



**ACCORD**  
FINANCIAL

**NOTICE OF ANNUAL AND SPECIAL  
MEETING OF SHAREHOLDERS  
AND  
MANAGEMENT INFORMATION CIRCULAR  
2021**

**TO BE HELD AT:**

**Accord Financial Corp.  
Suite 602, 40 Eglinton Avenue East  
Toronto, Ontario, Canada**

**Webcast link: <https://msteams.link/35WK>**

**Phone dial-in number: 1 (647) 749-9397  
Phone conference ID code: 299-494-139#**

**ACCORD FINANCIAL CORP.**  
**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

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NOTICE is hereby given that the 2021 Annual and Special Meeting (the "Meeting") of Shareholders of ACCORD FINANCIAL CORP. (the "Company") will be held at the Company's offices at:

**Accord Financial Corp.**  
**Suite 602, 40 Eglinton Avenue East, Toronto, Ontario, Canada**

on **Wednesday, May 5, 2021**  
at **4:15 p.m. (Eastern Daylight Time)**

Shareholders can also join the Meeting virtually by webcast or by phone as follows:

Webcast link: <https://msteams.link/35WK>  
Phone dial-in number: **1 (647) 749-9397 (conference ID code: 299-494-139#)**

**Record Date:** The Company has fixed **March 29, 2021** as the record date for the Meeting.

**IMPORTANT NOTICE**

Due to continuing concerns regarding the coronavirus (COVID-19) and in consideration of the health and safety of shareholders, employees, other stakeholders and the broader community, ***the Company strongly encourages all shareholders to consider not attending the meeting in person but instead attend the webcast of the Meeting or call in by phone to listen to the Meeting*** (see details above). More than ever, the Company strongly encourages that all shareholders vote their shares prior to the Meeting. The Company intends to hold the Meeting in person; however, in light of the guidance related to the coronavirus (Covid-19) pandemic, the Company asks that shareholders follow the instructions of the Public Health Agency of Canada and all additional provincial and local instructions. It asks that shareholders not attend the Meeting in person if experiencing coronavirus like symptoms.

The following business will be conducted at the Meeting:

1. to receive the Audited Consolidated Financial Statements of the Company for the fiscal year ended December 31, 2020, together with the auditors' report thereon;
2. to elect directors of the Company;
3. to appoint KPMG LLP, Chartered Professional Accountants, as auditors of the Company and to authorize the Company's directors, through their Audit Committee, to fix the remuneration to be paid to the auditors;
4. to approve a new stock option plan (the "2021 SOP") and the reservation and issuance of up to 850,000 common shares of the Company under the 2021 SOP, together with any other share-based compensation arrangement of the Company; and
5. to transact such other business as may properly come before the Meeting or any adjournment thereof.

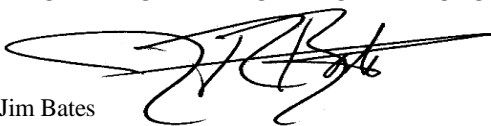
As a shareholder, you are entitled to attend the Meeting and to cast one vote for each common share that you own. If you are a registered shareholder and are unable to attend the Meeting, you will be able to vote on the items of business set out in 2, 3, 4 & 5 above by completing the form of proxy included with the accompanying Management Information Circular (the "Circular"). This Circular explains how the voting process works.

Please exercise your right to vote by voting online at [www.investorvote.com](http://www.investorvote.com), by telephone at 1-866-732-VOTE (8683) or by signing and returning the enclosed form of proxy or voting instruction form to Computershare Investor Services Inc., 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1 so as to arrive not later than 4:15 p.m. (EDT) on the second business day preceding the date of the Meeting (namely, May 3, 2021) or any adjournment thereof. Please see form of proxy received for more information on voting your shares.

The Circular provides additional information relating to the matters to be dealt with at the Meeting and forms part of this notice.

