



# LOGISTEC

## Notice of Annual Meeting of Shareholders and Information Circular

**May 4, 2021**



# NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Notice is hereby given that an Annual Meeting of Shareholders of LOGISTEC Corporation will be held at its head office, 600 De La Gauchetière Street West, 14th Floor, Montréal, Québec, on Tuesday, May 4, 2021, at 11:30 a.m., for the following purposes:

1. to receive and consider the consolidated financial statements of the Company and its subsidiaries for the year ended December 31, 2020 and the report of the independent auditor thereon;
2. to elect directors;
3. to appoint the independent auditor and to authorize the directors to fix its remuneration; and
4. to transact such further business as may properly come before the meeting or any adjournment thereof.

An Information Circular and, upon request, a copy of the Annual Report, including audited consolidated financial statements of the Company and its subsidiaries for the year ended December 31, 2020, are forwarded with this notice.

**In light of the ongoing public health concerns related to the COVID-19 outbreak and in order to comply with the measures imposed by the federal and provincial governments, the Company is encouraging shareholders and others not to attend the meeting in person.** Shareholders are urged to vote on the matters before the meeting by proxy and to view the meeting online by way of a live webcast that will be available at <https://www.logistec.com/annual-meeting-webcast/>. Shareholders will be able to submit questions to management of the Company through the webcast at the conclusion of the meeting. The Company may take additional precautionary measures in relation to the meeting in response to further developments in the COVID-19 outbreak.

Dated at Montréal, Québec, this 16th day of March 2021.

By order of the Board,

*(signed) Ingrid Stefancic*

**Ingrid Stefancic**

Vice-President, Corporate and Legal Services  
Corporate Secretary

**NOTE:** Shareholders are requested to complete, date and sign the enclosed form of proxy and return it by mail or deliver the same in the enclosed stamped addressed envelope. All instruments appointing proxies to be used at the meeting must be deposited at the office of the Company's transfer agent in Toronto, Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, Attention: Proxy Department, by 5:00 p.m. on April 30, 2021.

## **SOLICITATION OF PROXIES**

This Information Circular (the “Circular”) is furnished in connection with the solicitation of proxies by and on behalf of the management of LOGISTEC CORPORATION (“LOGISTEC,” “Company,” “we,” “us,” “our” and other similar expressions) for use at our Annual Meeting of Shareholders (the “Meeting”) to be held on May 4, 2021 and at any adjournment thereof for the purposes set out in the accompanying notice of meeting. The cost of such solicitation will be borne by LOGISTEC.

Except as otherwise indicated, the information herein contained is given as of March 8, 2021. All dollar amounts appearing in the Circular are in Canadian dollars, except if another currency is specifically mentioned.

All instruments appointing proxies to be used at the Meeting must be deposited at the office of our transfer agent in Toronto, Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, Attention: Proxy Department, by 5:00 p.m. on April 30, 2021.

## **APPOINTMENT AND REVOCATION OF PROXIES**

The persons named in the enclosed proxy instrument are directors of LOGISTEC. If you wish to appoint some other person or corporation (who need not be a shareholder) to represent you at the Meeting, you may do so either by inserting the name of such person or corporation in the blank space provided in the proxy instrument or by completing another proxy instrument and, in either case, depositing the completed proxy instrument as aforesaid.

You may revoke your proxy at any time before it is exercised. You may do this:

- (a) by signing a proxy instrument bearing a later date and depositing it as aforesaid; or
- (b) as to any matter on which a vote has not already been cast pursuant to the authority conferred by such proxy instrument, by signing a written notice of revocation and delivering it to the Chairman or Secretary of the Meeting; or
- (c) by attending the Meeting in person and personally voting the shares represented by the proxy instrument; or
- (d) by an instrument in writing executed by you or by your attorney authorized in writing or, if you are a corporation, under your corporate seal or by an officer or attorney thereof authorized in writing.

In light of the ongoing public health concerns related to the COVID-19 outbreak and in order to comply with the measures imposed by the federal and provincial governments, the company is encouraging shareholders and others not to attend the meeting in person.

## **VOTING OF PROXIES**

Shares represented by proxies in favour of management will be voted as specified therein. In the absence of such specifications, such shares will be voted for the election of directors and for the appointment of the independent auditor. The enclosed form of proxy confers discretionary authority with respect to amendments or variations to matters identified in the notice of meeting and other matters which may properly come before the Meeting. At the date of this Circular, our management is not aware that any such amendment, variation or other matter is to be presented for action at the Meeting. However, if other matters duly come before the Meeting, the persons named on the enclosed proxy form will vote on them in accordance with their judgment, pursuant to the discretionary authority conferred by the proxy form with respect to such matters.

## **NON-REGISTERED SHAREHOLDERS**

If your Class A Common Shares (the “Class A shares”) or your Class B Subordinate Voting Shares (the “Class B shares”), as the case may be, are not registered in your name, they are held through an intermediary, which is usually a trust company, a securities broker or another financial institution. These proxy-related materials are being sent to both registered holders and non-registered beneficial owners of the Class A shares and Class B shares.

Under applicable securities legislation, a beneficial owner of securities is a “non-objecting beneficial owner” (or “NOBO”) if such beneficial owner has or is deemed to have provided instructions to the intermediary holding the securities on such beneficial owner’s behalf not objecting to the intermediary disclosing ownership information about the beneficial owner in accordance with said legislation, and a beneficial owner is an “objecting beneficial owner” (or “OBO”) if such beneficial owner has or is deemed to have provided instructions objecting to same.

If you are a NOBO, the Company has sent these materials directly to you, and your name and address and information about your holdings of Class A shares and/or Class B shares have been obtained in accordance with applicable securities legislation from the intermediary holding on your behalf. By choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. The voting instruction form that is sent to NOBOs contains an explanation as to how you can exercise the voting rights attached to your Class A shares and/or Class B shares, including how to attend and vote directly at the Meeting. Please provide your voting instructions as specified in the enclosed voting instruction form.

If you are an OBO, you received these materials from your intermediary or its agent (such as Broadridge), and your intermediary is required to seek your instructions as to the manner in which to exercise the voting rights attached to your Class A shares and/or Class B shares. The Company has agreed to pay for intermediaries to deliver to OBOs the proxy-related materials and the relevant voting instruction form. The voting instruction form that is sent to an OBO by the intermediary or its agent should contain an explanation as to how you can exercise the voting rights attached to your Class A shares and/or Class B shares, including how to attend and vote directly at the Meeting. Please provide your voting instructions to your intermediary as specified in the enclosed voting instruction form.

The Company has elected not to use the notice-and-access procedures under applicable securities legislation to send the proxy-related materials to registered holders and beneficial owners of the Class A shares and Class B shares.

**In light of the ongoing public health concerns related to the COVID-19 outbreak and in order to comply with the measures imposed by the federal and provincial governments, the Company is encouraging shareholders and others not to attend the meeting in person.**

## **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

We have set the close of business on March 15, 2021, as the record date (the “Record Date”) for the purpose of determining shareholders entitled to receive notice of and vote at the Meeting and any adjournment thereof.

As at March 8, 2021, there were 7,377,022 Class A shares and 5,529,969 Class B shares outstanding. Each Class A share entitles the holder thereof to 30 votes and each Class B share entitles the holder thereof to one vote. The Class B shares entitle their holders to receive dividends in an amount per share equal to 110% of any dividend declared on each Class A share and to participate fully and equitably in any takeover bid for the Class A shares. In the event of liquidation, dissolution or winding up of LOGISTEC, the holders of Class A shares and Class B shares receive equally its remaining assets. Each Class A share is convertible at any time, at the option of the holder, into one Class B share. The Class B shares represent 2.4% of the total voting rights attached to all of LOGISTEC’s outstanding shares.

As at March 8, 2021, to the knowledge of our directors and senior executives, the following persons beneficially owned, directly or indirectly, or exercised control or direction over more than 10% of the voting rights attached to our Class A shares and/or our Class B shares:

	Class A Shares	% of the Class	Class B Shares	% of the Class	% Total Voting Rights
Sumanic Investments Inc.	5,802,578	78.7	6,600	0.1	76.7
Caisse de dépôt et placement du Québec	1,016,400	13.8	486,200	8.8	13.7
Van Berkomp & Associates Inc.	—	—	943,446	17.1	0.4
QV Investors Inc.	—	—	834,340	15.1	0.4

The voting shares of Sumanic Investments Inc. are held as to 33 ⅓% by 3127419 Canada Inc., 33 ⅓% by 3127401 Canada Inc. and 33 ⅓% by 3127397 Canada Inc. The voting shares of 3127419 Canada Inc. are held as to 100% by Ms. Suzanne Paquin, the voting shares of 3127401 Canada Inc. are held as to 100% by Ms. Madeleine Paquin and the voting shares of 3127397 Canada Inc. are held as to 100% by Ms. Nicole Paquin.

## **CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR’S REPORT**

Pursuant to the requirements of the *Business Corporations Act* (Québec), our directors will present to the Meeting the consolidated financial statements of LOGISTEC and its subsidiaries for the year ended December 31, 2020 and the independent auditor’s report thereon, but no action with respect thereto is required or proposed to be taken by the shareholders. Such consolidated financial statements and independent auditor’s report are included in our annual report that has been sent to the shareholders who requested it and can be provided upon written request to the Company and are available on SEDAR at [www.sedar.com](http://www.sedar.com).

## ELECTION OF DIRECTORS

The articles of our Company provide that our Board of Directors (the “Board”) shall be comprised of at least three and no more than 21 directors. Pursuant to a resolution of our Board, the number of directors was set at 9. Management will therefore propose 9 nominees for election at the Meeting.

The term of office for which each nominee is a candidate will expire at our next annual meeting of the shareholders or when a successor is elected. **Unless instructions are given to abstain from voting with regard to the election of each director, it is the intention of the persons designated in the enclosed form of proxy to vote in favour of the election as directors of each nominee listed hereafter.** Should any nominee named herein for the office of director become unable or unwilling to accept nomination for election, the persons designated in the enclosed form of proxy intend to vote for the election in the place of such nominee of such other person as our management may recommend. Our management has no reason to believe that any of the nominees named herein will be unable or unwilling to serve if elected to office.

The Board adopted a majority voting policy in 2013 pursuant to which, with respect to uncontested elections, each nominee who receives more votes withheld than are voted in favour of him or her, such nominee will be expected to forthwith submit his or her resignation to the Board, effective on its acceptance by the Board. The Board will refer the resignation to the Governance and Human Resources Committee for consideration. The Board will promptly accept the resignation unless the Governance and Human Resources Committee recommends to the Board that there are circumstances warranting that such director continue to serve as a board member. In any event, the resignation will be accepted (or rejected) by the Board within 90 days of the meeting of shareholders. The majority voting policy can be provided by our Corporate Secretary upon written request.

The following table sets forth the names of all persons proposed to be nominated for election as directors, their office with us, their principal occupation, the year in which they became directors of LOGISTEC and the number of our Class A shares and Class B shares beneficially owned, directly or indirectly, or over which they exercised control or direction, as at March 8, 2021. The table also sets forth each director’s attendance record for our Board and Committee meetings held in 2020.

Mr. James C. Cherry and Mr. Serge Dubreuil will not be standing for re-election. Three of our proposed directors are presently also directors of other reporting issuers. Madeleine Paquin is a director of Air Canada. J. Mark Rodger is a director of Nova Scotia Power Incorporated, a subsidiary of Emera Inc. Dany St-Pierre is a director of Boralex Inc.



**MICHAEL J.  
DODSON**



**CURTIS JAY  
FOLTZ**

### Corporate Director

Mr. Dodson developed his career in the transportation sector, namely in the air freight, rail and terminal operations. He most recently served as Chief Operating Officer of Kinder Morgan Terminals from 2010 to 2019, and had a senior executive role there since 2002. Prior thereto, he worked as a director of sales at Con-Way Air Express and CSX Transportation. Mr. Dodson holds a Bachelor of Arts in Economics from the University of Pittsburgh.

### Consultant and Corporate Director

Mr. Foltz currently provides executive advisory services in the international maritime, port, logistics, and transportation sectors. He most recently served as Executive Director of the Georgia Ports Authority ("GPA") from 2010 to 2016. Prior to joining the GPA, he was Vice-President of Operations of CSX World Terminals. He also spent 13 years in management positions at Sea-Land Service. Mr. Foltz holds a Bachelor of Science in Business Administration and an MBA from East Carolina University.



**GEORGE  
GUGELMANN**

#### **Private Investor**

Mr. Gugelmann developed his career in the banking sector, first with Bank of America and later with Citibank in New York, where he held the position of Vice-President, Private Banking. Mr. Gugelmann holds an MBA in Finance from Stanford University.



