

## SAGICOR FINANCIAL COMPANY LTD.

### RESTRICTED SHARE UNIT PLAN

#### Section 1 Purpose

This Plan has been established by Sagicor Financial Company Ltd. (the “**Company**”) to assist the Company in the recruitment and retention of highly qualified employees and consultants by providing a means to reward superior performance, to motivate Participants under the Plan to achieve important corporate and personal objectives and, through the issuance of Share Units in the Company to Participants under the Plan, to better align the interests of Participants with the long-term interests of Shareholders.

#### Section 2 Plan Definitions and Interpretations

(1) In this Plan, the following terms have the following meanings:

“**Account**” means the bookkeeping account established and maintained by the Company for each Participant in which the number of Share Units of the Participant are recorded;

“**Affiliate**” has the meaning given to it in National Instrument 45-106 - *Prospectus Exemptions*;

“**Applicable Law**” means any applicable provision of law, domestic or foreign, including, without limitation, applicable securities legislation, together with all regulations, rules, policy statements, rulings, notices, orders or other instruments promulgated thereunder and Stock Exchange Rules;

“**Beneficiary**” means any person designated by the Participant as his or her beneficiary under the Plan in accordance with Section 13 or, failing any such effective designation, the Participant’s legal representative;

“**Board**” means the Board of Directors of the Company;

“**Cause**” means: (i) if the Participant has an employment agreement with the Company or a Designated Subsidiary in which “cause” or “just cause” is defined, “cause” or “just cause” as defined therein; (ii) if the Participant does not have an employment agreement with the Company or a Designated Subsidiary or the employment agreement does not contain a definition of “cause” or “just cause”, as defined in the Grant Certificate (if applicable); or (iii) in all other cases, (A) the inability of the Participant to perform his duties due to a legal impediment such as an injunction, restraining order or other type of judicial judgment, decree or order entered against the Participant; (B) any material breach by the Participant of his obligations under any code of ethics, code of business conduct or any lawful policies or procedures of the Company or a Designated Subsidiary in effect from time to time; (C) excessive absenteeism, flagrant neglect of duties, serious misconduct, or conviction of crime or fraud; and (D) any other act or omission of the Participant employed outside the United States which would in law

permit an employer to, without notice or payment in lieu of notice, terminate the employment of an employee;

**“Change of Control”** means:

- (a) the acquisition whether directly or indirectly, by a person or company, or any persons or companies acting jointly or in concert (as determined in accordance with the *Securities Act* (Ontario) and the rules and regulations thereunder) of voting securities of the Company which, together with any other voting securities of the Company held by such person or company or persons or companies, constitute, in the aggregate, more than 50% of all issued and outstanding voting securities of the Company;
- (b) an amalgamation, merger, scheme of arrangement or other form of business combination of the Company with another company which results in the holders of voting securities of that other company holding, in the aggregate, 50% or more of all issued and outstanding voting securities of the Company (including a merged, amalgamated or surviving company) resulting from the business combination;
- (c) a majority of the members of the Board are replaced during any 12-month period by Directors whose appointment or election is not approved by a majority of the members of the Board prior to the date of the appointment or election of such Director; or
- (d) the sale, lease or exchange of all or substantially all of the property of the Company to another person, other than an Affiliate of the Company;

**“Committee”** means the Compensation and Human Resources Committee of the Board;

**“Company”** means Sagicor Financial Company Ltd. and its respective successors and assigns, and any reference in the Plan to action by the Company means action by or under the authority of the Board or any person or committee that has been designated for the purpose by the Board including, without limitation, the Committee;

**“Designated Subsidiary”** means an entity which is controlled by the Company and which has been designated by the Company for purposes of the Plan from time to time, and for the purposes of this definition, a person (first person) is considered to control another person (second person) if the first person, directly or indirectly, has the power to direct the management and policies of the second person by virtue of:

- (a) ownership of or direction over voting securities in the second person;
- (b) a written agreement or indenture;
- (c) being the general partner or controlling the general partner of the second person;  
or

(d) being a trustee of the second person;

“**Director**” means a member of the Board;