Dated at Toronto, Ontario, the 30<sup>th</sup> day of March 2021

**BY ORDER OF THE BOARD OF DIRECTORS**

  
Jim Bates  
Secretary

**ACCORD FINANCIAL CORP.**  
**INVITATION TO SHAREHOLDERS**

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Dear Shareholder:

On behalf of Accord Financial's Board of Directors ("Board"), I am pleased to invite you to attend the Company's Annual and Special Meeting of Shareholders to be held at the Company's offices at Suite 602, 40 Eglinton Avenue East, Toronto, Ontario, Canada on Wednesday, May 5, 2021 at 4:15pm. Shareholders can also attend the meeting by webcast or phone dial in. Due to continuing concerns regarding the coronavirus (Covid-19) and in consideration of the health and safety of shareholders, employees, other stakeholders and the broader community, **the Company strongly encourages all shareholders to not attend the meeting in person but instead attend the webcast of the Meeting or call in by phone to listen to the Meeting. Details of the webcast and phone call in number are set out in the Notice of Annual Meeting of Shareholders above.**

The Meeting gives you the opportunity to learn more about your Company, receive its financial results, and hear about our plans for the future. The items of business to be considered at this meeting are described in the Notice of Annual and Special Meeting of Shareholders and accompanying Management Information Circular. More than ever, the Company strongly encourages that all shareholders vote their shares prior to the meeting as it is important that your shares be represented and voted, by using the enclosed proxy or voting instruction form and voting in the manner detailed above. We encourage you to familiarize yourself with the information in the Management Information Circular in order to decide how you want to vote your shares. We look forward to your participation.

The Board and management thank you for your continued support.

Sincerely,



Simon Hitzig  
President and CEO  
Accord Financial Corp.

**ACCORD FINANCIAL CORP.**  
**MANAGEMENT INFORMATION CIRCULAR**

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# ACCORD FINANCIAL CORP.

## MANAGEMENT INFORMATION CIRCULAR

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### SOLICITATION OF PROXIES

The information contained in this Management Information Circular (the "Circular") is furnished in connection with the solicitation of proxies to be used at the Annual and Special Meeting of Shareholders of Accord Financial Corp. ("Accord" or the "Company") to be held virtually and by phone at 4:15 p.m. on Wednesday, May 5, 2021 (the "Meeting"), and at all adjournments thereof, for the purposes set forth in the accompanying Notice of Meeting. It is expected that the solicitation will be made primarily by mail, but proxies may also be solicited personally by directors, officers or employees of the Company. **The solicitation of proxies by this Circular is being made by or on behalf of the management of the Company.** The total cost of the solicitation will be borne by the Company.

### APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy accompanying this Circular are directors and officers of the Company. *A shareholder of the Company has the right to appoint a person other than the persons specified in such form of proxy and who need not be a shareholder of the Company to attend and act for the shareholder and on the shareholder's behalf at the Meeting. Such right may be exercised by striking out the names of the persons specified in the form of proxy, inserting the name of the person to be appointed in the blank space provided in the form of proxy, signing the form of proxy and returning it in the reply envelope in the manner set forth in the accompanying Notice of Meeting, or if voting online at [www.investorvote.com](http://www.investorvote.com), by inserting the name of the person to be appointed proxy in the appropriate space.*

In the case of registered Shareholders, to be valid, a written proxy being deposited with the Company must be dated and manually signed by the Shareholder or his/her attorney authorized in writing or, if the Shareholder is a corporation, by a duly authorized officer or attorney. The proxy, to be acted upon, must be deposited with the Company by mail, through its registrar and transfer agent, Computershare Trust Company of Canada ("Computershare"), at its office at 100 University Avenue 8th Floor, Toronto, Ontario M5J 2Y1, Attention: Proxy Department, by hand to the same address in Toronto, Ontario, by internet at [www.investorvote.com](http://www.investorvote.com) (in which case you will be prompted to enter your Control Number, which is located on the accompanying Form of Proxy) or by telephone, by calling 1-866-732-VOTE (8683) (toll free within North America), by 4:15 p.m. on May 3, 2021 or if the Meeting is adjourned, not later than 48 hours (excluding weekends and holidays) prior to the time of such adjourned Meeting.

A shareholder who has given a proxy has the right to revoke it as to any matter on which a vote has not already been cast pursuant to the authority conferred by that proxy and may do so: (i) by depositing an instrument in writing executed by the shareholder or by the shareholder's attorney who is authorized by a document that is signed in writing or by electronic signature that complies with the requirements of the Business Corporations Act (Ontario) (the "OBCA"); or (ii) by transmitting, by telephonic or electronic means, a revocation that is signed by electronic signature that complies with the requirements of the OBCA; or (iii) if voting online, by changing the name of, or deleting, the proxy previously appointed, in each case to be received (a) at the registered office of the Company, Suite 602, 40 Eglinton Avenue East, Toronto, Ontario, M4P 3A2 (or by fax at (416) 961-9443) or at the offices of Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, up to and including 4:15 p.m. (EDT) on the second business day immediately preceding the day of the Meeting, or any adjournment or postponement thereof, at which the proxy is to be used or (b) by the Chairman of the Meeting on the day of the Meeting or any adjournment or postponement thereof before it is exercised on any particular matter or (c) if voting online, submitting the change before 4.15 pm (EDT) on the second business day immediately preceding the day of the meeting, or any adjournment or postponement thereof or (d) in any other manner permitted by law. A shareholder who has given a proxy may also revoke it in any other manner permitted by law.