**MADELEINE  
PAQUIN**

#### **President and Chief Executive Officer LOGISTEC Corporation**

Ms. Paquin has been President and CEO of LOGISTEC Corporation since 1996. She is a member of the Marine Industry Forum and the Marine Transportation Advisory Council. Ms. Paquin was appointed a Member of the Order of Canada in 2017. In February of 2019, she was inducted into the Cercle des Grands entrepreneurs du Québec. Ms. Paquin is a graduate of the Richard Ivey School of Business at the University of Western Ontario and of the École des Hautes Études Commerciales, Université de Montréal.



**NICOLE  
PAQUIN**

#### **Vice-President, Mergers and Acquisitions LOGISTEC Corporation**

Ms. Paquin is a member of several boards in the LOGISTEC group. With a Bachelor of Commerce from McGill University and an MBA from Richard Ivey School of Business, Ms. Paquin has worked in various positions at LOGISTEC since 1991 in the operations, on special projects and as Vice-President, Information Systems for 20 years.



**SUZANNE  
PAQUIN**

#### **President Transport Nanuk Inc.**

Ms. Paquin has over 25 years experience in the Canadian marine transportation industry. She also serves as President and CEO of NEAS Group Inc., a joint venture with an Inuit organization that offers sealift resupply and related services to diverse customers across the Eastern and Western Canadian Arctic. She currently serves as the Treasurer and Secretary for the St. Lawrence Ship Operators Association. Ms. Paquin holds a Bachelor of Commerce degree from McGill University.



**J. MARK  
RODGER**

**Partner  
Borden Ladner Gervais LLP**

For the past 25 years, Mr. Rodger, specialized in the energy sector and infrastructure renewal, has served as counsel to a broad range of governmental, industrial and institutional clients as well as their boards of directors. Mr. Rodger has extensive corporate governance and electric utility M&A experience, as well as broad regulatory experience before the Ontario Energy Board and National Energy Board. Mr. Rodger holds a B.A. degree (with distinction) from the University of Toronto and a Law degree from the University of Windsor. He chairs LOGISTEC's Governance and Human Resources Committee.



**DANY  
ST-PIERRE**

**President  
Cleantech Expansion LLC**

Ms. St-Pierre is President of Cleantech Expansion LLC since 2013, a recognized renewable energy sector expert advising C-Level executives in the investment community worldwide on matters related to mergers and acquisitions, projects scouting and due diligence. Prior thereto, she held leadership roles at Nordex, Alstom, Siemens and Bombardier. Ms. St-Pierre is a Certified Corporate Director, being a graduate from the College of Corporate Directors of Université Laval. She holds a bachelor's degree in Business Administration from the Université du Québec and an MBA from Université Laval.



**LUC  
VILLENEUVE**

**Corporate Director**

Mr. Villeneuve currently sits on several private and not-for-profit boards. Mr. Villeneuve, an FCPA, FCA, spent his career at Deloitte in various positions: Québec President, Board Member and Vice-President of Deloitte Canada. Furthermore, he has served as auditor for a number of Canadian public companies. Mr. Villeneuve holds a Bachelors' Degree in Business Administration from HEC Montréal. He also is a graduate from the Directors Education Program delivered by McGill University and the Institute of Corporate Directors. He chairs LOGISTEC's Audit Committee.

Name and office held in the Company	Principal occupation	Director since	Attendances at Board and Committee meetings	Class A shares	Class B shares
Michael J. Dodson <sup>(2) (3) (5)</sup> Pennsylvania, USA	Corporate Director	2020	Board = 5/5 Audit = 2/2 Governance = 3/3	—	—
Curtis Jay Foltz <sup>(2) (3)</sup> North Carolina, USA	Consultant Corporate Director	2017	Board=10/10 Audit=4/4 Governance=5/5	—	1,400
George Gugelmann <sup>(3)</sup> Massachusetts, USA	Private Investor	1999	Board=10/10 Governance=5/5	16,000	37,000
Madeleine Paquin, C.M. <sup>(1) (4)</sup> President and CEO Québec, Canada	President and Chief Executive Officer LOGISTEC Corporation	1987	Board=10/10	3,680	51,250
Nicole Paquin <sup>(4)</sup> Vice-President, Mergers and Acquisitions Québec, Canada	Vice-President, Mergers and Acquisitions LOGISTEC Corporation	2004	Board=10/10	600	1,200
Suzanne Paquin <sup>(1) (4)</sup> Vice-President Québec, Canada	President Transport Nanuk Inc. (Navigation company)	1987	Board=10/10	600	600
J. Mark Rodger <sup>(1) (3)</sup> Ontario, Canada	Partner Borden Ladner Gervais LLP (Canadian law firm)	2015	Board=10/10 Governance=5/5	—	—
Dany St-Pierre <sup>(3)</sup> Illinois, USA	President Cleantech Expansion LLC (Renewable energy sector firm)	2019	Board=10/10 Governance=5/5	—	—
Luc Villeneuve, FCPA, FCA <sup>(1) (2)</sup> Québec, Canada	Corporate Director	2018	Board=10/10 Audit=4/4	—	4,000

<sup>(1)</sup> Member of the Executive Committee

<sup>(2)</sup> Member of the Audit Committee

<sup>(3)</sup> Member of the Governance and Human Resources Committee

<sup>(4)</sup> The voting shares of Sumanic Investments Inc. are held as to 33 ⅓% by 3127419 Canada Inc., 33 ⅓% by 3127401 Canada Inc. and 33 ⅓% by 3127397 Canada Inc. The voting shares of 3127419 Canada Inc. are held as to 100% by Ms. Suzanne Paquin, the voting shares of 3127401 Canada Inc. are held as to 100% by Ms. Madeleine Paquin and the voting shares of 3127397 Canada Inc. are held as to 100% by Ms. Nicole Paquin. Sumanic Investments Inc. owns 5,802,578 Class A shares and 6,600 Class B shares.

<sup>(5)</sup> Mr. Michael J. Dodson was appointed a director of LOGISTEC on May 6, 2020 and became a member of the Audit and the Governance and Human Resources Committees on the same date.

## COMPENSATION DISCUSSION AND ANALYSIS

### Objectives of LOGISTEC's Executive Compensation Program

LOGISTEC's executive compensation program is designed to motivate and reward sustained high levels of both employee performance and business results and to retain and reward leaders who create long-term value for our shareholders.

The elements of our executive compensation plan are structured to fulfill the following two objectives:

#### 1. Attract and Retain

LOGISTEC uses compensation as a tool to attract and retain high performing executive talent by designing the competitive positioning of total compensation at a median level; that is, at the 50th percentile of corresponding positions in those companies we compare against for our compensation levels and practices. Total compensation for senior executives includes base salaries, an annual incentive, long-term incentives and pension. All positions below the executive level include pension, base salary and annual bonus and also target the 50th percentile. LOGISTEC periodically benchmarks the base salary element as well as total compensation level against public data made available by compensation professionals, on Canadian publicly-traded companies with annual revenues, type of business and market capitalization comparable to ours. In discharging its mandate, the Governance and Human Resources Committee may engage, at LOGISTEC's cost, outside consultants to provide expertise and advice on matters relating to executive compensation. This information and advice may be used by the Governance and Human Resources Committee in connection with the development and oversight of compensation policies and programs.

The Governance and Human Resources Committee engaged two outside consultants in 2020, and also consulted public data prepared by compensation professionals. See the section entitled “Compensation Governance” on page 18 of this Circular for more detailed information.

## 2. Pay for Performance

The compensation of each of our senior executives is designed to reflect their individual performance and short and long-term Company results. Base salary increases and annual incentives achieved are directly impacted by how well each senior executive has performed as an individual as well as the overall business success. The design of our long-term incentives ensures that senior executive pay is highly correlated to Company performance and shareholder value.

### Compensation Elements for Senior Executives

The following table summarizes the various elements of LOGISTEC’s executive compensation plan, how they are determined, and how each of them fits into our overall compensation philosophy. The compensation package for senior executives is composed of the following elements: base salary, annual incentive, long-term incentives, pension and other perquisites. The value of each element varies in accordance with the individual’s level in the organization and is regularly reviewed against competitive practice.

Compensation Element	Form	Performance Period	Determination of Element	Alignment/Fit with Overall Compensation Objectives
Base Salary	Cash	Annual	Salaries are benchmarked to the 50th percentile of comparable companies and are linked to the performance, scope of responsibilities and experience of each senior executive.	<ul style="list-style-type: none"> <li>- Attract and retain highly qualified leaders: ensure base pay remains competitive.</li> <li>- Motivate high performance: base pay increases vary according to individual employee performance.</li> </ul>
Annual Incentive – Bonus Plan	Cash	Annual	Target awards are based on the senior executive’s level in the organization and actual payouts are based on the achievement of corporate targets based on improvements year over year.	<ul style="list-style-type: none"> <li>- Attract and retain highly qualified leaders.</li> <li>- Motivate high performance: level and payout of incentive awards varies according to improvement in Company performance.</li> </ul>
Long-Term Incentives	Long-term incentive plan – Cash  Performance share units – Cash  Stock option grants	Up to 7 years  3 years  Up to 10 years	Participation based on executive level and stated cash payout attained only upon achievement of predefined financial goals. Incentives, other than stock options, expire if financial goals are not met during the specified time frame.	<ul style="list-style-type: none"> <li>- Align senior executive and shareholder interests.</li> <li>- Attract and retain highly qualified leaders.</li> </ul>
Pension	Defined benefit and defined contribution pension plans	Annual	Pension benefit is based on pay and service and is designed to be market competitive. Supplemental Plan (Canada and USA) has additional provisions for senior executives.	<ul style="list-style-type: none"> <li>- Attract and retain highly qualified leaders.</li> <li>- Attract experienced executives.</li> </ul>

The Governance and Human Resources Committee considers the broad implications of the risks associated with the Company's executive compensation elements. The Company has a balanced compensation program, between fixed and variable pay and between short and long-term incentives, with capped payout opportunities. The incentive awards, other than stock options, are linked to financial performance, and the incentive programs reward results rather than specific projects or transactions. The overall compensation package has at-risk components meaning that the value of these pay elements varies from year to year depending on actual business results and individual performance. This Committee reviews and approves the design and administration of employee and senior executive compensation and benefit programs, balancing the interests of shareholders with the Company's ability to attract, retain and appropriately reward its senior executives. The Committee reports to the Board its actions and decisions, including changes in compensation and benefit plans that would materially affect the Company's financial performance, operating risks or long-term obligations.

The Company is a capital-intensive business with significant capital expenditures that are paid back over a number of years. The capital expenditures make it difficult for any one senior executive, or several acting as a group, to make decisions for immediate short-term gains. The executive compensation mix has a significant long-term incentive portion, requiring a sustained high level of Company performance to achieve a payout. Thresholds to achieve are based on Company profit, which is driven by both revenue growth and cost management, and encourages prudent risk management rather than taking excessive risks. The Company wants senior executives to balance short-term profit maximization, long-term strategic positioning while maintaining a competitive advantage.

The Company does not have the present intention of making any significant changes to its current compensation program in the next financial year, except as described under "Annual Incentive – Bonus Plan" and "Long Term Incentives" below.

## **1. Base Salary**

Providing a market competitive base salary is necessary to attract new talent as required, and it assists in retaining skilled executive talent. The Governance and Human Resources Committee periodically uses a review of market data to recommend to the Board of the Company the base salaries of the senior executives. Actual individual salary levels are determined according to a number of factors, including the individual's performance, responsibilities and experience. In establishing the base salary for each senior executive, the Company targets the market median (50th percentile) paid to comparable executive officers.

Base salaries are reviewed annually as part of our performance management process. All employees, including senior executives and the President and Chief Executive Officer ("CEO"), have annual individual objectives which guide and focus their work performance over the year. Performance against those objectives is assessed at year-end through performance review discussions with the senior executive's manager. Following the year-end assessment, a formal performance rating is recorded which may provide input for any increase to base salary.

Base salary increases for senior executives are recommended to the Governance and Human Resources Committee by the CEO after consultation with their managers (where the individual is not a direct report of the CEO). In the case of the CEO, the Governance and Human Resources Committee assesses her performance against her personal objectives and Company results and, based on that assessment, the Governance and Human Resources Committee makes a recommendation concerning any changes to base salary to the Board.

## **2. Annual Incentive - Bonus Plan**

All non-unionized employees, including senior executives, participate in our bonus plan. This plan provides an opportunity for employees to earn an annual cash award based on the achievement of corporate targets.

The bonus formula for senior executives is as follows: the pre-tax profit for the current year must be at least 60% of the average of the previous two years' pre-tax profit in order that a bonus be paid. The maximum bonus is payable when the pre-tax profit for the current year is equal to or exceeds 110% of the best pre-tax profit achieved in a year within the previous two years. The maximum cash bonus for senior executives ranges between 30% and 150% of their base salary earned, depending on their position.