“**Eligible Consultant**” means a person, other than an Employee, that (i) is engaged to provide on a *bona fide* basis consulting, technical, management or other services to the Company or any Designated Subsidiary under a written contract with the Company or the Designated Subsidiary, (ii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or a Designated Subsidiary, and (iii) does not provide services in connection with the offer or sale of securities in a capital-raising transaction and does not directly or indirectly promote or maintain a market for the registrant's securities;

“**Employee**” means an employee of the Company or any of its Designated Subsidiaries or any combination or partnership of such entities;

“**Employer**” means the Company, the Designated Subsidiary or the combination or partnership of such entities that employs the Participant or that employed the Participant immediately prior to the Participant’s Termination Date;

“**Equity Interests**” means the issued and outstanding Shares;

“**Expiry Date**” means, with respect to Share Units granted to a Participant, the date determined by the Company for such purpose for such grant and set forth in the underlying Grant Agreement, which date shall, unless otherwise provided in the Grant Agreement, be no later than the date which is two years after the Participant’s Termination Date and shall, in all cases, be in compliance with the applicable requirements pertaining to the exception to the application of the salary deferral arrangement rules in paragraph 248(1)(k) of the *Income Tax Act* (Canada), as such section may be amended or re-enacted from time to time;

“**Fiscal Year**” means a fiscal year of the Company;

“**Grant Agreement**” means an agreement between the Company and a Participant under which Share Units are granted, together with such amendments, deletions or changes thereto as are permitted under the Plan;

“**Grant Date**” of a Share Unit means the date a Share Unit is granted to a Participant under the Plan;

“**Insider**” has the meaning provided for purposes of the TSX relating to Security Based Compensation Arrangements;

“**Market Value**” with respect to a Share as at any date means the volume weighted average trading price of the Shares on the TSX for the five (5) trading days on which a board lot of Shares (determined in accordance with Stock Exchange Rules) was traded immediately preceding such date (or on any such other stock exchange on which the Shares are then listed and posted for trading as may be selected for such purpose by the

Board). In the event that the Shares are not listed and posted for trading on any stock exchange, the Market Value shall be the Market Value of the Shares as determined by the Board in its discretion;

**“Participant”** means a bona fide full-time or part-time Employee, an Eligible Consultant or a Director who, in any such case, has been designated by the Company for participation in the Plan;

**“Payout Date”** means a date selected by the Company, in accordance with and as contemplated by Sections 3(2), 6(1) and 7(3);

**“Plan”** means this Restricted Share Unit Plan;

**“Reorganization”** means any (i) capital reorganization, (ii) merger, (iii) amalgamation, or (iv) scheme of arrangement or other scheme of reorganization;

**“Section 409A”** means Section 409A of the *U.S. Internal Revenue Code of 1986, as amended*, and the Treasury Regulations promulgated thereunder as in effect from time to time;

**“Security Based Compensation Arrangement”** has the meaning defined in the provisions of the TSX Company Manual relating to security based compensation arrangements;

**“Shareholders”** means the holders of Shares;

**“Shares”** mean common shares of the Company and includes any securities of the Company into which such common shares may be converted, reclassified, redesignated, subdivided, consolidated, exchanged or otherwise changed, pursuant to a Reorganization or otherwise pursuant to Section 9;

**“Share Unit”** means a unit credited to a Participant’s Account, representing the right to receive, subject to and in accordance with the Plan, for each Vested Share Unit, one Share or cash equal to the Market Value of one Share, at the time, in the manner, and subject to the terms, set forth in the Plan and the applicable Grant Agreement;

**“Stock Exchange Rules”** means the applicable rules of any stock exchange upon which Shares are listed;

**“Termination Date”** means the date on which a Participant ceases, for any reason including resignation, termination, death or disability, to be an active Employee, an Eligible Consultant, or a Director, as the case may be, and, in the case of a Participant who is an Employee, where the employment is terminated by the Employer, whether wrongful or for Cause or otherwise, such date shall be the date notice of termination is provided and, in the case of a Participant who is an Eligible Consultant, the date the written contract between the Eligible Consultant and the Company or any Designated Subsidiary is terminated or expires and the Eligible Consultant no longer provides services thereunder;

“TSX” means the Toronto Stock Exchange; and

“Vested Share Units” shall mean Share Units in respect of which all vesting terms and conditions set forth in the Plan and the applicable Grant Agreement have been either satisfied or waived in accordance with the Plan.