### VOTING BY NON-REGISTERED SHAREHOLDERS

Only registered Shareholders of the Company or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, common shares of the Company are beneficially owned by a person (a "Non-Registered Holder") and are registered either: (i) in the name of an intermediary (an "Intermediary") with whom the Non-Registered Holder deals in respect of the common shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in

the name of a clearing agency (such as CDS Clearing and Depository Services Inc.) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101 Communication with Beneficial Owners of Securities of a Reporting Issuer, the Company will have distributed copies of the Notice of Meeting, this Circular and form of proxy (collectively, the “meeting materials”) to the Intermediaries for onward distribution to Non-Registered Holders.

Non-Registered Holders who have not waived the right to receive meeting materials will receive either a voting instruction form or, less frequently, a form of proxy. The purpose of these forms is to permit Non-Registered Holders to direct the voting of the shares they beneficially own. Non-Registered Holders should follow the procedures set out below, depending on which type of form they receive.

(a) Voting Instruction Form. In most cases, a Non-Registered Holder will receive, as part of the meeting materials, a voting instruction form. If the Non-Registered Holder does not wish to attend and vote at the meeting (or have another person attend and vote on the Holder’s behalf), the voting instruction form must be completed, signed and returned in accordance with the directions on the form. If a Non-Registered Holder wishes to attend and vote at the meeting (or have another person attend and vote on the Holder’s behalf), the Non-Registered Holder must complete, sign and return the voting instruction form in accordance with the directions provided and a form of proxy giving the right to attend, and vote will be forwarded to the Non-Registered Holder.

(b) Form of Proxy. Less frequently, a Non-Registered Holder will receive, as part of the meeting materials, a form of proxy that may have already been signed by an Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of shares beneficially owned by the Non-Registered Holder, but which is otherwise not completed. If the Non-Registered Holder does not wish to attend and vote at the meeting (or have another person attend and vote on the Non-Registered Holder’s behalf), the Non-Registered Holder must complete the form of proxy and deposit it with the Company’s registrar and transfer agent, Computershare, at its office at 100 University Avenue 8th Floor, Toronto, Ontario M5J 2Y1, Attention: Proxy Department or by internet or telephone pursuant to the instructions provided in the form of proxy, by 4:15 p.m. March 3, 2021 or if the Meeting is adjourned, not later than 48 hours (excluding weekends and holidays) prior to the time of such adjourned Meeting. If a Non-Registered Holder wishes to attend and vote at the meeting (or have another person attend and vote on the Non-Registered Holder’s behalf), the Non-Registered Holder must insert the Non-Registered Holder’s (or such other person’s) name in the blank space provided. Non-Registered Holders should follow the instructions on the forms they receive and contact their Intermediaries promptly if they need assistance.

## **VOTING OF SHARES REPRESENTED BY MANAGEMENT PROXIES**

The persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed by proxy on any ballot that may be called for in accordance with the instructions thereon. **In the absence of such specifications, such shares will be voted in favour of each of the matters referred to herein.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments to or variations of matters identified in the Notice of Meeting and with respect to other matters, if any, which may properly come before the Meeting. At the date of this Circular, the management of the Company knows of no such amendments, variations, or other matters to come before the Meeting. However, if any other matters which are not known to management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxy.

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

As at the date hereof, the Company had 8,558,913 issued and outstanding common shares (“shares”), each carrying one vote. Each holder of a share of record at the close of business on March 29, 2021, the record date established for notice of the Meeting, will, unless otherwise specified herein, be entitled to one vote for each share held by such holder on all matters proposed to come before the Meeting, except to the extent that such holder has transferred any such shares after the record date and the transferee of such shares establishes ownership thereof and makes a written demand, not later than 10 days before the Meeting, to be included in the list of shareholders entitled to vote at the Meeting, in which case the transferee will be entitled to vote such shares at the Meeting.