The ultimate award payable to a senior executive under the bonus plan is calculated as follows:

$$(\text{Pre-tax profit for the current year}) - (60\% \text{ of the average of the previous two years' pre-tax profit})$$

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$$((110\% \text{ of the best pre-tax profit achieved in a year within the previous two years}) - (60\% \text{ of the average of the previous 2 years' pre-tax profit}))$$

$$X \% \text{ awarded } X \text{ base salary}$$

The Governance and Human Resources Committee has the authority to exercise discretion in adjusting bonus payouts up or down from the defined formula, based on its assessment of specific individual performance. This Committee has exercised discretion on this matter in the past financial year with respect to the CEO, Rodney Corrigan and Frank Vannelli. The CEO also has an individual component based on attaining specific corporate objectives.

Following a year-end assessment, the Governance and Human Resources Committee reviews and approves the aggregate of all awards payable under the annual bonus plan. The current bonus plan will be revised in 2021, and the target will be based on budgeted pre-tax profit rather than on the historical pre-tax profit.

### **3. Long Term Incentives**

The purpose of our long-term incentives is firstly, to attract and retain senior executives to ensure the continued success and long-term growth of the Company and secondly, to reward senior executives who make a long-term commitment to us. Grants of long-term incentives to senior executives through stock options awarded pursuant to our Executive Stock Option Plan ("ESOP") were discontinued in 2003. A long-term incentive plan ("LTIP") was introduced instead by our Board.

In 2020, the Board, on the recommendation of the Governance and Human Resources Committee, decided to reintroduce option grants under the ESOP and introduce performance share unit ("PSU") grants under a newly-adopted Performance Share Unit Plan ("PSUP"), as a component of long-term incentive compensation for two senior executives of the Company. Further grants of stock options, and PSUs to be settled in cash, are expected to occur in 2021 for additional senior executives, in replacement of the below described LTIP.

#### **Long-Term Incentive Plan**

The Board approved a LTIP for both the CEO and the other senior executives of the Company, effective January 1, 2016 for a period of seven years. The stated bonus attainable by each participant is tied to LOGISTEC's diluted earnings per share ("EPS"). A bonus under the LTIP requires, for all participants, the doubling of the average three-year EPS, over the next seven years or sooner. This translates into EPS going from an average of \$2.31 as of January 1, 2016, to \$4.62 at December 31, 2022, at the latest. Each participant earns 20% of the stated bonus when each of five specific average EPS thresholds are attained. The five thresholds are 20% increments of the original January 1, 2016 figures. The stated bonus will be made up of a 75% cash payment ("Cash Payout"), and 25% will be paid by the issuance of deferred stock units ("DSU"). The number of DSUs to be issued to the participants will be determined as follows: the dollar amount of the 25% stated bonus will be divided by the average closing trading prices of the Class B shares on the Toronto Stock Exchange during the month of December of the year in which the threshold was attained. DSU holders are credited with additional DSUs in respect of dividends declared and paid by the Company on its Class B shares. Said DSUs, as determined, will be attributed to the participants, but the actual payment of the DSUs may be made upon the earlier of: dismissal without cause, retirement, cessation of employment due to permanent disability, or death of the participant ("DSU Payment Date"). At that time, the DSU payment will be equal to the closing trading price of the Class B shares on the Toronto Stock Exchange on the DSU Payment Date, multiplied by the number of DSUs originally attributed to the participant. The Board of Directors may exercise discretion as to the timing of the DSU payments (such as payment prior to a participant's departure). Fifty percent of the cumulative Cash Payout earned at the end of year 3 (2018) of the LTIP will be paid in 2019, and any balance of Cash Payout earned by the end of year 7 (2022) will be paid in 2023 (or earlier if all thresholds are attained). The CEO and senior executives must be in the employ of the Company when any payment is made, except if they are dismissed without cause, retired, cease their employment due to permanent disability, or pass away, in which case payment of the bonus earned will be made within 90 days of the event. In the event that a participant voluntarily leaves his employment or is dismissed with cause, the participant loses all entitlement to any earned bonus not paid out prior to the participant's last working day, and shall not receive compensation regarding his participation in the LTIP. Departure of any participant will automatically end his participation in the LTIP. No thresholds were attained by the CEO or other senior executives since 2016 pursuant to this LTIP. The Board has the authority to interpret and administer the LTIP as it deems appropriate.

#### **Performance Share Unit Plan**

The purpose of the PSUP is, notably, to grant PSUs to eligible participants designated by the Board in order to: (i) attract and retain them, (ii) increase their interest in the Company's welfare, and (iii) motivate their involvement in the long term growth of the Company. PSUs are a performance-based long-term incentive vehicle and the payout is not guaranteed. PSUs vest and are settled in cash after a period fixed by the Board and based on performance objectives determined by the Board at the time of each grant. PSUs that become eligible to vest do so on a time basis. PSUs that do not become eligible to vest under the PSUP are forfeited and cancelled. The cash payout of a PSU on the settlement date is equal to the average of the daily high and low board lot trading price of the Class B shares on the TSX for the five trading days, consecutive or not, preceding the settlement date.

PSUs are not assignable or transferable by a participant other than by will or under the law of succession. Upon resignation of a participant other than a retirement, all unvested PSUs are forfeited. Upon termination of a participant by the Company other than for cause, or retirement, permanent disability or death of a participant, all unvested PSUs are applied prorated vesting and the PSUs that became vested as a result thereof will be settled conditional upon subsequently being earned and eligible to vest in accordance with the relevant performance objectives, and all other unvested PSUs are forfeited. Upon termination of a participant by the Company for cause, all vested (but unpaid) PSUs and all unvested PSUs are forfeited.

The PSUP is under the direction of the Board, and the Governance and Human Resources committee makes recommendations to the Board in relation to the PSUP and to the grant of PSUs. The Board, in its sole discretion, has full and complete authority to administer and interpret the PSUP, including the authority to amend, suspend or terminate the PSUP in whole or in part.

The Board granted an aggregate of 14,079 PSUs to two senior executives on March 27, 2020. The number of PSUs awarded was determined based on the long-term compensation value required to align these two executives' total compensation with the Company's compensation policy. The number of PSUs to become earned and eligible to vest after three years, and the number of shares underlying such PSUs (which may vary between 0% and 150% of the PSUs granted), will be determined by the Board by multiplying the number of PSUs granted by a percentage equal to the simple average of the three annual vesting percentages for the 2020, 2021 and 2022 financial years. Each annual vesting percentage will be determined by the Board based on the level of achievement of the Company's Adjusted EBITDA target for the relevant financial year (being \$105 million for the 2020 financial year). Adjusted EBITDA is defined in the section entitled "Non-IFRS Measures" on page 46 of our 2020 Annual Report, incorporated herein by reference. The details of these awards are shown in the Summary Compensation Table later in this document.

### **Executive Stock Option Plan**

Although stock options were awarded in the past to senior executives, pursuant to the ESOP approved at our 1996 annual meeting of shareholders, this approach was discontinued in 2003. As mentioned earlier, in 2020 the Board, on the recommendation of the Governance and Human Resources Committee, decided to reintroduce option grants under the ESOP as a component of long-term incentive compensation for certain senior executives of the Company. Thus, there were 60,658 options issued to participants under the ESOP in 2020, representing 0.47% of our shares outstanding as of March 8, 2021.

Eligible participants under the ESOP are the officers and senior executives of the Company and its wholly owned subsidiaries.

As at December 31, 2020, there remains an unallocated balance of 707,342 Class B shares reserved for issuance (representing 5.5% of our shares outstanding as of December 31, 2020) out of the 1,168,000 Class B shares reserved for issuance under the ESOP (representing 9.0% of our shares outstanding as of December 31, 2020).

Under the terms of the ESOP, no single person will be granted options covering more than 5% of the Company's issued and outstanding Class B shares. The number of Class B shares issuable to insiders at any time, under all security-based compensation arrangements of the Company, as defined in the Toronto Stock Exchange Company Manual, cannot exceed 10% of the issued and outstanding shares of the Company. Furthermore, the number of Class B shares issued to insiders, within a one-year period, under all such security-based compensation arrangements, cannot exceed 10% of the issued and outstanding shares of the Company.

The option price of any shares in respect of which an option may be granted under the ESOP cannot be less than the market price of the Class B shares at the time the option is granted. Market price is the average of the daily high and low board lot trading prices for the five days, consecutive or not, preceding the date of grant. Options granted under the ESOP are exercisable over a maximum period of ten years. No financial assistance is afforded to participants to facilitate their purchase of securities. No option is transferable by the optionee other than by will or the laws of descent.

An option will terminate on the earlier of the following dates: (a) its normal expiry date, being not more than ten years after the date the option was granted; (b) twelve months after the date of the optionee's death during which period the option may be exercised only by the optionee's legal representative or the person or persons to whom the deceased optionee's rights under the option shall pass by will or the applicable laws of descent and distribution, and only to the extent such option had vested and the optionee therefore would have been entitled to exercise it at the time of death if the optionee's employment, position as officer or senior executive of the Company had been terminated by the Company on such date (with unvested options being forfeited and terminated on the date of the optionee's death); (c) three months after termination of the optionee's employment or position as officer or senior executive of the Company during which three month period the optionee may exercise the option to the extent such

option had vested and such optionee was therefore entitled to exercise it at the time of such termination (with unvested options being forfeited and terminated on the date of the optionee's termination of employment or position) provided that, if the optionee shall die within such three month period, then such right shall be extended to six months following the death of the optionee.

In the event that options granted are surrendered, terminate or expire without being exercised in whole or in part, new options may be granted covering the Class B shares not purchased under such lapsed options.

The following types of amendments to the ESOP must be approved by the holders of a majority of voting shares: (i) an increase in the maximum number of Class B shares issuable under the ESOP (other than for standard anti-dilution purposes), (ii) a reduction in the subscription price of an option (other than for standard anti-dilution purposes), (iii) an extension of the term of an option, (iv) an extension of the automatic ten-day extension of an option period provided in the ESOP where the term of that option would otherwise have expired during, or within ten business days of, a Company-imposed blackout period, (v) a change to the class of persons eligible for grants of options under the ESOP, and (vi) an amendment to the ESOP to allow options to become transferable or assignable other than what is already allowed under the ESOP. Any other amendment to the ESOP does not require the approval of the shareholders.

The amendments that can be made without shareholder approval may for example include, without limitation, amendments related to: (i) formal minor or technical modifications to any of the provisions of the ESOP, (ii) corrections of any ambiguity, defective provision, error or omission in the provisions of the ESOP, (iii) changes to the vesting provisions of options, (iv) changes to the termination provisions of options which do not entail an extension beyond the original expiry date of the options, (v) additions of cashless exercise features to the ESOP which provide for the payment in cash or securities on exercise of options and which provide for a full deduction of the number of underlying voting shares from the reserve in such case, and (vi) the addition of, or changes to, provisions relating to any form of financial assistance provided by the Company to participants that would facilitate the purchase of Class B shares under the ESOP.

The Board granted an aggregate of 60,658 options to two senior executives on March 27, 2020, and none in the two previous years. The number of options granted was determined based on the long-term compensation value required to align these two executives' total compensation with the Company's compensation policy. The burn rate of the ESOP for 2020, obtained by dividing the number of options granted under the ESOP during 2020 by the weighted average number of all shares outstanding for 2020, was 0.47%. The details of these awards are shown in the Summary Compensation Table later in this document.

#### **4. Pension**

##### **Senior Management Pension Plan**

Each senior executive participates in our Senior Management Pension Plan ("Pension Plan"), either as a participant in the defined benefit ("DB") portion or as a participant in the defined contribution ("DC") portion, save for U.S. residents who participate in a defined contribution 401(k) plan wherein the employer matches the employee's contributions up to 5%.

The senior executives who participate in the DB portion contribute 5% of their salary up to a maximum of \$7,731 per year. For the senior executives participating in the DC portion of the Pension Plan, we contribute 9% of the annual base salary up to a maximum of \$27,830 per year and is non-contributory for employees whose annual base salary equals or exceeds \$309,222. Employees whose salaries are below the threshold contribute 3% of their salary.

Pension benefits, assuming that the senior executive takes pension at 65 years of age, are equal to 2% of the average salary of the last three consecutive years multiplied by the number of credited years of service up to a maximum of 35, or the pension acquired at the time of retirement for senior executives participating in the DB portion of the Pension Plan. The pension is payable for the lifetime of the senior executive and continues to the surviving spouse at rates set forth in the Pension Plan. The normal retirement age under the Pension Plan is 65. The Pension Plan provides for possible early retirement with reduced benefits when the employee reaches 55 years of age subject to LOGISTEC's consent, and an unreduced pension at age 60, also subject to LOGISTEC's consent. The Pension Plan allows participants hired before January 1, 2005 to switch once, during their employment, from either the DB option to the DC option, or vice versa.