- (2) In this Plan, unless the context requires otherwise, words importing the singular number may be construed to extend to and include the plural number, and words importing the plural number may be construed to extend to and include the singular number.

### **Section 3 Grant of Share Units and Terms**

- (1) The Company may grant Share Units to such Participant or Participants in such number and at such times as the Company may, in its sole discretion, determine, as a bonus or similar payment in respect of services rendered by the Participant in the year of grant or a later year, in exchange for security-based compensation of a Designated Subsidiary held by the Participant or to which the Participant may be entitled, or otherwise as compensation, including as an incentive for future performance by the Participant.
- (2) In granting any Share Units pursuant to Section 3(1), the Company shall designate in the Grant Agreement:
  - (a) the number of Share Units which are being granted to the Participant;
  - (b) any time-based or performance-based conditions as to vesting of the Share Units to become Vested Share Units;
  - (c) the Payout Date, which shall in no event be later than the Expiry Date and, unless otherwise set forth in the Grant Agreement, shall be the final date the Share Units become Vested Share Units; and
  - (d) the Expiry Date.
- (3) The conditions may relate to all or any portion of the Share Units in a grant and may be graduated such that different percentages of the Share Units in a grant will become Vested Share Units depending on the extent of satisfaction of one or more such conditions. The Company may, in its discretion and having regard to the best interests of the Company, subsequent to the Grant Date of a Share Unit, waive any resulting conditions, provided that unless otherwise specifically provided by the Company the waiver of such conditions will not accelerate the time of payment with respect to such Share Units, and the payout will occur on the Payout Date as set forth in the Grant Agreement or pursuant to Section 7(3) of the Plan, if applicable.
- (4) Notwithstanding anything to the contrary herein, if Share Units would be materially less beneficial to a Participant than options, the Board may, in its sole discretion, grant options to purchase common shares in lieu of Share Units to certain Participants and such grants of options shall be governed by the terms and conditions of this Plan, *mutatis mutandis*, except that the Board may, in its sole discretion, amend the terms and

conditions of this Plan as they apply to grants of options, including without limitation, by: (i) providing that options granted in lieu of Share Units will have an exercise price that is at least equal to the minimum exercise price permitted by the Stock Exchange Rules, (ii) providing that a Participant will have the right to exercise their options for common shares, and (iii) imposing different expiry dates and conditions in respect of options granted in lieu of Share Units than are provided for Share Units under this Plan.

#### **Section 4 Grant Agreement**

Each grant of a Share Unit will be set forth in a Grant Agreement containing terms and conditions required under the Plan and such other terms and conditions not inconsistent herewith as the Company may, in its sole discretion, deem appropriate.

#### **Section 5 Share Unit Grants and Accounts**

An Account shall be maintained by the Company for each Participant. On the Grant Date, the Account will be credited with the Share Units granted to a Participant on that date.

#### **Section 6 Payouts**

- (1) On each Payout Date, the Participant shall be entitled to receive, and the Company shall issue or provide, a payout with respect to those Vested Share Units in the Participant's Account to which the Payout Date relates, in one of the following forms:
  - (a) subject to the limitations set forth in Section 10(2) below, Shares issued from the Company's authorized but unissued share capital equal in number to the Vested Share Units in the Participant's Account to which the Payout Date relates, subject to any applicable deductions and withholdings;
  - (b) subject to and in accordance with any Applicable Law, Shares purchased by an independent administrator of the Plan in the open market for the purposes of providing Shares to Participants under the Plan equal in number to the Vested Share Units in the Participant's Account to which the Payout Date relates, subject to any applicable deductions and withholdings;
  - (c) the payment of a cash amount to a Participant on the Payout Date equal to the number of Vested Share Units in respect of which the Company makes such a determination, multiplied by the Market Value on the Payout Date, subject to any applicable deductions and withholdings; or
  - (d) any combination of the foregoing;as determined by the Company, in its sole discretion.
- (2) No fractional Shares shall be issued and any fractional entitlements will be rounded down to the nearest whole number.

