - d. the adjudication of matters impacting North West's incentive plans relating to Executives and Senior Management,
- (ix) shall identify and mitigate risks associated with North West's compensation guidelines and benefit plans;
- (x) shall annually review and recommend for approval to the Board, the Compensation Discussion and Analysis for inclusion in the Management Proxy Circular; and
- (xi) shall review all other compensation-related disclosure before North West publicly discloses such information.

**(b) Human Resource Leadership**

The Committee shall:

- (i) review North West's key human resources strategies and policies for general adequacy, competitiveness, internal equity and cost effectiveness and, in the Committee's discretion, make recommendations to the Board for consideration;
- (ii) approve in each instance, the participation by the CEO on the board of Directors of any other commercial entity (not including a not-for-profit board), not directly related to the interests of the North West (an "Outside Board"), and the Committee shall review participation by any Executive of North West, as approved by the CEO, to any Outside Board (except for any appointment to a not-for-profit Outside Board);
- (iii) periodically review any policy on Share ownership for Executives and Senior Management, and at the Committee's discretion, make recommendations to the Board for consideration. The Committee shall review as required the actual ownership position relative to ownership guidelines; and
- (iv) review the results of periodic employee opinion surveys.

### **(c) Chief Executive Officer (CEO)**

The Committee shall:

- (i) annually review, and in the Committee's discretion, make recommendations to the Board for consideration regarding the CEO's corporate goals and objectives, performance measurement indicators; compensation, and incentive plans; and
- (ii) annually evaluate the performance of the CEO, and based on the evaluation, in the Committee's discretion, make recommendations, including with respect to CEO compensation, to the Board for consideration.

### **(d) Succession and Development**

The Committee shall:

- (i) obtain reasonable assurance that North West has appropriate strategies, systems and processes for the evaluation of Executive and Senior Management, talent development and succession within North West, and shall review at least annually with the CEO the performance of and potential for advancement of each Executive and Senior Management. The Committee may also at its discretion request information on the management resources of any part of the North West or its subsidiaries;
- (ii) report to the Board at least annually its appraisal of the North West's Executive and Senior Management succession circumstances and practices, including the effectiveness of identifying, training and preparing high-potential candidates for advancement;
- (iii) determine periodically, as a separate and supplementary contingency plan to the succession process, the identity of immediate replacements in the event of an emergency for the CEO and the Chief Financial Officer, and make recommendations to the Board for consideration; and
- (iv) review and approve any proposed appointments of Executive, and the organizational structure of Executive and Senior Management reporting directly to the CEO, and as recommended by the CEO, and if such changes are material in nature as determined by the Committee, recommend approval to the Board.

### **(e) Executive Pension Plan**

#### ***Plan Design***

The Committee shall:

- (i) review and recommend to the Board for approval all decisions to

initiate, merge or terminate the Executive Pension Plan, or otherwise fundamentally change the nature of the pension arrangement for the Executive Pension Plan, taking into account among other things, North West's attraction and retention goals for its Executive and Senior Management;

- (ii) approve any trust agreement with North West as the sponsor of the Executive Pension Plan; and
- (iii) review and recommend to the Board for approval, all amendments to the Executive Pension Plan.

### ***Valuation and Funding***

The Committee Shall:

- (i) review and recommend to the Board for its approval on a regular basis, a funding policy which sets out guidelines with respect to the valuation and funding of the liabilities of the Executive Pension Plan;
- (ii) review and approve, at least annually, the major actuarial assumptions for the valuation and funding of the liabilities of the Executive Pension Plan, as recommended by the Chief Financial Officer of North West and external advisors, as required;
- (iii) review and approve, at least annually, the actuarial report of the Executive Pension Plan; and
- (iv) review and recommend for approval to the Board, at least annually, the contributions to the pension funds of the Executive Pension Plan, as recommended by the Chief Financial Officer of North West and external advisors, as required.

### ***Risk Management***

The Committee shall:

- (i) establish and periodically review, the goals, objectives and long-term asset mix policy for the Executive Pension Plan, in terms of the proportion of the assets to be invested in various asset classes on average over the long term;
- (ii) establish and periodically review, the goals, objectives and investment program for the Executive Pension Plan, in terms of the number and types of investment options to be offered to the members of the plan;
- (iii) periodically review the performance of the investments for The Executive Pension Plan and meet annually with the investment advisor for the Executive Pension Plan; and
- (iv) meet as required with any advisors of the Executive Pension Plan.

## ***Communication and Education***

The Committee shall review and approve the communications plan and any material individual communications to members of the Executive Pension Plan relating to the education of such members of the pension plan.

## ***Operations and Implementation***

The Committee shall:

- (i) approve and periodically review and approve a pension expense policy which sets out guidelines for the payment of expenses incurred in the management and administration of the Executive Pension Plan from the assets of the pension funds;
- (ii) periodically review the pension administration policies approved management, in order to ensure that it sets out appropriate guidelines and procedures for the effective administration of the Executive Pension Plan, and ensuring compliance with any applicable legislation;
- (iii) appoint the actuary of the Executive Pension Plan;
- (iv) appoint an investment manager for the Executive Pension Plan; and
- (v) appoint a service provider for the Executive Pension Plan.