Under the Pension Plan, the pension benefit in Canada is limited to the maximum amount prescribed under the *Income Tax Act*. Due to these *Income Tax Act* maximums, the primary pension value for certain senior executives is derived from LOGISTEC's non-contributory Supplemental Retirement Plan for Senior Executives (the "Supplemental Plan").

The Supplemental Plan provides pension benefits which cover the difference between the benefits payable under the Pension Plan and the maximum pension benefits payable as prescribed by the *Income Tax Act*. Members of the Supplemental Plan can retire as early as 55, normally at 65, and no later than at 71 years of age. At the normal retirement date (at age 65), the member shall be entitled to the following benefits: an annual amount equal to the difference between (i) 2% of the average of the base salary over the last three years of continuous service immediately preceding retirement, multiplied by the number of years of credited service under the Pension Plan (but excluding any long-term disability period) and (ii) the annual maximum pension allowed, as prescribed by the *Income Tax Act*. If the maximum pension payable to a member pursuant to the Pension Plan is reduced or limited because the member is or has been a connected person as defined in the *Income Tax Act* during any period of credited service after December 31, 1991, the benefits payable under the Supplemental Plan will be increased by the difference between the annual maximum pension payable under the *Income Tax Act* and the annual maximum pension payable to the member, taking into account the rules applicable to connected persons under said *Income Tax Act*. As of December 31, 2020, the Supplemental Plan covered 17 Canadian senior executives.

LOGISTEC also adopted a non-contributory DC Supplemental Retirement Plan for senior executives in the USA (the "U.S. Supplemental Plan") effective January 1, 2013. The U.S. Supplemental Plan provides an annual contribution by the employer of an amount equal to a percentage of the senior executive's base salary as of April 1 of each year. The annual contribution is credited to the participant and is calculated on the quarterly performance of two indices: S&P 500 Index (60%) and Barclay's Aggregate Bond Index (40%). As of December 31, 2020, the U.S. Supplemental Plan covered two U.S. senior executives.

The combined cost to LOGISTEC of the Supplemental Plan and U.S. Supplemental Plan in 2020 was \$1,687,134.

### **Employee Pension Plan**

All regular employees of LOGISTEC were given the opportunity to participate in the DC pension option introduced as of January 1, 2005 in the Employee Pension Plan. All employees hired since January 1, 2005 participate only in the DC pension option.

## **5. Other Compensation**

### **Employee Stock Purchase Plan**

All employees contribute to LOGISTEC's success and share ownership enhances the linkage of employees' interests with those of shareholders. The Employee Stock Purchase Plan ("ESPP") provides a mechanism for eligible employees of LOGISTEC or any of its wholly owned subsidiaries to acquire Class B shares through payroll deductions.

Pursuant to our ESPP approved at our 1997 annual shareholders' meeting, 50,000 Class B shares had initially been reserved for issuance. Following a 3-for-1 stock split effected on May 12, 1999, the maximum number of Class B shares issuable pursuant to the ESPP was adjusted and increased to 150,000. At our 2012 annual shareholders' meeting, 150,000 additional Class B shares were reserved for issuance. Following a 2-for-1 stock split effected July 7, 2014, the maximum number of Class B shares issuable pursuant to the ESPP was adjusted and increased to 600,000 (representing 4.6% of our shares outstanding as of December 31, 2020).

The ESPP provides that the number of Class B shares issuable to insiders, at any time, under all security based compensation arrangements of LOGISTEC cannot exceed 10% of the issued and outstanding shares, and that the number of Class B shares issued to insiders, within any one year period, under all security based compensation arrangements cannot exceed 10% of the issued and outstanding shares.

The number of Class B shares issued to each eligible employee in any 12 month period depends on the duration of his continuous employment with LOGISTEC or any of its wholly owned subsidiaries, and will be issued in minimum lots of 50, according to the following scales: (i) for an eligible employee with less than five years of continuous service, the maximum number of Class B shares will be 600, (ii) for an eligible employee with at least five but less than ten years of continuous service, the maximum number of Class B shares will be 1,200, and (iii) for an eligible employee with ten years or more of continuous service, the maximum number of Class B shares will be 1,800.

Of the employees designated by our Board as eligible to participate in the ESPP in 2020, 56 employees subscribed to an aggregate of 24,300 Class B shares. The subscription price for the Class B shares is the average high and low board lot trading prices of the Class B shares on the Toronto Stock Exchange during five days, consecutive or not, preceding the last Thursday of the month of May of the year in which the shares are issued (or the last Thursday of such other month as shall be determined by the Board, which shall be the month preceding the date of issuance), less a maximum 10% discount. Pursuant to the ESPP, the shares were issued on June 26, 2020 at a subscription price of \$28.59 per Class B share, for a total amount of \$694,737.

All but one of the subscribing eligible employees opted for the non-interest-bearing loan made available to them by LOGISTEC for the share subscriptions, as determined by LOGISTEC, which represented an aggregate amount of \$504,845 on June 26, 2020 for said subscriptions. This amount is well below the \$2 million loan limit set in the ESPP. The maximum loan available to an eligible employee will depend on the normal salary and the duration of continuous service with LOGISTEC or any of its wholly owned subsidiaries, according to the following scales: (i) for an eligible employee with less than five years of continuous service, the maximum available loan will be limited to 6% of the base annual salary, (ii) for an eligible employee with at least five but less than ten years of continuous service, the maximum available loan will be limited to 7% of the base annual salary, and (iii) for an eligible employee with ten years or more of continuous service, the maximum available loan will be limited to 8% of the base annual salary, subject, in each case, to a limit equal to the subscription price for his shares.

The loans will be reimbursed over a period of 24 months by way of payroll deductions (except if maternity or sick leave) and these loans are full-recourse loans. Upon 30 days' written notice given to the eligible employee by LOGISTEC, the principal balance of the loan will become immediately due and payable and will bear 10% annual interest from the date of default until completion of payments should any of the following circumstances occur: (i) death or permanent disability of the employee, (ii) retirement or termination of employment of the employee (other than maternity leave), (iii) sale or seizure of the financed shares, (iv) bankruptcy or insolvency of the employee, and (v) revocation by the employee of his or her authorization to make payroll deductions. LOGISTEC will have the option to either allow the eligible employee who has been given notice to reimburse the loan or reimburse his financed LOGISTEC shares for the same price at which they had been purchased. The eligible employee may, at any time and from time to time, reimburse in whole or in part the loan granted under the ESPP prior to maturity, but his shares will remain subject to the retention period described below.

All shares acquired by an eligible employee are allotted and issued to the custodian appointed by LOGISTEC, acting on behalf of the eligible employee, and a certificate in respect thereof is registered in the name of the custodian. These shares are held by the custodian in escrow and may not be sold or transferred by the eligible employee for a period of 24 months following the date of purchase of the shares. All shares purchased under the ESPP with the proceeds of a loan are pledged and hypothecated in favour of the custodian to secure repayment of the loan. Notwithstanding such pledge, the employee is, until default, entitled to receive all dividends and other distributions payable in respect of the shares and to exercise all voting and other rights attached thereto.

Approval by a majority of the votes cast by the holders of voting shares present at a duly called shareholders meeting is required for the following amendments: (i) any increase to the number of Class B shares that may be issued under the ESPP, and (ii) any change to the class of persons eligible to purchase Class B shares under the ESPP. Subject to the preceding sentence, shareholder approval is not required for amendments to the ESPP. The amendments that can be made without shareholder approval may for example include, without limitation, formal minor or technical modifications to any of the provisions of the ESPP, corrections of any ambiguity, defective provision, error or omission in the provisions of the ESPP, changes to the restriction provisions of Class B shares, any change to the minimum lot size of shares that are issued to the eligible employees, and the addition of, or changes to, provisions relating to any form of financial assistance provided by LOGISTEC to participants that would facilitate the purchase of Class B shares under the ESPP. No amendment of the ESPP may contravene the requirements of any competent regulatory authority to which the ESPP or LOGISTEC may be subject to. The approval of holders of voting shares of an amendment may be given by way of confirmation at the next shareholders meeting after the amendment is made, provided that no Class B shares are issued pursuant to the amended terms.

As of December 31, 2020, a total of 430,600 Class B shares had been issued under the ESPP, leaving an unallocated balance of 169,400 Class B shares reserved for issuance (representing 1.3% of our shares outstanding as of such date).

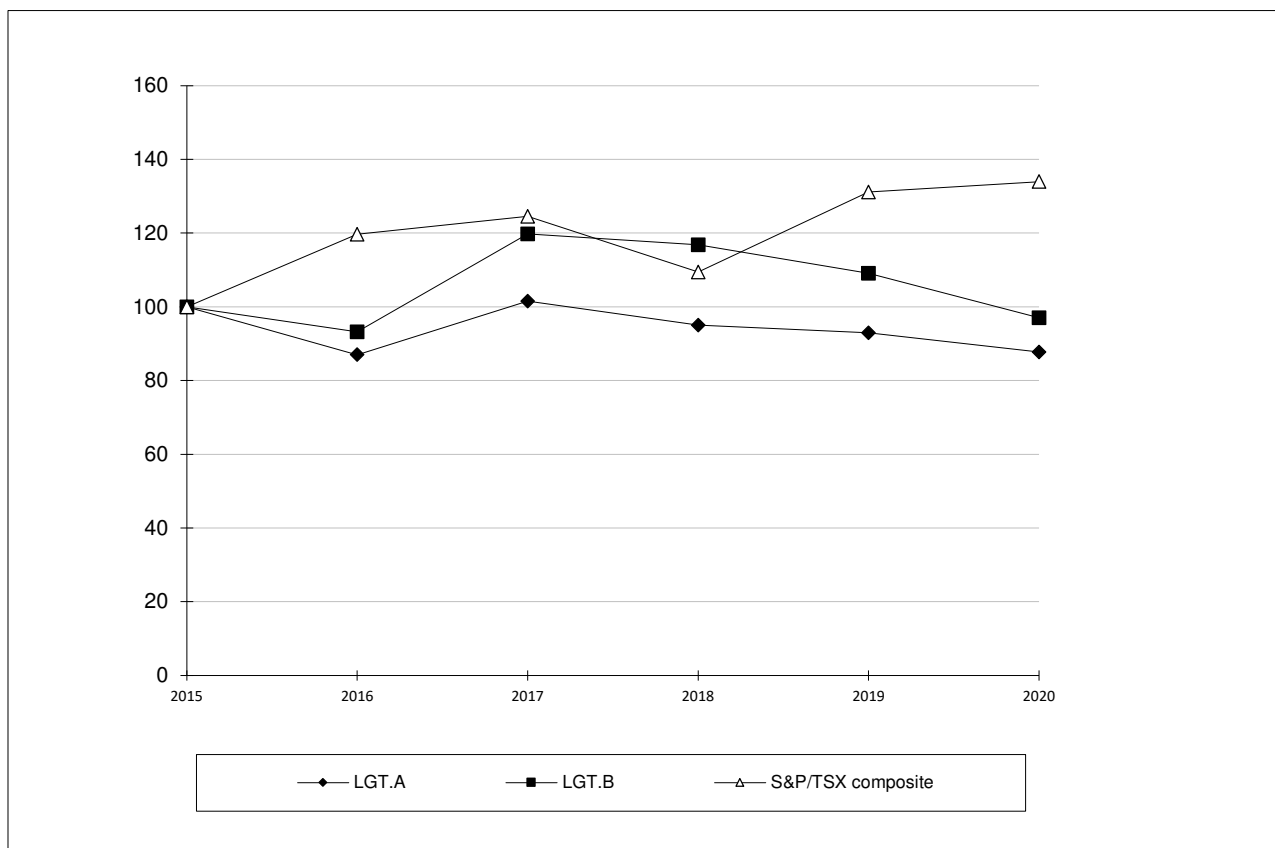
### **Perquisites**

Senior executives benefit from automobile and parking benefits, payment of certain professional dues and club memberships. The 2020 annual value of perquisites of each of the CEO, Chief Financial Officer and the next three most highly compensated senior executives (the "Named Executive Officers" or "NEOs") were in aggregate worth less than \$50,000 or 10% of the NEOs' total salary for the year ended December 31, 2020.

## PERFORMANCE GRAPH

The following chart and graph show the total cumulative return over five years for a shareholder of LOGISTEC on an investment of \$100 (assuming a reinvestment of dividends in Class A shares (LGT.A) or in Class B shares (LGT.B)) compared to the S&P/TSX composite index.