- (3) Shares issued by the Company from the Company's authorized but unissued share capital under Section 6(1)(a) of this Plan shall be considered fully paid in consideration of past service that is no less in value than the fair equivalent of the money the Company would have received if the Shares had been issued for money.
- (4) The Company or a Designated Subsidiary may withhold from any amount payable to a Participant, either under this Plan, or otherwise, such amount as may be necessary so as to ensure that the Company or the Designated Subsidiary will be able to comply with the applicable provisions of any federal, foreign, provincial, state or local law relating to the withholding of tax or other required deductions, including on the amount, if any, includable in the income of a Participant. Each of the Company or a Designated Subsidiary shall also have the right in its discretion to satisfy any such withholding tax liability by retaining, acquiring or selling on behalf of a Participant any Shares which would otherwise be issued or provided to a Participant hereunder.

### **Section 7 Termination of Employment and Forfeitures**

- (1) Unless otherwise determined by the Company pursuant to Sections 7(2) or 7(3) or as otherwise provided in the Grant Agreement or the Participant's employment agreement, on a Participant's Termination Date, any Share Units in a Participant's Account which are not Vested Share Units shall terminate and be forfeited.
- (2) Notwithstanding Section 7(1), where a Participant ceases to be an Employee as a result of the termination of his or her employment without Cause, then in respect of each grant of Share Units made to such Participant, at the Company's discretion, all or a portion of such Participant's Share Units may be permitted to continue to vest, in accordance with their terms, during any statutory or common law severance period or any period of reasonable notice required by law or as otherwise may be determined by the Company in its sole discretion.
- (3) Notwithstanding Section 7(1) nor the conditions as to vesting of Share Units contained in any individual Grant Agreement, in the event that a Participant's employment is terminated without Cause by the Company or an Affiliate within 12 months following a Change of Control, all outstanding Share Units shall become Vested Share Units on the Termination Date and, except as otherwise provided in Section 15 hereof, the Payout Date in connection with such Vested Share Units shall, notwithstanding any provisions in the Grant Agreement, be accelerated to the Termination Date and the Company shall, as soon as practicable following such termination, issue or provide Shares or make payments to such Participants with respect to such Vested Share Units in accordance with Section 6.
- (4) Except as provided in Section 15, in the event a Participant's Termination Date is prior to the Payout Date with respect to any Vested Share Units in such Participant's Account, the Payout Date with respect to such Vested Share Units shall, notwithstanding any provision in the Grant Agreement, be accelerated to the Participant's Termination Date and the Company shall, as soon as practical following such Termination Date, issue or

provide Shares or make payment to such Participant, or Beneficiary thereof, as applicable, with respect to such Vested Share Units in accordance with Section 6.

#### **Section 8 Forfeited Units**

Notwithstanding any other provision of the Plan or a Grant Agreement, Share Units granted hereunder shall terminate on, if not redeemed or previously terminated and forfeited in accordance with the Plan, and be of no further force and effect after, the Expiry Date.

#### **Section 9 Alteration of Number of Shares Subject to the Plan**

- (1) In the event that the Shares shall be subdivided or consolidated into a different number of Shares, an issue of bonus Shares is effected or Share dividend shall be declared upon the Shares payable in Shares, the number of Share Units then recorded in the Participant's Account shall be adjusted by replacing such number by a number equal to the number of Shares which would be held by the Participant immediately after the issue of bonus Shares, Share dividend, subdivision or consolidation, should the Participant have held a number of Shares equal to the number of Share Units recorded in the Participant's Account on the record date fixed for such issue of bonus Shares, Share dividend, subdivision or consolidation.
- (2) In the event there shall be any change, other than as specified in Section 9(1), in the number or kind of issued and outstanding Equity Interests or of any shares or other securities into which such Equity Interests shall have been changed or for which they shall have been exchanged, pursuant to a Reorganization or otherwise, then there shall be substituted for each Share referred to in the Plan or for each share into which such Share shall have been so changed or exchanged, the kind of securities into which each issued and outstanding Equity Interest shall be so changed or exchanged (or, if no such change or exchange occurs, into such other securities as the Board may determine subject to prior approval of the TSX, if required) and an equitable adjustment shall be made, if required, in the number of Share Units then recorded in the Participant's Account, such adjustment, if any, to be reasonably determined by the Committee and to be effective and binding for all purposes.
- (3) In the case of any such substitution, change or adjustment as provided for in this Section 9, the variation shall generally require that the aggregate Market Value of the Share Units then recorded in the Participant's Account prior to such substitution, change or adjustment will be proportionately and appropriately varied so that it will be equal to such aggregate Market Value after the variation.