At the date hereof, to the knowledge of the management of the Company, the only persons beneficially owning, directly or indirectly, or exercising control or direction over, more than 10% of the issued and outstanding shares of the Company are as follows:

<b>Shareholder</b>	<b>Number of Common Shares</b>	<b>% of Issued and Outstanding Common Shares</b>
Hitzig Bros., Hargreaves & Co. Inc. (“Hitzig Bros.”)	2,000,000	23.37%
Oakwest Corporation Limited (“Oakwest”)	1,925,651	22.50%
3502236 Canada Inc. (“3502236”)	1,047,840	12.24%

Management understands that Mr. Ken Hitzig, Executive Chairman of the Board of Directors (“Chairman”) of the Company, and Mr. Simon Hitzig, President and CEO (“CEO”) of the Company, are directors, officers and shareholders of Hitzig Bros. Management further understands that Mr. David Beutel, a director of the Company, is also a director, officer and shareholder of Oakwest. Management also understands that 3502236 Canada Inc. is a family holding company of, amongst others, Mr. Robert Tom, an employee of the Company, and Mr. Howard Tom, a former employee of the Company, who are directors, officers and shareholders of 3502236.

## **BUSINESS OF THE MEETING**

### **FINANCIAL STATEMENTS**

The Audited Consolidated Financial Statements of the Company for the fiscal year ended December 31, 2020 and the auditors’ report thereon are included in the Company’s 2020 Annual Report, which was mailed to shareholders with this Circular.

### **ELECTION OF DIRECTORS**



Management will propose at the Meeting that the six nominees named on pages 4 and 5 be elected directors. The current Board comprises of a majority of independent directors. All directors so elected will hold office until the next annual meeting of shareholders of the Company or until their successors are elected or appointed. The persons named in the enclosed form of proxy intend to cast the votes to which the shares represented by such proxy are entitled for the election of the nominees whose names are set forth below, unless the shareholder who has given such proxy has directed that the shares be withheld from voting in the election of one or more particular directors. Management of the Company does not contemplate that any of the nominees will be unable to serve as a director, but if that should occur for any reason at or prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. The Board approved each of the directors to be nominated for election.

The Board has adopted a policy regarding majority voting in the election of directors. This states that if the number of votes withheld for a particular director nominee is more than the votes in favour of such director, the director nominee will be required to immediately submit his resignation to the Company’s Board for consideration by it. For further details regarding this policy see Majority Voting Policy (“MVP”) on page 21 below.

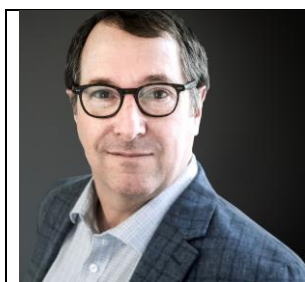
### **Nominees for Election to the Board of Directors**

Each year directors are elected or re-elected to the Board. The six nominee director profiles below summarize each nominated director’s skills and experience. They have been selected based on their collective ability to contribute to the broad range of issues the Board considers when overseeing the Company’s business and affairs. Four of the six nominated directors are independent which ensures that the Board is able to operate independently of management and make decisions in the best interest of the Company and its shareholders.

The following table sets forth certain information with respect to the persons nominated by management for election to the Company's Board.