	2015	2016	2017	2018	2019	2020
LGT.A	100.00	87.03	101.58	95.04	92.97	87.74
LGT.B	100.00	93.24	119.79	116.85	109.11	97.03
S&P/TSX composite	100.00	119.65	124.59	109.41	131.15	134.00



LOGISTEC's total shareholder return decreased by 12.3% for the Class A shares and by 3.0% for the Class B shares, respectively, over the last five years. In comparison, NEO compensation over the same five-year period (base salary, annual and long-term incentives) increased by 24.2%. The NEO compensation compound annual increase computes to 4.4%, compared to the 1.6% compound annual shareholder negative return for the same period. The increase in the NEO compensation can be explained by share-based and option-based awards that were reintroduced in 2020, as explained earlier in this Circular and the granting of such awards to two NEOs, partly offset by the absence of LTIP awards, as no threshold of the LTIP was attained for any of the listed NEOs since 2016. As described earlier in this Circular, the bonus plan is based on profit before income taxes and the LTIP is based on EPS. The evolution of the compensation of NEOs of the Company has been subject to many changes, making the comparison with shareholders' return difficult. The Governance and Human Resources Committee is of the view that the Company has little control over the market price of its Class A shares and Class B shares.

## COMPENSATION GOVERNANCE

The practices adopted by the Governance and Human Resources Committee of LOGISTEC, and validated by its Board, in determining the compensation for the Company's executive officers is discussed at length under the sections "Objectives of LOGISTEC's Executive Compensation Program" and "Compensation Elements for Senior Executives" earlier on. This Committee's responsibilities, powers and operating methods are also extensively covered therein.

There is no systematic practice in place for the review of director compensation, but rather an informal annual process whereby the Governance and Human Resources Committee ensures that compensation paid to directors is competitive and consistent with the responsibilities involved in being an effective director. The Governance and Human Resources Committee may hire, at the Company's cost, outside consultants to provide expertise and advice on matters relating to Board compensation.

The Governance and Human Resources Committee is composed of five independent Board members, namely Michael J. Dodson, Curtis Jay Foltz, George Gugelmann, J. Mark Rodger and Dany St-Pierre. Mr. Rodger chairs the Committee and Mr. James C. Cherry, as Chairman of the Board, is an *ex officio* member of the Committee. Although said Committee members do not have direct experience relevant to executive compensation, they all have extensive business experience and/or sit on boards of other companies which, over the years, had them acquire relevant experience for their roles on this Committee.

Mr. James C. Cherry, FCPA, FCA has over 30 years of experience in general management, project management and financial management in the international aerospace, defence and rail sectors. Over this period, he has worked in senior executive positions with Bombardier Inc., Oerlikon Aerospace Inc., CAE Inc. and ALSTOM Canada Inc. He was President and CEO of Aéroports de Montréal from June 2001 to December 31, 2016. He is a corporate director, and currently serves on the board and is the Chair of the audit committee of Cogeco Inc., and also serves on the board of Cogeco Communications Inc. and VOTI Detection Inc.

Mr. Michael J. Dodson, a U.S. National, holds a Bachelor of Arts in Economics from the University of Pittsburgh. Mr. Dodson developed his career in the transportation sector, namely in the air freight, rail and terminal operations. He most recently served as Chief Operating Officer of Kinder Morgan Terminals from 2010 to 2019, and had senior executive roles there since 2002, managing employees. Prior thereto, he worked as director of sales at Con-Way Air Express and CSX Transportation. Mr. Dodson has expertise in both the cargo handling and environmental industries, as well as health and safety, project management and M&A.

Mr. Curtis Jay Foltz holds a Bachelor of Science in Business Administration and a Masters of Business Administration from East Carolina University. He currently provides executive advisory services in the international maritime, logistics, transportation and port sectors. He most recently served as Executive Director of the Georgia Ports Authority ("GPA") from 2010 to 2016. In this role, he was responsible for all port-related activity in the state of Georgia, representing five port facilities in Savannah and Brunswick. He had previously held the position of Chief Operating Officer at the GPA since 2004. Prior to joining the GPA, Mr. Foltz was Vice-President of Operations of CSX World Terminals, where he oversaw port facilities in North, Central, and South America, the Caribbean, Australia, Europe, and Asia. He also spent 13 years in management positions at Sea-Land Service, Inc., where he was responsible for port terminal activities in New Orleans, Charleston, and Tacoma as well as various operational activities throughout Latin America for Sea-Land's Americas division.

Mr. George Gugelmann, a U.S. national, studied at Stanford University where he graduated with an MBA in Finance. He developed his career in the banking sector, first with Bank of America and later with Citibank in New York (NY), where he held the position of Vice-President, Private Banking. He currently manages financial assets and investments as a private investor.

Mr. J. Mark Rodger holds a B.A. degree (with distinction) from the University of Toronto and a Law degree from the University of Windsor. Called to the Ontario Bar in 1990, Mr. Rodger is a partner of the Canadian law firm Borden Ladner Gervais LLP since 2000. He is specialized in the energy sector and infrastructure renewal, and for the past 25 years has served as counsel to a broad range of governmental, industrial and institutional clients as well as their boards of directors. Mr. Rodger also brings to LOGISTEC extensive corporate governance and M&A experience, and currently serves on the board of Nova Scotia Power Incorporated.

Ms. Dany St-Pierre holds a Bachelors' Degree in Business Administration – Marketing from the Université du Québec, and an MBA from Université Laval. She is also a Certified Corporate Director, being a graduate from the College of Corporate Directors of Université Laval. Currently a resident of Chicago, Illinois, Ms. St-Pierre is President of Cleantech Expansion LLC since 2013, a recognized renewable energy sector expert advising C-Level executives in the investment community worldwide on matters related to mergers and acquisitions, projects scouting, and due diligence. Prior thereto, she held leadership roles at Nordex, Alstom, Siemens and Bombardier, and conducted business in over 30 countries as a senior executive. She has expertise in ESG, international business, product and technology innovation, and M&A. She currently serves as a director for Boralex Inc.

More information about these directors and Governance and Human Resources Committee members can be found on page 6 of this Circular.

The mix of skill sets and experience of each Governance and Human Resources Committee member, as professionals, past senior executives in management positions as well as within the marine and environmental industries, which are LOGISTEC's core businesses, allow them to properly carry out their responsibilities as Governance and Human Resources Committee members.

In 2020, PCI-Perrault Consulting Inc. ("Perrault"), a compensation consultant, was retained to assist LOGISTEC's management and the Governance and Human Resources Committee in benchmarking NEO's global compensation. The benchmark used by Perrault consisted of North American companies in comparable lines of business, with an annual revenue between approximately half to twice that of LOGISTEC's. The companies included in the benchmark group were: Algoma Central Corporation, Casella Waste Systems, Inc., Ceres Global AG Corp., Dexterra Group Inc., Exchange Income Corporation, Forward Air Corporation, Mullen Transportation Inc., Overseas Shipholding Group, Inc., Radiant Logistics, Inc. and US Ecology, Inc. Perrault was originally retained in 2015.

LOGISTEC management is not required to obtain either the Governance and Human Resources Committee or the Board's approval prior to using compensation consultants' services.

Normandin Beaudry ("Normandin") was retained for various other matters. Normandin was originally retained in 2012.

The fees billed by both compensation consultants within the past two fiscal years for services rendered to us are as follows:

	2020	2019
Executive Compensation – Related Fees <sup>(1)</sup>	\$105,980	\$76,520
All Other Fees <sup>(2)</sup>	\$119,627	\$191,557

<sup>(1)</sup> In 2020, Perrault billed \$39,704 for executive compensation benchmarking, and design of both STIP and LTIP, and Normandin billed \$66,276 for executive pension plan/actuarial services. In 2019, Perrault billed \$37,805 for compensation benchmarking and Normandin \$38,715 for executive pension plan/actuarial services.

<sup>(2)</sup> In 2020, Perrault billed \$16,983 for compensation benchmarking and design of STIP, and Normandin billed \$102,644 for pension plan/actuarial services. In 2019, Normandin billed \$152,458 for pension plan/actuarial services and some compensation benchmarking for affiliated companies, and Perrault billed \$39,099 for salary scales and compensation analyses.

There are currently no stock ownership requirements for senior executives of the Company, nor any anti-hedging policy on Company shares held by them.

## NAMED EXECUTIVE OFFICER COMPENSATION FOR 2020

### CEO Compensation

#### Ms. Madeleine Paquin, President and Chief Executive Officer

Annually, the Governance and Human Resources Committee reviews and assesses the competitiveness of the CEO's compensation. The Governance and Human Resources Committee undertakes the following process to evaluate the CEO's individual contribution to LOGISTEC's performance. At the beginning of the year, the CEO provides the Governance and Human Resources Committee members with a self-evaluation of her performance against the prior year's objectives. The Chair of the Governance and Human Resources Committee leads a discussion to carefully assess the CEO's performance and finalize the evaluation. Based upon the recommendation of the Governance and Human Resources Committee, the total compensation of the CEO is approved by the Board.

At the beginning of each year, the Governance and Human Resources Committee works with the CEO to set her performance objectives for the following year. Ms. Paquin is a participant in LOGISTEC's bonus plan, LTIP, PSUP, ESOP and ESPP.

Here are the various components comprising the CEO's compensation:

**(a) Base Salary**

Ms. Paquin's annual salary was not increased in 2020 and remained at \$635,000. The Board, upon the recommendation of the Governance and Human Resources Committee, put a salary freeze for all executives given the pandemic situation.

**(b) Annual Incentive**

Under the bonus plan, Ms. Paquin's maximum award level is 150% of base salary earned. Seventy-five percent of Ms. Paquin's maximum award level is contingent upon corporate performance and 25% of Ms. Paquin's maximum award level is attributable to her individual performance against specific goals and objectives, set annually as mentioned earlier.

**(c) Long-Term Incentives**

Ms. Paquin did not earn any bonus pursuant to the LTIP in 2020. The maximum cumulative bonus the CEO can earn pursuant to the terms of the current LTIP is \$4 million.

Ms. Paquin was awarded 47,660 options pursuant to the ESOP, and 11,062 PSUs under the PSUP in 2020.

The relative weightings of the various components of Ms. Paquin's total compensation as CEO, based on her target award levels under the annual and long term incentives, are set forth in the following table:

Compensation Component	Percentage of Total Compensation
Base Salary	37%
Annual Incentive	47%
Long-Term Incentives	32%
All Other Compensation	-16%
Total	100%

**Other Named Executive Officer Compensation for 2020**

Each year, the Governance and Human Resources Committee reviews the total annual compensation payable to the NEOs with respect to all elements of their compensation. The following table summarizes the NEOs' salary increases in 2020, maximum bonus and maximum cumulative award levels under the LTIP for 2020: The Board, upon recommendation of the Governance and Human Resources Committee, put a salary freeze for all executives given the pandemic situation.

Name and principal position	Salary Increase	Annual Bonus Plan Maximum	Long-Term Incentive Plan Maximum
Jean-Claude Dugas Chief Financial Officer Assistant-Secretary	0.0%	60%	\$1,500,000
Rodney Corrigan President LOGISTEC Stevedoring Inc.	0.0%	100%	\$2,000,000
Frank Vannelli Senior Vice-President, Commercial and Business Development LOGISTEC Stevedoring Inc.	0.0%	60%	\$1,200,000
Ingrid Stefancic Vice-President, Corporate and Legal Services Corporate Secretary	0.0%	60%	\$1,500,000

The Governance and Human Resources Committee reviewed with management the foregoing Compensation Discussion and Analysis. Based on that review and discussions with management, the Committee recommended to the Board that the Compensation Discussion and Analysis be included in the Company's 2020 Circular for the year ended December 31, 2020.

## SUMMARY COMPENSATION TABLE

The following disclosure of executive compensation provides information on the compensation of LOGISTEC's NEOs during the year ended December 31, 2020.

Name and principal position	Year	Salary (\$)	Share-based awards (1) (\$)	Option-based awards (2) (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (5) (\$)	Total compensation (\$)
					Annual incentive plans (3)	Long-term incentive plans (4)			
Madeleine Paquin President and CEO	2020	635,000	275,000	275,000	809,625	—	(276,800)	—	1,717,825
	2019	625,577	—	—	903,774	—	314,400	—	1,843,751
	2018	586,538	—	—	373,422	—	536,000	—	1,495,960
Jean-Claude Dugas Chief Financial Officer Assistant-Secretary	2020	355,000	—	—	213,000	—	23,400	—	591,400
	2019	350,961	—	—	210,577	—	114,900	—	676,438
	2018	329,500	—	—	81,920	—	277,700	—	689,120
Rodney Corrigan President LOGISTEC Stevedoring Inc.	2020	435,000	75,000	75,000	339,184	—	76,930	—	1,001,114
	2019	429,423	—	—	420,835	—	215,830	—	1,066,088
	2018	380,962	—	—	304,769	—	118,700	—	804,431
Frank Vannelli (6) Senior Vice-President, Commercial and Business Development LOGISTEC Stevedoring Inc.	2020	427,074	—	—	199,802	—	113,081	—	739,957
	2019	418,180	—	—	250,908	—	110,554	—	779,642
	2018	399,542	—	—	239,726	—	105,219	—	744,487
Ingrid Stefancic Vice-President, Corporate and Legal Services Corporate Secretary	2020	310,000	—	—	186,000	—	(1,300)	—	494,700
	2019	307,308	—	—	184,385	—	75,600	—	567,293
	2018	286,538	—	—	71,239	—	392,700	—	750,477

(1) In fiscal 2020, the award date value used to determine the number of PSUs awarded as a component of the NEO's compensation was established using the dollar amount divided by the average of the daily high and low board lot trading price of the Class B Shares on the TSX for the five trading days, consecutive or not, preceding the grant date (March 27, 2020), as per the PSUP.