#### **Section 10 Restrictions on Issuances**

- (1) Share Units may be granted by the Company in accordance with this Plan provided the aggregate number of Share Units outstanding pursuant to the Plan from time to time shall not exceed 10% of the number of issued and outstanding Equity Interests from time to time.

- (2) The maximum number of Shares issuable to Insiders pursuant to Section 6(1)(a) of the Plan, together with any Shares issuable pursuant to any other Security Based Compensation Arrangement, at any time, shall not exceed 10% of the total number of issued and outstanding Equity Interests. The maximum number of Shares issued to Insiders pursuant to Section 6(1)(a) of the Plan, together with any Shares issued pursuant to any other Security Based Compensation Arrangement, within any one year period, shall not exceed 10% of the total number of issued and outstanding Equity Interests.
- (3) At any given time, the number of Share Units granted to non-Employee Directors under the Plan, in combination with all other equity awards granted to non-Employee Directors under any other Security Based Compensation Arrangement, shall be limited to a reserve, as a group, of equity awards entitling them to acquire up to 1% of the issued and outstanding Shares in aggregate. In addition, the maximum annual equity award value (based on grant date fair value as determined by the Board) will be US\$50,000 per non-Employee Director.
- (4) The number of Share Units (or portions thereof) that: (i) have been settled or paid-out; or (ii) have expired or been forfeited, surrendered, cancelled or otherwise terminated prior to the delivery of the Shares pursuant to a grant of Share Units, shall, in each case, automatically become available to be made and subject to new grants under this Plan. In addition, the number of Share Units (or portions thereof) that the Company settles in cash in lieu of settlement in Shares shall automatically become available to be made the subject of new grants under this Plan.

#### **Section 11     Amendment, Suspension or Termination of the Plan**

- (1) Subject to the provisions herein, the Plan may be amended, suspended or terminated in whole or in part at any time by the Board. No amendment of the Plan shall, without the consent of the Participants affected by the amendment, or unless required by Applicable Law, adversely affect the rights of such Participants with respect to Share Units granted prior to the date of the amendment.
- (2) The Company may, without notice, at any time and from time to time, and without shareholder approval, amend the Plan or any provisions thereof in such manner as the Company, in its sole discretion, determines appropriate, including, without limitation:
  - (a) for the purposes of making formal minor or technical modifications to any of the provisions of the Plan;
  - (b) to correct any ambiguity, defective provision, error or omission in the provisions of the Plan;
  - (c) to change the vesting provisions of Share Units;
  - (d) to change the termination provisions of Share Units or the Plan which does not entail an extension beyond the original Expiry Date of the Share Units;

- (e) to make the amendments contemplated by Section 15(1)(a); or
- (f) to make any amendments necessary or advisable because of any change in Applicable Law or to establish one or more sub-plans to reflect terms and conditions that are required or appropriate to comply with Applicable Law;

provided, however, that:

- (g) no such amendment of the Plan may be made without the consent of each affected Participant in the Plan if such amendment would adversely affect the rights of such affected Participant(s) under the Plan; and
  - (h) shareholder approval shall be obtained in accordance with the requirements of the TSX for any amendment that results in:
    - (i) an increase in the maximum number of Shares issuable pursuant to the Plan (other than pursuant to Section 9);
    - (ii) an extension of the Expiry Date for Share Units granted to Insiders under the Plan;
    - (iii) an expansion of the rights of a Participant to assign Share Units other than as set forth in Section 14(2); or
    - (iv) the addition of additional categories of Participants (other than as contemplated by Section 9).
- (3) If the Company terminates the Plan, Share Units previously credited to Participant Accounts shall, at the discretion of the Company, either (a) be settled immediately in accordance with the terms of the Plan in effect at such time, or (b) remain outstanding and in effect and settled in due course in accordance with the applicable terms and conditions, in either case without shareholder approval.