	<p><b>David Beutel, Toronto, Ontario, Canada</b>  <b>Principal Occupation:</b> Vice President and Secretary, Oakwest Corporation Limited (investment company)            Mr. Beutel holds a B.A. from University of Pennsylvania and an MBA from Schulich School of Business at York University. Mr. Beutel is a Vice President and Secretary of Oakwest, a private investment management and holding company. Prior to this, Mr. Beutel was the co-founder and managing partner of Belweather Capital Partners Inc., a merchant banking and private investment company in Toronto. He is Chairman of Diamond Estates Wines and Spirits Inc. (TSX-V: DWS), as well as being a director of several private companies. Mr. Beutel has been a director of Accord since May 7, 2014 and is a member of the Company's Audit and Credit Committees.</p>						
<p>Independent director.</p>	<table border="1"> <thead> <tr> <th data-bbox="496 617 808 716">Common Shares Held (#) / Value (\$) <sup>(5)</sup></th> <th data-bbox="808 617 1127 716">Convertible debentures Held (#) / Value (\$) <sup>(6)</sup></th> <th data-bbox="1127 617 1373 716">Stock Options Vested &amp; Held (#)</th> </tr> </thead> <tbody> <tr> <td data-bbox="496 716 808 758">1,925,651<sup>(2)</sup> / \$12,901,862</td> <td data-bbox="808 716 1127 758">Nil</td> <td data-bbox="1127 716 1373 758">20,000</td> </tr> </tbody> </table>	Common Shares Held (#) / Value (\$) <sup>(5)</sup>	Convertible debentures Held (#) / Value (\$) <sup>(6)</sup>	Stock Options Vested & Held (#)	1,925,651 <sup>(2)</sup> / \$12,901,862	Nil	20,000
Common Shares Held (#) / Value (\$) <sup>(5)</sup>	Convertible debentures Held (#) / Value (\$) <sup>(6)</sup>	Stock Options Vested & Held (#)					
1,925,651 <sup>(2)</sup> / \$12,901,862	Nil	20,000					
	<p><b>Jean Holley, Alpharetta, Georgia, U.S.A.</b>  <b>Principal Occupation:</b> Corporate director            Ms. Holley holds a B.S. in Computer Science/Electrical Engineering from Missouri University Science &amp; Technology, and a M.S. in Computer Science/Engineering from Illinois Institute of Technology in Chicago. Ms. Holley has over 30 years' experience in information technology, serving as Chief Information Officer for a variety of global companies including Brambles Limited, Tellabs and USG Corp. She has served on OneSpan's (Nasdaq: OSPN) board as an independent director since 2006 where she chairs the Governance and Nomination Committee and is a member of the Audit and Compensation Committees. Since 2017, Ms. Holley has also served on Herc Holding's (NYSE: HRI) board as an independent director where she is a member of the Compensation and Governance Committees. Ms. Holley has been a director of Accord since May 6, 2020 and is a member of the Company's Compensation Committee.</p>						
<p>Independent director.</p>	<table border="1"> <thead> <tr> <th data-bbox="496 1136 808 1234">Common Shares Held (#) / Value (\$) <sup>(5)</sup></th> <th data-bbox="808 1136 1127 1234">Convertible debentures Held (#) / Value (\$) <sup>(6)</sup></th> <th data-bbox="1127 1136 1373 1234">Stock Options Vested &amp; Held (#)</th> </tr> </thead> <tbody> <tr> <td data-bbox="496 1234 808 1276">Nil</td> <td data-bbox="808 1234 1127 1276">Nil</td> <td data-bbox="1127 1234 1373 1276">Nil</td> </tr> </tbody> </table>	Common Shares Held (#) / Value (\$) <sup>(5)</sup>	Convertible debentures Held (#) / Value (\$) <sup>(6)</sup>	Stock Options Vested & Held (#)	Nil	Nil	Nil
Common Shares Held (#) / Value (\$) <sup>(5)</sup>	Convertible debentures Held (#) / Value (\$) <sup>(6)</sup>	Stock Options Vested & Held (#)					
Nil	Nil	Nil					
	<p><b>Ken Hitzig, Toronto, Ontario, Canada</b>  <b>Principal Occupation:</b> Executive Chairman of the Board of the Company            Mr. Hitzig founded Accord 43 years ago and has seen his initial vision grow into a highly successful North American asset-based lending and finance company. Mr. Hitzig has a BCom. from McGill University and over 50 years' experience in the asset-based lending and finance industries. Mr. Hitzig has been a director of Accord since March 6, 1992 and is a member of the Company's Credit and Compensation Committees.</p>						
<p>Mr. Hitzig is an officer of Accord and, hence, a non-independent director.</p>	<table border="1"> <thead> <tr> <th data-bbox="496 1493 808 1591">Common Shares Held (#) / Value (\$) <sup>(5)</sup></th> <th data-bbox="808 1493 1127 1591">Convertible debentures Held (#) / Value (\$) <sup>(6)</sup></th> <th data-bbox="1127 1493 1373 1591">Stock Options Vested &amp; Held (#)</th> </tr> </thead> <tbody> <tr> <td data-bbox="496 1591 808 1640">2,000,000 <sup>(3)</sup> / \$13,400,000</td> <td data-bbox="808 1591 1127 1640">750 / \$667,500</td> <td data-bbox="1127 1591 1373 1640">Nil</td> </tr> </tbody> </table>	Common Shares Held (#) / Value (\$) <sup>(5)</sup>	Convertible debentures Held (#) / Value (\$) <sup>(6)</sup>	Stock Options Vested & Held (#)	2,000,000 <sup>(3)</sup> / \$13,400,000	750 / \$667,500	Nil
Common Shares Held (#) / Value (\$) <sup>(5)</sup>	Convertible debentures Held (#) / Value (\$) <sup>(6)</sup>	Stock Options Vested & Held (#)					
2,000,000 <sup>(3)</sup> / \$13,400,000	750 / \$667,500	Nil					





Mr. Hitzig is President and CEO of Accord and, hence, a non-independent director.