## **(f) Staff Pension Plan**

The Pension Benefits Act of Manitoba (“Act”) and The North West Company Staff Pension Plan (the “Plan”) provide that the Pension Committee established pursuant to the Act (the “Pension Committee”) may delegate all or part of its powers and responsibilities to the Board or the Committee. Pursuant to the Delegation Agreement entered into between the Pension Committee and North West effective September 28, 2011, the Committee shall:

- (i) recommend to the Board for approval, the adoption, amendment, merger or consolidation, and windup of the Plan and related documentation, including changes requiring amendments related to Plan design, benefit structure, and membership eligibility;
- (ii) recommend to the Board for approval, the Plan’s governance structure and the Plan’s governance objectives;
- (iii) receive the report of the Plan’s auditor;
- (iv) receive and approve the Plan’s audited financial statements, and accounting policies;
- (v) approve, and at the Committee’s discretion, delegate to the CEO, the

appointment and removal of North West's representatives on the Pension Committee;

- (vi) recommend to the Board for approval, the Plan's funding policies;
- (vii) authorize Executives of North West to accept such delegation from the Pension Committee as they deem appropriate;
- (viii) provide a report to the Board on the Plan, at least on an annual basis, on relevant pension and compliance issues;
- (ix) generally oversee the administration of the Plan and the related fund;
- (x) approve the statement of investment policies and procedures for the Plan and to monitor compliance with such documents;
- (xi) appoint, retain, or terminate certain persons who provide goods or services in respect of the Plan, including but not limited to investment managers, trustee, custodian, auditor, actuary, advisors and DC record keeper with respect to the administration of the Plan;
- (xii) approve the asset mix structure and target and strategic ranges of asset class allocations for the defined benefit portion of the Plan;
- (xiii) make such regulations for itself as to the conduct of its activities as the Committee deems appropriate; and
- (xiv) provide a report to the Pension Committee of its activities, not less annually, in such form and content as the Pension Committee deems appropriate to fulfil its general duty of oversight of the Plan, and to meet its obligations as administrator of the Plan.

## **5. Structure**

- (a) The Board shall appoint one of the Committee members to act as Chairperson of the Committee.
- (b) The Committee will appoint the Corporate Secretary of North West as secretary of the Committee, who will keep minutes of all meetings. In absence of the Corporate Secretary, the Committee will appoint an acting secretary who will keep minutes of the meeting.
- (c) The Committee will meet as many times as is necessary to carry out its responsibilities but in no event will the Committee meet less than quarterly each year. Meetings will be at the call of the Chairperson. Notwithstanding the foregoing, any member of the Committee may call a meeting of the Committee. The Committee may hold a meeting by telephone conference call.
- (d) No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present or by a resolution



in writing signed by all the members of the Committee. A majority of the members of the Committee shall constitute a quorum provided that if the number of members of the Committee is an even number one half of the number of members plus one shall constitute a quorum.

- (e) Any member of the Committee may be removed or replaced at any time by the Board or shall cease to be a member of the Committee as soon as such member ceases to be a Director. Subject to the foregoing, each member of the Committee shall hold such office until the next annual meeting of shareholders.
- (f) The time at which and the place where the meetings of the Committee shall be held, the calling of meetings and the procedure in all respects of such meeting shall be determined by the Committee, unless otherwise provided for in North West's bylaws, or otherwise determined by resolution of the Board.
- (g) Members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may from time to time determine.

## **6. Chairperson of the Committee**

The Chairperson of the Committee (the "Chairperson") is responsible for the effective functioning of the Committee.

## **7. Independent Advice**

The Committee shall:

- (a) have sole authority to retain, oversee, compensate and terminate independent advisors who assist the Committee in its activities. The Committee shall pre-approve all services to be provided by the independent compensation consultant. The Committee may, at its discretion, delegate to the Chairperson the authority to grant pre-approvals provided that those pre-approvals are presented in writing to the Committee at the next regularly scheduled meeting;
- (b) evaluate any independent compensation consultant's qualifications and performance, and take all reasonable steps to be confident that the independent compensation consultant does not provide services that would bring into question its independence; and
- (c) receive adequate funding from North West for any independent advisors and ordinary administrative expenses that are needed or appropriate for the Committee to carry out its duties.

## **8. Evaluation**

The Committee shall:

- (a) regularly review and assess the adequacy of its Mandate, and recommend any proposed changes to the Governance and Nominating Committee, for recommendation to the Board for approval; and
- (b) participate in a regular performance evaluation of the Committee, the results of which will be reviewed by the Governance and Nominating Committee, and the Board.

## **9. No Rights Created**

This mandate is a broad policy statement and is intended to be part of the Committee's flexible governance framework. While this mandate should comply with all applicable laws, regulations and listing requirements and North West's articles and by-laws, this mandate does not create any legally binding obligations on the Committee, the Board or North West.

Approved by the Board of Directors effective December 10, 2014 and amended by the Board of Directors effective June 12, 2019.

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Nor'Westers are associated with the vision, perseverance, and enterprising spirit of the voyageurs who pushed past limits to further our Company's growth during the fur trade. We trace our roots to 1668, and the establishment of one of North America's early trading posts at Waskaganish on James Bay. Today, we continue to embrace this pioneering culture as true "frontier merchants."

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