## **Section 12 Administration**

- (1) Unless otherwise determined by the Board, the Plan shall be administered by the Committee subject to Applicable Laws. The Committee shall have full and complete authority to interpret the Plan, to prescribe such rules and regulations and to make such other determinations as it deems necessary or desirable for the administration of the Plan. All actions taken and decisions made by the Committee shall be final, conclusive and binding on all parties concerned, including, but not limited to, the Participants and their beneficiaries and legal representatives, each Designated Subsidiary and the Company. All expenses of administration of the Plan shall be borne by the Company.
- (2) The Company shall keep or cause to be kept such records and accounts as may be necessary or appropriate in connection with the administration of the Plan and the discharge of its duties. At such times as the Company shall determine, the Company shall furnish the Participant with a statement setting forth the details of his or her Share

Units including the Grant Date and the Vested Share Units and unvested Share Units held by each Participant. Such statement shall be deemed to have been accepted by the Participant as correct unless written notice to the contrary is given to the Company within 30 days after such statement is given to the Participant.

- (3) The Company may, at its discretion, appoint one or more persons or companies to provide services in connection with the Plan including without limitation, administrative and record-keeping services.

### **Section 13 Beneficiaries and Claims for Benefits**

Subject to the requirements of Applicable Law, a Participant may designate in writing a Beneficiary to receive any benefits that are payable under the Plan upon the death of such Participant. The Participant may, subject to Applicable Law, change such designation from time to time. Such designation or change shall be in such form and executed and filed in such manner as the Company may from time to time determine.

### **Section 14 General**

- (1) The transfer of an Employee from the Company to a Designated Subsidiary, from a Designated Subsidiary to the Company or from a Designated Subsidiary to another Designated Subsidiary, shall not be considered a termination of employment for the purposes of the Plan, nor shall it be considered a termination of employment if a Participant is placed on such other leave of absence which is considered by the Company as continuing intact the employment relationship. Furthermore, it shall not be considered a termination of employment for purposes of the Plan if a Participant terminates employment as an Employee but continues in service without interruption as a Director or Eligible Consultant, and it shall not be considered a termination of service for purposes of the Plan if a Participant terminates service as a Director or Eligible Consultant but continues in service without interruption as an Employee.
- (2) The Plan shall enure to the benefit of and be binding upon the Company, its successors and assigns. The interest of any Participant under the Plan or in any Share Unit shall not be transferable or assignable other than by operation of law, except, if and on such terms as set forth in a Grant Agreement or as the Company may otherwise permit, to a current or former spouse (defined to include a putative spouse of such person or any natural person with whom such person is or has been in a marital-like relationship where both parties cohabit with knowledge that they are not lawfully married) or minor children or grandchildren (defined to include any adopted children) or a personal holding company or family trust controlled by a Participant, the sole shareholders or beneficiaries of which, as the case may be, are any combination of the Participant, the Participant's current or former spouse, the Participant's minor children or the Participant's minor grandchildren, and after his or her lifetime shall enure to the benefit of and be binding upon the Participant's Beneficiary.
- (3) The Company's grant of any Share Units or issuance of any Shares hereunder is subject to compliance with Applicable Law applicable thereto. As a condition of participating in

the Plan, each Participant agrees to comply with all Applicable Law and agrees to furnish to the Company or a Designated Subsidiary all information and undertakings as may be required to permit compliance with Applicable Law.

- (4) A Participant shall not have the right or be entitled to exercise any voting rights, receive any dividend or distribution or have or be entitled to any other rights as a Shareholder in respect of any Share Units.
- (5) Neither designation of an Employee as a Participant nor the grant of any Share Units to any Participant entitles any Participant to the grant, or any additional grant, as the case may be, of any Share Units under the Plan. Neither the Plan nor any action taken thereunder shall interfere with the right of the Company or a Designated Subsidiary to terminate a Participant's employment, or service under contract, at any time. Neither any period of notice, if any, nor any payment in lieu thereof, upon termination of employment, wrongful or otherwise, shall be considered as extending the period of employment for the purposes of the Plan.
- (6) Participation in the Plan shall be entirely voluntary and any decision not to participate shall not affect any Employee's employment or any consultant's contractual relationship with the Company or a Designated Subsidiary.
- (7) The Plan shall be an unfunded obligation of the Company. Neither the establishment of the Plan nor the grant of any Share Units or the setting aside of assets by the Company (if, in its sole discretion, it chooses to do so) shall be deemed to create a trust. The right of the Participant or Beneficiary to receive payment pursuant to the Plan shall be no greater than the right of other unsecured creditors of the Company.
- (8) This Plan is established under the laws of the Province of Ontario and the rights of all parties and the construction of each and every provision of the Plan and any Share Units granted hereunder shall be construed according to the laws of the Province of Ontario.