(2) The value of the stock option grants is the accounting fair value of the stock options determined in accordance with IFRS 2 using the Black-Scholes stock option pricing model. LOGISTEC believes that Black-Scholes is the most relevant valuation method to calculate the value of a stock option. The fair value of the stock options yielded a grant date (March 27, 2020) fair value of \$5.77 in fiscal 2020. The table below shows the assumptions used to determine the Black-Scholes values for fiscal 2020.

Strike price (\$)	24.86
Dividend Yield (%)	1.766
Expected volatility (%)	26.571
Interest rate (%)	1.032
Expected life (years)	7

(3) Bonus amounts earned in the year even though paid in the following year.

(4) Bonus amounts earned in the year but are only paid pursuant to the terms of the LTIP, described on page 12.

(5) Perquisites and other personal benefits have not been included as they do not reach the prescribed threshold of the lesser of \$50,000 or 10% of the total annual salary.

(6) The amounts were converted into Canadian dollars by using the average exchange rate, namely 1.343 for 2020, 1.324 for 2019 and 1.299 for 2018.

## INCENTIVE PLAN AWARDS

### Outstanding share-based awards and option-based awards

The following table shows all option-based (stock option grants) and share-based (PSUs) awards outstanding as at December 31, 2020.

	Option-based Awards				Share-based Awards		
Name	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested <sup>(1)</sup> (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Madeleine Paquin President and CEO	47,660	24.86	March 27, 2027	490,898	11,062	388,940	—
Jean-Claude Dugas Chief Financial Officer Assistant-Secretary	—	—	—	—	—	—	—
Rodney Corrigan President LOGISTEC Stevedoring Inc.	12,998	24.86	March 27, 2027	133,879	3,017	106,078	—
Frank Vannelli Senior Vice-President, Commercial and Business Development LOGISTEC Stevedoring Inc.	—	—	—	—	—	—	—
Ingrid Stefancic Vice-President, Corporate and Legal Services Corporate Secretary	—	—	—	—	—	—	—

<sup>(1)</sup> The market price of the Class B shares was \$35.16 as at December 31, 2020.

### Incentive plan awards - value vested or earned during the year

The following table shows the value of stock option grants (referred to as option-based awards) and PSU awards (referred to as share-based awards) vested or earned for the fiscal year ended December 31, 2020. For more details on the non-equity incentive plan compensation, please refer to the “Compensation Discussion and Analysis” section which deals with long-term incentives.

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year <sup>(2)</sup> (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Madeleine Paquin President and CEO	—	—	—
Jean-Claude Dugas Chief Financial Officer and Assistant-Secretary	—	—	—
Rodney Corrigan President, LOGISTEC Stevedoring Inc.	—	—	—
Frank Vannelli Senior Vice-President, Commercial and Business Development, LOGISTEC Stevedoring Inc.	—	—	—
Ingrid Stefancic Vice-President, Corporate and Legal Services Corporate Secretary	—	—	—

<sup>(1)</sup> No option-based awards vested during fiscal 2020.

<sup>(2)</sup> No share-based awards vested at the end of fiscal 2020.

## PENSION PLAN BENEFITS

### Defined Benefit Plan

The following table shows the aggregate annual retirement benefits payable under the Pension Plan and the Supplemental Plan at year-end and upon retirement at age 65, based upon the DB pension provisions in effect during 2020. It also reflects the value of pension benefits earned in 2020.

Name	Number of years credited service <sup>(1)</sup>	Annual benefits payable (\$)		Accrued obligation at start of year (\$) <sup>(2) (4)</sup>	Compensatory change (\$) <sup>(5)</sup>	Non-compensatory change (\$) <sup>(6)</sup>	Accrued obligation at year-end (\$) <sup>(2) (7)</sup>
		At year-end <sup>(2)</sup>	At age 65 <sup>(2) (3)</sup>				
Madeleine Paquin President and CEO	35.57	383,400	383,400	7,365,700	(276,800)	1,221,400	8,310,300
Jean-Claude Dugas Chief Financial Officer Assistant-Secretary	19.89	109,800	142,000	2,015,200	23,400	333,000	2,371,600
Rodney Corrigan President LOGISTEC Stevedoring Inc.	10.00	52,100	116,800	1,066,000	49,100	246,700	1,361,800
Frank Vannelli Senior Vice-President, Commercial and Business Development LOGISTEC Stevedoring Inc.	—	—	—	—	—	—	—
Ingrid Stefancic Vice-President, Corporate and Legal Services Corporate Secretary	23.78	103,800	137,900	1,900,300	(1,300)	312,700	2,211,700

<sup>(1)</sup> Number of credited years of service in the Supplemental Plan. Number of years in the DB registered Pension Plan may be lower. Effective March 31, 2020, the service is subject to a maximum of 35 years under the plan provisions.

<sup>(2)</sup> Benefits payable from the DB registered Pension Plan and Supplemental Plan.

<sup>(3)</sup> Benefits payable at age 65. For the purpose of calculating the annual benefits payable, the final average earnings are calculated as at December 31, 2020 and the maximum pension as permitted by the Canada Revenue Agency is not projected.

<sup>(4)</sup> Accrued obligation using a discount rate of 3.25%. The assumptions and methods used are the same as the assumptions used for the accounting disclosures as at December 31, 2019.

<sup>(5)</sup> Includes the following items: service cost, determined at the beginning of the year, net of employee contributions, impact of pay-related experience (impact on the accrued obligation of differences between actual and projected earnings) and impact of amendments to the pension plans, if any.

<sup>(6)</sup> Includes the following items: employee contributions, interest on accrued obligation, change in assumptions and non-pay-related experience (including changes to the maximum pension permitted by the Canada Revenue Agency different than previously assumed).

<sup>(7)</sup> Accrued obligation using a discount rate of 2.50%. The assumptions and methods used are the same as the assumptions used for the accounting disclosures as at December 31, 2020.

## Defined Contribution Plan

The following table shows the aggregate annual retirement benefits payable under the Pension Plan and U.S. Supplemental Plan at year-end, based upon the DC pension provisions in effect during 2020. It also reflects the value of pension benefits earned in 2020.

Name	Accumulated value at start of year <sup>(1)</sup> (\$)	Compensatory <sup>(2)</sup> (\$)	Accumulated value at year-end <sup>(3)</sup> (\$)
Madeleine Paquin President and CEO	705,000	—	758,800
Jean-Claude Dugas Chief Financial Officer Assistant-Secretary	377,800	—	397,300
Rodney Corrigan President LOGISTEC Stevedoring Inc.	330,700	27,830	372,500
Frank Vannelli <sup>(4)</sup> Senior Vice-President, Commercial and Business Development LOGISTEC Stevedoring Inc.	1,758,659	113,081	2,180,092
Ingrid Stefancic Vice-President, Corporate and Legal Services Corporate Secretary	389,300	—	409,300

(1) As at December 31, 2019.

(2) Employer contributions, including deemed contributions to notional account, if applicable.

(3) As at December 31, 2020.

(4) The amounts were converted into Canadian dollars by using the average exchange rate for 2020, namely 1.343.

## EMPLOYMENT CONTRACTS AND TERMINATION AND CHANGE OF CONTROL BENEFITS

Ms. Paquin, Mr. Dugas, Mr. Corrigan and Ms. Stefancic are employed at will by the Company and do not have employment agreements. LOGISTEC does not have any set policy governing severance payable for terminations of management employees. There are no pre-established commitments to any LOGISTEC employee in the event of a change of control of LOGISTEC. LOGISTEC uses employment agreements in specific new hire situations.

Ms. Paquin, Mr. Dugas, Mr. Corrigan and Ms. Stefancic benefit from the Supplemental Plan, more fully described on page 14. In case of termination of employment prior to age 55, regardless of the reason, the NEO is not entitled to any payment under the Supplemental Plan. If the NEO voluntarily leaves his employment (unless he does so to retire), all his rights under the Supplemental Plan are extinguished. In case of termination of employment without cause as of age 55 but prior to retirement, the NEO retains his accumulated rights under the Supplemental Plan, with payment of the deferred pension made only when the NEO retires. In case of termination of the NEO for serious cause, he shall not be entitled to any rights under the Supplemental Plan, including the right to receive pension benefits. Any payment under the Supplemental Plan is subject to compliance by the NEO with a non-competition undertaking while he is receiving the Supplemental Plan benefits. The benefits are payable by the Company to the NEO by way of sixty (60) monthly instalments, as established by actuaries, beginning on the NEO's retirement date. During this 5-year period, the NEO cannot work in the field of cargo handling within Canada and the states of the East Coast of the United States where the Company carries on its activities at the NEO's termination or retirement date, as applicable. No waiver provisions are available.

Had Mr. Corrigan been terminated as at December 31, 2020, no benefits would have been payable to him under the Supplemental Plan. Had Ms. Paquin, Mr. Dugas, and Ms. Stefancic been terminated without cause as at December 31, 2020, their accumulated rights payable at their retirement as provided for in the Supplemental Plan would hypothetically be \$8,310,300, \$2,371,600 and \$2,211,700, respectively.

## Mr. Vannelli

Mr. Vannelli has an agreement governing the terms and conditions of his employment. In the event of termination of employment other than for cause, he is entitled to a payment equal to one year's base salary which would hypothetically be \$427,074 as at December 31, 2020.

Mr. Vannelli is eligible to participate in the Company's compensation and benefit plans available to senior executives, namely the bonus plan, LTIP, U.S. Supplemental Plan and perquisites and other group benefits available to all employees.

Mr. Vannelli's U.S. Supplemental Plan, more fully described on page 15, has the same termination provisions as the Supplemental Plan, except that in the case of termination of employment of Mr. Vannelli without cause as of age 62 (rather than 55) but prior to retirement, he retains his accumulated rights under the U.S. Supplemental Plan, with payment of the deferred pension made only when he retires.

Had Mr. Vannelli been terminated without cause as at December 31, 2020, his accumulated rights payable at retirement as provided for in his plan would hypothetically be \$2,180,092.

## DIRECTOR COMPENSATION

The Board's compensation is designed to attract and retain experienced directors, leading to the long-term success of the Company. This requires that directors be adequately and competitively compensated.

Non-executive directors receive an annual Board retainer of \$65,000. The Chairman of the Board receives an additional retainer of \$75,000 for the year and the Chairs of the Audit Committee and the Governance and Human Resources Committee, respectively, receive an additional retainer of \$10,000 and \$7,500 for the year.

The annual fees are payable in cash or deferred share units ("DSUs") under the Deferred Share Unit Plan for Non-Executive Directors (the "DSU Plan") or a combination thereof, and are credited on April 1 and October 1 of each year. DSUs are notional units whose value is always equal to the value of the Class B Shares. Non-executive directors of LOGISTEC must receive a minimum of 20% of their annual basic retainer fee in DSUs. Until such time as any non-executive director attains the minimum share ownership guidelines requirement, he or she shall be paid 50% of his or her annual basic retainer fee in DSUs.

The following table summarizes all amounts of compensation provided to the directors in such capacity for the financial year ended December 31, 2020. Madeleine Paquin, who is also a NEO of the Company, received no compensation in her capacity as director of the Company. Her compensation can be found on page 19. Suzanne Paquin and Nicole Paquin are officers of LOGISTEC, and neither receives any compensation as a director of LOGISTEC or of any of its subsidiaries.

Name	Fees earned (\$)		Share and option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)	Allocation of Total Fees	
	Board retainer (\$)	Board Chair and Committee Chair retainer (\$)						In cash (\$)	In DSUs (\$)
James C. Cherry	65,000	75,000	—	—	—	—	140,000	—	140,000
Michael J. Dodson <sup>(1)</sup>	32,500	—	—	—	—	—	32,500	—	32,500
Serge Dubreuil	65,000	—	—	—	—	—	65,000	52,000	13,000
Curtis Jay Foltz	65,000	—	—	—	—	—	65,000	32,500	32,500
George Gugelmann	65,000	—	—	—	—	—	65,000	—	65,000
George R. Jones <sup>(1)</sup>	32,500	—	—	—	—	—	32,500	16,250	16,250
J. Mark Rodger	65,000	7,500	—	—	—	—	72,500	—	72,500
Luc Sabbatini <sup>(1)</sup>	32,500	—	—	—	—	—	32,500	16,250	16,250
Dany St-Pierre	65,000	—	—	—	—	—	65,000	32,500	32,500
Luc Villeneuve	65,000	10,000	—	—	—	—	75,000	49,750	25,250

<sup>(1)</sup> Mr. Jones and Mr. Sabbatini retired from the Board on May 6, 2020. Mr. Michael J. Dodson was appointed to the Board on May 6, 2020.