**Simon Hitzig, Toronto, Ontario, Canada**

**Principal Occupation:** President and CEO of the Company

Mr. Hitzig joined Accord Financial Ltd., the Company's receivables management subsidiary, as President and CEO in 2011. He moved to Accord Financial Corp. in 2016 as Senior Vice President, Corporate Development and was promoted to President and CEO on Oct. 1, 2018, at which time he also joined the Board of Directors. Prior to joining Accord, Simon spent 20 years with various subsidiaries of Dundee Corporation and Dundee Wealth Inc., where he held executive positions in marketing, product development and distribution strategy. Mr. Hitzig completed his MBA at Georgetown University in Washington DC and has a B.A. from York University in Toronto.

Common Shares Held (#) / Value (\$) <sup>(5)</sup>	Convertible debentures Held (#) / Value (\$) <sup>(6)</sup>	Stock Options Vested & Held (#)
2,198,000 <sup>(4)</sup> / \$14,726,600	550 / \$489,500	Nil



Independent director.

**Gary Prager, Wake Forest, North Carolina, U.S.A.**

**Principal Occupation:** Managing Partner, Cygnus Advisers (business and financial consulting)

Mr. Prager has over 37 years' experience in corporate finance. He worked for 18 years with CIT as an Executive Vice President in its Corporate Finance Group. He was also a Managing Director of GB Credit Partners, the investment management affiliate of Gordon Brothers Group. Mr. Prager holds an MBA from the University of North Carolina. He has also completed Advanced Executive Programs in Corporate Finance and Marketing at University of Virginia and Northwestern University, respectively. Mr. Prager has been a director of the Company since May 6, 2015 and is a member of the Company's Audit and Credit Committees

Common Shares Held (#) / Value (\$) <sup>(5)</sup>	Convertible debentures Held (#) / Value (\$) <sup>(6)</sup>	Stock Options Vested & Held (#)
8,900 / \$59,630	330 / \$293,700	20,000



Independent director.

**Stephen Warden, Oakville, Ontario, Canada**

**Principal Occupation:** Partner, MNP LLP (Chartered Professional Accountants)

Mr. Warden is a Partner at MNP LLP, a national firm of chartered professional accountants. He was previously a partner at parker simone LLP and prior to that a partner at KPMG LLP in Toronto. He specializes in auditing investment dealers, banking, and finance companies. While at KPMG, he was an auditor of Accord from 1980 to 2006. He is a Director and Audit Committee Chair of the Private Capital Markets Association of Canada. Mr. Warden is a CPA, CA and Certified Management Consultant with a BCom. from University of Toronto. Mr Warden joined Accord's Board on July 27, 2010 and is the Chair of its Audit Committee and a member of its Compensation Committee.

Common Shares Held (#) / Value (\$) <sup>(5)</sup>	Convertible debentures Held (#) / Value (\$) <sup>(6)</sup>	Stock Options Vested & Held (#)
9,000 / \$60,300	25 / \$22,250	20,000

1. The number of shares beneficially owned or over which a director or nominee director exercises control or direction, not being within the knowledge of the Company, has been furnished by the respective nominees individually as at March 29, 2021.
2. Oakwest is the beneficial owner of these shares.
3. Hitzig Bros. is the beneficial owner of these shares.
4. Hitzig Bros. is the beneficial owner of 2,000,000 of these shares.
5. The value of shares held is the number of shares held multiplied by the closing price of the Company's shares on the TSX on December 31, 2020 of \$6.70.
6. The value of convertible debentures held is the number of debentures held multiplied by the closing price of the Company's convertible debentures on the TSX on December 31, 2020 of \$890.00 (after conversion based on a face value of \$1,000 per debenture).

### Board of Directors Meetings Held and Attendance of Directors

A summary of attendances at Board and Committee meetings during the year ended December 31, 2020 is set out below.