**Section 15      Section 409A**

- (1) It is intended that the provisions of this Plan comply with Section 409A, and all provisions of this Plan shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A. Notwithstanding anything in the Plan to the contrary, the Company may provide in the applicable Grant Agreement with respect to Share Units granted to Participants whose benefits under the Plan are or may become subject to Section 409A, such terms and conditions as may be required for compliance with Section 409A. In addition, the following will apply to the extent that a Participant's Share Units are subject to and not exempt from Section 409A.
  - (a) Except as permitted under Section 409A, any Share Units, or payment with respect to Share Units, may not be reduced by, or offset against, any amount owing by the Participant to the Company or any Designated Subsidiary.

- (b) If a Participant otherwise would become entitled to receive payment in respect of any Share Units as a result of his or her ceasing to be an Employee, an Eligible Consultant or director upon a Termination Date, any payment made on account of such person ceasing to be an Employee or Eligible Consultant shall be made at that time only if the Participant has experienced a “**separation from service**” (within the meaning of Section 409A).
- (c) If a Participant is a “**specified employee**” (within the meaning of Section 409A) at the time he or she otherwise would be entitled to payment as a result of his or her separation from service, any payment that otherwise would be payable during the six-month period following such separation from service will be delayed and shall be paid on the first day of the seventh month following the date of such separation from service or, if earlier, the Participant’s date of death.
- (d) A Participant’s status as a specified employee shall be determined by the Company as required by Section 409A on a basis consistent with the regulations under Section 409A and such basis for determination will be consistently applied to all plans, programs, contracts, agreements, etc. maintained by the Company that are subject to Section 409A.
- (e) Each Participant, any beneficiary or the Participant’s estate, as the case may be, is solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or for the account of such Participant in connection with this Plan (including any taxes and penalties under Section 409A), and neither the Company nor any Designated Subsidiary or affiliate shall have any obligation to indemnify or otherwise hold such Participant or beneficiary or the Participant’s estate harmless from any or all of such taxes or penalties.
- (f) If and to the extent that Share Units would otherwise become payable upon a Change of Control as defined in the Plan, such payment will occur at that time only if such Change of Control also constitutes a “**change in ownership**”, a “**change in effective control**” or a “**change in the ownership of a substantial portion of the assets of the Company**” as defined under Section 409A and applicable regulations (a “**409A Change in Control**”). If a Change of Control as defined in the Plan is not also a 409A Change in Control, unless otherwise permitted under Section 409A the time for the payment of Share Units will not be accelerated and will be payable pursuant to the terms of the Plan and applicable Grant Agreement as if such Change of Control had not occurred.
- (g) In the event that the Committee determines that any amounts payable under the Plan will be taxable to a Participant under Section 409A prior to payment to such Participant of such amount, the Company may (i) adopt such amendments to the Plan and Share Units and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Committee determines necessary or appropriate to preserve the intended tax treatment of the benefits provided by the Plan and Grant Agreement and/or (ii) take such other actions as

the Company determines necessary or appropriate to avoid or limit the imposition of an additional tax under Section 409A.

- (h) In the event the Company terminates the Plan in accordance with Section 11(3), the time and manner of payment of amounts that are subject to 409A will be made in accordance with the rules under Section 409A. The Plan will not be terminated except as permitted under Section 409A. No change to the termination provisions of Share Units or the Plan pursuant to Section 11(2)(d) will be made except as permitted under Section 409A.

**Section 16      Effective Date of the Plan**

The effective date of the plan is December 5, 2019.