## SHARE OWNERSHIP REQUIREMENTS FOR DIRECTORS

Under the Company's share ownership guidelines, non-executive directors are required to own a minimum of securities of LOGISTEC representing an amount equivalent in value to 1.5 times their annual basic retainer fee, namely \$97,500 through shares and/or DSUs. The value of the securities is based on the greater of the market value of the shares and/or DSUs and the purchase price of the securities. Such ownership must have been achieved by May 2021 or within five years of the date of the director's appointment, whichever occurs later.

Name	Number of Shares Owned		Number of DSUs Owned	Total Value of Shares and DSUs for Purposes of Guidelines <sup>(1)</sup> (\$)	Value of Shares and DSUs Required to Meet Guidelines (\$)	Latest Date to Meet Share Ownership Requirements	Value Held as Multiple of Annual Retainer
	Class A Shares	Class B Shares					
James C. Cherry	1,000	2,600	7,966.83	441,085	97,500	Compliant	6.8 times
Michael J. Dodson	—	—	959.55	35,916	97,500	May 2025	0.6 times
Serge Dubreuil	—	81,200	940.51	3,074,519	97,500	Compliant	47.3 times
Curtis Jay Foltz	—	1,400	2,165.15	156,306	97,500	Compliant	2.4 times
George Gugelmann	16,000	37,000	4,489.85	2,160,965	97,500	Compliant	33.2 times
J. Mark Rodger	—	—	3,991.18	149,390	97,500	Compliant	2.3 times
Dany St-Pierre	—	—	1,483.65	55,533	97,500	May 2024	0.9 times
Luc Villeneuve	—	4,000	1,227.74	230,333	97,500	Compliant	3.5 times

<sup>(1)</sup> The amounts reported in this column represent the greater of: (i) the market value of the shares and/or DSUs (based on the March 8, 2021 Toronto Stock Exchange closing price of Class A shares (\$38.00) and Class B shares (\$37.43) and (ii) the purchase price of the securities.

## DSU PLAN

The Board has adopted the DSU Plan, which is intended to enhance the Company's ability to attract and retain high quality individuals to serve as members of the Board and to promote a greater alignment of interests between non-executive members of the Board and the shareholders of the Company. The Governance and Human Resources Committee is responsible for the administration of the DSU Plan.

DSUs are notional units whose value is always equal to the market value of the Class B Shares. No vesting conditions are attached to DSUs; they therefore vest at time of grant. DSU holders are credited with additional DSUs in respect of dividends declared and paid by the Company on its Class B Shares.

Only once a DSU holder ceases to be a member of the Board, does the Company settle the DSUs in cash on the relevant settlement date determined by the DSU holder. Any DSU that has not already been settled is automatically settled on the business day immediately following December 15 of the first calendar year commencing after termination of Board service. DSUs granted under the DSU Plan are not assignable or transferable other than by will or the laws of descent.

The Board may from time to time amend, suspend or terminate the DSU Plan in whole or in part. However, any such amendment, suspension or termination shall not adversely affect the rights of any DSU holder under the DSU Plan existing at the time of such amendment, suspension or termination without the consent of the affected DSU holder.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table shows the number of securities available for future issuance under the Company's equity compensation plans. The outstanding options, warrant or rights under such plans are indicated in the following table.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by shareholders	60,658 <sup>(1)</sup>	\$24.86	876,742 <sup>(2)</sup>
Equity compensation plans not approved by shareholders	—	—	—
Total	60,658	\$24.86	876,742

<sup>(1)</sup> Represents the 60,658 options which were outstanding under the Company's ESOP at year end.

<sup>(2)</sup> Includes the 707,342 Class B shares reserved for issuance under the ESOP and the 169,400 Class B shares reserved for issuance under the ESPP.

## INDEBTEDNESS TO LOGISTEC

The aggregate indebtedness to LOGISTEC of all our senior executives, directors and employees as at March 8, 2021 pursuant to the ESPP is \$384,992. There is no other indebtedness to LOGISTEC.

The indebtedness incurred in connection with our ESPP (the terms of which are described under the section "Employee Stock Purchase Plan") by our directors and officers is as presented in the following table:

Name and principal position	Involvement of LOGISTEC	Largest amount outstanding during 2020 (\$)	Amount outstanding as at March 8, 2021 (\$)	Financially assisted Class B shares purchased during 2020 (#)	Security for indebtedness	Amount forgiven during 2020 (\$)
Madeleine Paquin Director and President and CEO	Loan	50,800	27,482	1,800	—	—
Jean-Claude Dugas Chief Financial Officer Assistant-Secretary	Loan	27,768	14,977	650	—	—
Rodney Corrigan President, LOGISTEC Stevedoring Inc.	Loan	11,286	5,754	1,000	—	—
Frank Vannelli Senior Vice-President, Commercial and Business Development, LOGISTEC Stevedoring Inc.	Loan	—	—	—	—	—
Ingrid Stefancic Vice-President, Corporate and Legal Services Corporate Secretary	Loan	19,972	12,083	600	—	—
Stéphane Blanchette Vice-President, Human Resources	Loan	18,034	10,050	1,200	—	—
Mathieu Brunet Treasurer	Loan	8,700	5,688	600	—	—
Carl Delisle Vice-President and Corporate Controller	Loan	13,020	8,513	600	—	—
Marie-Chantal Savoy Vice-President, Strategy and Communications	Loan	13,907	7,743	350	—	—

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

As a Canadian reporting issuer with securities listed on the Toronto Stock Exchange ("TSX"), LOGISTEC has in place corporate governance practices that are consistent with the requirements of National Policy 58-201 "Corporate Governance Guidelines" and National Instrument 58-101 "Disclosure of Corporate Governance Practices".

We recognize that our governance practices must evolve to respond to changes in the regulatory environment. Many regulatory changes have come into effect in the past years, including rules issued by the Canadian Securities Administrators ("CSA") relating to audit committees and disclosure of corporate governance practices. LOGISTEC is regularly adjusting its governance practices as regulatory changes come into effect and will continue to monitor these changes closely and consider amendments to its governance practices, if need be.

## Corporate Governance Disclosure

The following compares LOGISTEC's governance practices against National Policy 58-201 and National Instrument 58-101 as required under form 58-101F1 "Corporate Governance Disclosure".

### Our Governance

#### 1. Board of Directors

- (a) Disclose the identity of directors who are independent.

Our Board is composed of 11 members; of these, eight directors are considered to be independent<sup>(1)</sup>: James C. Cherry, Michael J. Dodson, Serge Dubreuil, Curtis Jay Foltz, George Gugelmann, J. Mark Rodger, Dany St-Pierre and Luc Villeneuve.

- (b) Disclose the identity of directors who are not independent, and describe the basis for that determination.

Three directors are considered not independent, because of their relationship with either us or a significant security holder<sup>(2)</sup>: (i) Madeleine Paquin, CEO of LOGISTEC and officer of a significant security holder; (ii) Nicole Paquin, Vice-President, Mergers and Acquisitions of LOGISTEC and officer of a significant security holder; and (iii) Suzanne Paquin, Vice-President of LOGISTEC, officer of a joint venture and officer of a significant security holder.

The Board is composed of a majority of directors who are independent, and can thereby appropriately represent the interests of minority shareholders. More information about each director can be found on page 6 of this Circular.

- (c) Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors (the board) does to facilitate its exercise of independent judgment in carrying out its responsibilities.

The majority of LOGISTEC's directors, eight of 11, are independent directors.

- (d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.

See the description of directors' tenure as members of other corporate boards at page 6 of this Circular.

- (e) Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.

The Chairman of the Board is independent of management. In order to further ensure that the Board functions independently of management, the independent directors meet during scheduled Board meetings without the presence of non-independent directors and members of management. Five such meetings were held in 2020. Independent committee members also meet informally without the presence of non-independent directors and members of management.

- (f) Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.

The Chairman of the Board, James C. Cherry, is an independent director. He ensures that required business is brought before the Board to enable it to carry out its duties and responsibilities. He also provides leadership, advice and counsel to fellow Board members, and ensures that independent directors meet when the need arises without the presence of non-independent directors and members of management.

- (g) Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.

See the full attendance record of each director for each of the Board and committee meetings held at page 9 of this Circular. Mr. James C. Cherry and Mr. Serge Dubreuil both attended all of the Board and Committee meetings in 2020.

<sup>(1)</sup> An independent director as defined in Multilateral Instrument 52-110 of the CSA.

<sup>(2)</sup> A "significant security holder" is a shareholder who owns or controls 10% or more of any class of LOGISTEC's shares (see page 5 of this Circular).

## 2. Board Mandate

Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.

The role and responsibilities of the Board are set out in a formal written mandate (the full text of which is found at Schedule A of this Circular). This mandate is reviewed periodically to ensure it reflects best practices and is in compliance with any applicable regulatory requirements.

## 3. Position Descriptions

- (a) Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.
- (b) Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.

The Governance and Human Resources Committee has developed written position descriptions for the Chairman of the Board and each Committee Chair which has been approved by the Board and which are reviewed periodically by such committee.

The Governance and Human Resources Committee has developed a written position description for the CEO, which has been approved by the Board, and which is reviewed periodically by such committee.

## 4. Orientation and Continuing Education

- (a) Briefly describe what measures the board takes to orient new directors regarding:
  - (i) the role of the board, its committees and its directors, and
  - (ii) the nature and operation of the issuer's business.
- (b) Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.

Orientation is provided to new Board members through a variety of methods, such as providing them with relevant corporate and business information, including our policies, Board and committee mandates, chairmen and CEO position descriptions, strategic plan, business plan and profiles of the other directors. The Chairman of the Board and the CEO meet with new Board members and provide orientation regarding the nature and business of LOGISTEC.

Senior management makes regular presentations to our Board regarding the business of LOGISTEC. Directors are encouraged to meet with senior management and formally do so at least once a year. Site visits to our various facilities are also arranged. No in-person meetings or visits were held in 2020 due to COVID-19 protocols. The Board is continually kept abreast of regulatory issues as they evolve.

## 5. Ethical Business Conduct

- (a) Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:
  - (i) disclose how a person or company may obtain a copy of the code;
  - (ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and

The directors and employees (all LOGISTEC officers fall within one of these two categories) are expected to comply with LOGISTEC's Code of Ethics and Business Conduct, which was adopted on August 4, 2004, as thereafter amended.

A copy of the Code of Ethics and Business Conduct can be found in LOGISTEC's filings made available on SEDAR at [www.sedar.com](http://www.sedar.com).

The Code of Ethics and Business Conduct provides a framework for directors, officers and employees on the conduct and ethical decision-making integral to their work. The Board, through its Governance and Human Resources Committee, reviews the implementation and respect of the Code of Ethics and Business Conduct throughout LOGISTEC and its subsidiaries. Compliance with the Code of Ethics and Business Conduct is monitored by way of a yearly written confirmation by all directors, officers and employees, and a yearly questionnaire assesses their knowledge of it as well as of our other policies.

(iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.

(b) Describe any steps the board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

(c) Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.

## **6. Nomination of Directors**

(a) Describe the process by which the board identifies new candidates for board nomination.

(b) Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.

(c) If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.

There has been no material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from our Code of Ethics and Business Conduct.

Our Code of Ethics and Business Conduct states clearly that directors and executive officers should avoid any transaction or event that could potentially create a conflict of interest. Should an event or a transaction occur in respect of which a director or executive officer has a material interest, full disclosure to the Board is required and such director or executive officer must abstain from voting on any such matter.

LOGISTEC's Code of Ethics and Business Conduct, together with statements included in its Board and committee charters, encourage and promote an overall culture of integrity and ethical business conduct. The Board's adherence to these measures and principles also encourages an ethical business conduct throughout LOGISTEC.

The Governance and Human Resources Committee recommends candidates for election to the Board, reviews on an annual basis the competencies, skills and experience of nominees for re-election and of candidates who the committee recommends and identifies for filling vacancies on the Board, after having assessed the size of the Board. Said Committee maintains a pool of candidates. The Governance and Human Resources Committee seeks nominees that come from diverse geographic areas, have expertise in an area of strategic interest to us and the willingness to devote the time required, in order to maintain the Board's level of effectiveness and contribution to management and LOGISTEC as a whole. Prior to agreeing to join the Board, new directors are given a clear indication of the workload and time commitment required.