Director	Board Meetings Attended	Committee Meetings Attended		Total Meetings Attended	
		Audit Committee	Compensation Committee		
David Beutel	6 of 6	4 of 4		10 of 10	100%
Tom Henderson <sup>1</sup>	2 of 3			2 of 3	67%
Ken Hitzig	6 of 6		2 of 2	8 of 8	100%
Simon Hitzig	6 of 6			6 of 6	100%
Jean Holley <sup>2</sup>	3 of 3		2 of 2	5 of 5	100%
Gary Prager	6 of 6	4 of 4		10 of 10	100%
Robert Sandler <sup>1</sup>	2 of 3			2 of 3	67%
Stephen Warden	6 of 6	4 of 4	2 of 2	12 of 12	100%

- (1) Messrs. Tom Henderson and Robert Sandler did not stand for re-election to the Company's Board in 2020 and were directors until May 5, 2020. Meeting attendances are given to that date.
- (2) Jean Holley was appointed a director on May 6, 2020 and she attended all meetings after that date.

### Committees of the Board of Directors

The following table summarises the current membership of each committee of the Board:

Audit Committee	Compensation Committee	Credit Committee
David Beutel	Ken Hitzig	David Beutel
Gary Prager	Jean Holley	Ken Hitzig
Stephen Warden (Chair)	Stephen Warden	Gary Prager

The Audit Committee is comprised of independent directors, while the Compensation Committee and Credit Committees are comprised of a majority of independent directors.

### Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as noted below, to the knowledge of the Company, no director, nominee for director, or executive officer of the Company is or has been, in the last ten years, a director or executive officer of an issuer that, while that person was acting in that capacity: (a) was the subject of a cease trade order or similar order or an order that denied the issuer access to any exemptions under Canadian securities legislation, for a period of more than 30 consecutive days; or (b) was subject to an event that resulted, after that person ceased to be a director or executive officer, in the issuer being the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under Canadian securities legislation for a period of more than 30 consecutive days; or (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Mr. David Beutel was a director of Arius3D Corp. ("Arius"). In September 2012, the Ontario and British Columbia Securities Commissions and applicable Canadian securities regulators issued a permanent cease trade order against Arius related to its failure to meet its continuous disclosure obligations. As Arius was insolvent, its assets were seized by its major creditors. Arius has been delisted and is no longer a public company.

## COMPENSATION OF DIRECTORS

The Board is responsible for reviewing independent director compensation and satisfying itself that it is competitive and aligns directors' interests with those of the Company's shareholders. The Board determines the form and amount of independent director compensation based on a review of director compensation in the marketplace. In addition, reasonable out-of-pocket expenses incurred in performance of their duties are reimbursed. The 2020 compensation structure for the independent directors is set out below.

### Directors' Compensation Structure

Directors' Fee Component	Fees (\$) <sup>(1)</sup>
Directors' annual retainer	30,000
Board meeting fee (per meeting)	2,000
Audit Committee Chair annual retainer	7,500
Audit Committee member's (excluding Chair) annual retainer	3,750
Audit Committee meeting fee (per meeting)	2,000
Compensation Committee member's annual retainer	5,000
Compensation Committee meeting fee (per meeting)	2,000
Credit Committee member's annual retainer	5,000

1. Ms. Jean Holley, Mr. Gary Prager and Mr. Robert Sandler, U.S. based independent directors, were paid these fees in U.S. dollars.

### Individual Director Compensation

The following table provides a detailed break-down of the total compensation paid to directors for the year ended December 31, 2020.

Director	Directors' Annual Retainer (\$)	Board Meeting Fees (\$)	Audit Committee Annual Retainer (\$)	Compensation Committee Annual Retainer (\$)	Credit Committee Annual Retainer (\$)	Audit and Compensation Committee Meeting Fees (\$)	Total Fees (\$)	Option-based Awards <sup>(3)</sup> (\$)	Stock-based Awards <sup>(4)</sup> (\$)	Total Compensation (\$)
David Beutel	30,000	12,000	3,750	-	5,000	8,000	58,750	-	-	58,750
Ken Hitzig <sup>(1)</sup>	-	-	-	-	-	-	-	-	-	-
Simon Hitzig <sup>(1)</sup>	-	-	-	-	-	-	-	-	-	-
Jean Holley <sup>(2)</sup>	25,775	10,501	-	4,296	-	5,231	45,803	-	-	45,803
Gary Prager <sup>(2)</sup>	40,683	16,301	5,085	-	6,781	10,849	79,699	-	-	79,699
Robert Sandler <sup>(2)</sup>	14,908	5,800	-	2,485	2,485	-	25,678	-	-	25,678
Stephen Warden	30,000	12,000	7,500	5,000	-	12,000	66,500	-	-	66,500
<b>Total</b>	<b>141,366</b>	<b>56,602</b>	<b>16,335</b>	<b>11,781</b>	<b>14,266</b>	<b>36,080</b>	<b>276,430</b>	<b>-</b>	<b>-</b>	<b>276,430</b>