The Governance and Human Resources Committee is composed exclusively of directors who are independent.

The Governance and Human Resources Committee has a written mandate which describes the responsibilities, powers and operation of the committee. This committee meets at least twice annually, and its Chairman reports to the Board at its next meeting. This committee reviews matters of corporate governance, addresses succession planning for the Board and senior management, reviews and recommends directors' compensation and evaluates the performance of the President and CEO against her goals and objectives and thereafter recommends her compensation. The committee may hire (at LOGISTEC's cost) outside consultants as it deems necessary to enable it to carry out its duties (see also 7(c) further on).

## 7. Compensation

- (a) Describe the process by which the board determines the compensation for the issuer's directors and officers.
- (b) Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.
- (c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.

The Governance and Human Resources Committee periodically reviews the compensation paid to directors and officers to ensure it is competitive and consistent with the responsibilities involved in being an effective director or officer. Details of directors' compensation are disclosed on page 25 of this Circular. The committee periodically reviews the compensation practices of Canadian publicly traded companies with similar or like operations and size. The committee may hire (at LOGISTEC's cost) outside consultants to provide expertise and advice on matters relating to board and executive compensation.

The Governance and Human Resources Committee is composed entirely of independent directors.

The Governance and Human Resources Committee has a written mandate which describes the responsibilities, powers and operation of the committee. The committee meets at least twice annually, and its Chairman reports to the Board at its next meeting. This committee reviews the design and administration of employee and senior executive compensation and benefit programs, balancing the interests of shareholders with our ability to attract, retain and appropriately reward our senior executives (see also 6(c) earlier on). This committee also reviews the compensation discussion and analysis found on page 9 of this Circular.

## 8. Other Board Committees

If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

The Board has one standing committee other than those of the Audit Committee and the Governance and Human Resources Committee. The Executive Committee also has a written mandate which describes its responsibilities, powers and operations. The Executive Committee has the powers of the Board in order to oversee the management of the business when the full Board is not in session, subject to limits set by the Board in delegating authority to the committee.

For information on our Audit Committee, see the section entitled "Audit Committee Information" in our annual information form, available on SEDAR at [www.sedar.com](http://www.sedar.com).

## 9. Assessments

Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.

A formal process has been developed and implemented in 2004 by the Governance and Human Resources Committee to evaluate annually the effectiveness of our Board as a whole, the Board committees and the contribution of each individual director, while taking into consideration the Board and committee mandates and chair descriptions. The Chairman of the Governance and Human Resources Committee compiles the evaluations, consults with the Chairman of the Board and reports the findings to the Board, in order to target suggested improvements in the following year.

## **10. Director Term Limits and Other Mechanisms of Board Renewal**

Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so.

Each director serves for only a one-year term, to be voted upon annually by the shareholders. The Board has not adopted director term limits or other mechanisms of board renewal. The Governance and Human Resources Committee monitors board succession and maintains a pool of candidates with skill sets which are aligned with the Company's needs for the eventual replacement of independent board members. Four out of the eight current independent board members were brought in within the past five years. This board renewal practice is effective, while ensuring Board stability and continuity.

## **11. Policies Regarding the Representation of Women on the Board**

- (a) Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so.
- (b) If an issuer has adopted a policy referred to in (a), disclose the following in respect of the policy:
  - (i) a short summary of its objectives and key provisions,
  - (ii) the measures taken to ensure that the policy has been effectively implemented,
  - (iii) annual and cumulative progress by the issuer in achieving the objectives of the policy, and
  - (iv) whether and, if so, how the board or its nominating committee measures the effectiveness of the policy.

We have not adopted a written policy relating to the identification and nomination of women directors, simply because LOGISTEC has had women directors on its Board since 1987. Currently, four out of 11 directors are women (36.4%). After the Meeting, four out of nine directors will be women (44.4%).

## **12. Consideration of the Representation of Women in the Director Identification and Selection Process**

Disclose whether and, if so, how the board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board. If the issuer does not consider the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board, disclose the issuer's reasons for not doing so.

Given the current number of women directors on our Board, the Governance and Human Resources Committee considers the level of female representation is adequate. This Committee does, however, strive to identify women with favorable skill sets in its pool of board candidates.

## **13. Consideration Given to the Representation of Women in Executive Officer Appointments**

Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.

LOGISTEC has had, since 1997, at least three executive officer positions filled by women. In 2020, five out of 11 executive officer positions were filled by women (45.5%). The Governance and Human Resources Committee considers the level of female representation is adequate, and therefore does not at present consider the level of representation of women in executive officer positions when making executive officer appointments.

#### **14. Issuer's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions**

- (a) For purposes of this Item, a "target" means a number or percentage, or a range of numbers or percentages, adopted by the issuer of women on the issuer's board or in executive officer positions of the issuer by a specific date.
- (b) Disclose whether the issuer has adopted a target regarding women on the issuer's board. If the issuer has not adopted a target, disclose why it has not done so.
- (c) Disclose whether the issuer has adopted a target regarding women in executive officer positions of the issuer. If the issuer has not adopted a target, disclose why it has not done so.
- (d) If the issuer has adopted a target referred to in either (b) or (c), disclose:
  - (i) the target, and
  - (ii) the annual and cumulative progress of the issuer in achieving the target.

We have not adopted a target regarding women on the Company board or in executive officer positions for the reasons stated earlier (see 11 and 13).

#### **15. Number of Women on the Board and in Executive Officer Positions**

- (a) Disclose the number and proportion (in per terms) of directors on the issuer's board who are
- (b) Disclose the number and proportion (in per terms) of executive officers of the issuer, incl major subsidiaries of the issuer, who are women.

Four out of 11 (36.4%) directors on our board are women. After the Meeting, there will be four out of nine women on our board (44.4%).

Five out of 11 (45.5%) executive officers of the Company are women. Two out of three directors (66.7%) and two out of three (66.7%) executive officers of LOGISTEC Marine Services Inc. are women. Two out of three (66.7%) directors and three out of six (50%) executive officers of LOGISTEC Environmental Services Inc. are women.

### **APPOINTMENT OF INDEPENDENT AUDITOR**

Pursuant to a resolution of our Board dated March 16, 2021, and **unless instructions are given to abstain from voting with regard to the appointment of the independent auditor, the persons named in the enclosed form of proxy intend to vote in favour of the appointment of KPMG LLP as our independent auditor, to hold office until our next annual meeting of shareholders, and in favour of the fixing of its remuneration by our directors.** KPMG LLP has been acting as our independent auditor since 2018.

### **ADDITIONAL INFORMATION**

Additional information relating to us is on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders can contact us to request free copies of our consolidated financial statements, management's discussion and analysis, 2020 annual report and annual information form, by writing at [ir@logistec.com](mailto:ir@logistec.com), by contacting our Corporate Secretary's office or by browsing our website at [www.logistec.com](http://www.logistec.com). Financial information is provided in our comparative consolidated financial statements and management's discussion and analysis for our financial year ended December 31, 2020.

## **APPROVAL BY THE BOARD OF DIRECTORS**

Our Board has approved in substance the contents of this Circular and the sending thereof to our shareholders.

Montréal, Québec, March 16, 2021.

By order of the Board,

*(signed) Ingrid Stefancic*

**Ingrid Stefancic**

Vice-President, Corporate and Legal Services  
Corporate Secretary

**SCHEDULE A**  
**LOGISTEC CORPORATION**  
**BOARD OF DIRECTORS' RESPONSIBILITIES**

Management is responsible for the management of the Company. The Board is responsible for the stewardship of the Company and for monitoring the actions of, and providing overall guidance and direction to, management.

In fulfilling its mandate, the Board shall, among other things:

**SHAREHOLDERS**

The Board shall act in the best interest of all shareholders.

**COMMITTEES**

The Board will establish an Audit Committee and a Governance and Human Resources Committee, each comprised entirely of independent directors. The Board will also establish an Executive Committee. The Board may establish such other committees as it deems necessary or desirable, to assist it in the fulfillment of its duties and responsibilities, with such terms of reference as the Board may determine, and may delegate from time to time to such committees or other persons any of the Board's responsibilities that may be lawfully delegated. The Board shall determine whether directors satisfy the requirements for membership on each such committee. The independent directors will from time to time, as they see fit, hold meetings without management.

**STRATEGY**

The Board adopts a strategic planning process and annually approves a strategic plan that takes into account, among other things, the opportunities and principal risks of the Company's business. The Board also ensures that appropriate risk management systems are implemented. Separately from the strategic plan, the Board also approves an annual budget for financial performance.

**CORPORATE GOVERNANCE**

Corporate governance issues are the responsibility of the full Board. This includes the disclosure thereof in the Company's annual report or management proxy circular. The Governance and Human Resources Committee assists the Board in developing, communicating and reviewing the Company's governance principles.

The Board periodically reviews a Disclosure Policy for the Company that, inter alia: addresses how the Company shall interact with shareholders, analysts and the public, and covers the accurate and timely communication of all important information. The Company communicates with its stakeholders through a number of channels including its website, and they in turn can provide feedback to the Company in a number of ways, including e-mail.

The Board, through its Audit Committee, monitors the integrity of the Company's internal control over financial reporting.

The Board periodically reviews Company policies with respect to decisions and other matters requiring Board approval.

## **AUDIT, FINANCE AND RISK MANAGEMENT**

The Board authorizes the Audit Committee to assist the Board in overseeing:

- (i) the integrity and quality of the Company's internal control over financial reporting, disclosure controls and procedures, and risk management;
- (ii) the Company's compliance with legal and regulatory requirements;
- (iii) the qualifications and independence of the Company's auditor; and
- (iv) the performance of the Company's internal accounting function and independent auditor.

## **SUCCESSION PLANNING**

The Board develops, upon recommendation of the Governance and Human Resources Committee, and monitors a succession plan for executive officers of the Company.

## **OVERSIGHT AND COMPENSATION OF MANAGEMENT**

The Board considers recommendations of the Governance and Human Resources Committee with respect to:

- (i) the appointment and compensation of executive officers of the Company at the level of Vice-President and above;
- (ii) the compensation philosophy for the Company generally;
- (iii) the adoption of any incentive compensation and equity-based plans, including stock option, stock purchase or other similar plans, in which officers are or may be eligible to participate; and
- (iv) the Company's retirement policies and special cases.

The Board communicates to the CEO and periodically reviews the Board's expectations regarding management's performance and conduct of the affairs of the Company. The Board also periodically reviews the CEO's position description and objectives and his/her performance against these objectives.

## **ENVIRONMENTAL AND SAFETY MATTERS**

The Board approves health & safety and environmental policies and procedures and reviews any material issues relating to environmental and safety matters and management's response thereto.

## **DIRECTORS' QUALIFICATIONS, COMPENSATION, EDUCATION AND ORIENTATION**

The Board, through the Governance and Human Resources Committee, develops a process to determine, in light of the opportunities and risks facing the Company, what competencies, skills and personal qualities are required for new directors in order to add value to the Company while ensuring that a majority of the Board consists of individuals who are independent.

The Board, through the Governance and Human Resources Committee, develops a program for the orientation and education of new directors, to ensure that prospective candidates for Board membership understand the role of the Board and its committees and the contributions that individual directors are expected to make, and develops a program of continuing education for all directors.

The Board considers recommendations of the Governance and Human Resources Committee with respect to the level and forms of compensation for directors, which compensation shall reflect the responsibilities involved in being an effective director of the Company.

## **ASSESSMENT OF BOARD AND COMMITTEE EFFECTIVENESS**

The Board considers recommendations of the Governance and Human Resources Committee for the development and monitoring of processes for assessing the effectiveness of the Board, the committees of the Board and the contribution of individual directors, which assessments shall be made annually. These results are assessed by the Chairman of the Board and/or the Chairman of the Governance and Human Resources Committee and are reported to the full Board, which decides on actions deemed necessary, if any. The number of directors enables the Board to operate in a prudent and efficient manner.

## **PENSION PLANS**

The Board is responsible to oversee the management of the Company's pension plans and does this through the Audit Committee.

## **OUTSIDE ADVISERS**

Directors may hire outside advisers at the Company's expense, subject to the approval of the Board, and have access to the advice and services of the Company's Secretary, who is also the Vice-President, Corporate and Legal Services.







#### Corporate Information

Head Office:  
LOGISTEC Corporation  
600 De La Gauchetière Street West  
Suite 1400  
Montréal, Québec H3B 4L2  
Telephone: (514) 844-9381  
Fax: (514) 844-9650  
E-mail: [corp@logistec.com](mailto:corp@logistec.com)  
[ir@logistec.com](mailto:ir@logistec.com)  
Internet: [www.logistec.com](http://www.logistec.com)

# LOGISTEC