- Messrs. Ken Hitzig and Simon Hitzig are executive officers of the Company and, as such, receive no compensation for acting as directors of the Company. As Executive Chairman, Mr. Ken Hitzig received a salary, and total compensation, of \$207,960 in 2020. Mr. Simon Hitzig's compensation as President and CEO is set out in the Summary Compensation Table on page 16.
- Mr. Prager received total fees of US\$58,750, while Mr. Sandler received US\$17,956 and Ms. Holley received US\$34,789. The total fees shown in the above table are the Canadian dollar equivalent of the U.S. dollar fees at the time they were paid.
- No option-based awards relating to stock option grants were awarded to directors under the Company's Non-Executive Directors Stock Option Plan ("NEDSOP") during the fiscal year ended December 31, 2020. The Company's NEDSOP was terminated on March 10, 2021. See page 20.
- Director's share-based awards relate to the Company's SARs. SARs are valued at fair value on the date of grant using the Black-Scholes option pricing model. No SARs have been granted since 2011. The Company's SARs plan was terminated on March 10, 2021. See page 20.

## Directors' Option-based Awards in Last Fiscal Year and Outstanding at December 31, 2020

No stock option grants were awarded to Company directors during the year ended December 31, 2020. The following table sets forth the aggregate option-based awards outstanding at December 31, 2020.

Director	Option-Based Awards				Value of Unexercised in-the-money Options <sup>(2)</sup> (\$)
	Number of Securities Underlying Unexercised Options		Option Exercise Price (\$)	Option Expiration Date <sup>(1)</sup> (\$)	
	Vested (#)	Unvested (#)			
David Beutel	20,000	-	9.28	July 26, 2021	-
Gary Prager	20,000	-	9.28	July 26, 2021	-
Stephen Warden	20,000	-	9.28	July 26, 2021	-

- The options expiring on July 26, 2021 were granted on July 27, 2016. Fifty percent of the options granted vested after one year and the remaining fifty percent vested after two years.
- The value of the outstanding options at December 31, 2020 is calculated based on the difference between the price of the Company's shares on the TSX on December 31, 2020, namely \$6.70, and the exercise prices of the options.

No share-based or option-based awards vested during the year ended December 31, 2020, and no non-equity incentive compensation was earned by the directors during the year.

No option-based awards were exercised by the Company's directors during 2020.

### APPOINTMENT OF AUDITORS

The Audit Committee recommends that shareholders appoint KPMG LLP ("KPMG"), Chartered Professional Accountants, as independent auditors of the Company until the next annual meeting of shareholders. KPMG was first appointed auditors of the Company on March 6, 1992. Unless the shareholder has specified in the enclosed form of proxy that the shares represented by such proxy are to be withheld from voting in the appointment of KPMG as auditors, the persons named in the enclosed form of proxy intend to vote in favour of the appointment of KPMG as auditors of the Company to hold office until the next annual meeting of shareholders, and to authorize the directors to fix the remuneration of the auditors.

### Fees for Services Provided by KPMG LLP

Aggregate fees billed for professional services rendered by KPMG for the fiscal years ended December 31, 2020 and 2019 were as follows:

	2020	2019
	\$000	\$000
Audit fees	293	305
Audit-related fees	-	-
Tax fees	-	-
All other fees	-	-
Total fees	<u>293</u>	<u>305</u>

Audit fees were paid for professional services rendered for the audit of Accord and its subsidiaries annual financial statements or services provided in connection with statutory and regulatory filings or engagements. Tax fees were paid for tax planning, advice and compliance.

The Audit Committee is required to pre-approve all audit and non-audit services prior to the services being provided in order to ensure that the provision of such services does not impair KPMG's independence. The Audit Committee has approved all of the services provided to the Company and its subsidiaries described in the table above.

## **APPROVAL OF THE 2021 STOCK OPTION PLAN AND THE RESERVATION AND ISSUE OF UP TO 850,000 SHARES THEREUNDER**

At the meeting, shareholders will also be asked to consider and if deemed advisable, to pass with or without variation, an ordinary resolution to approve a new Stock Option Plan (the “2021 SOP”) and the reservation and issuance of up to 850,000 common shares of the Company, representing 9.9% of the issued and outstanding shares at the date hereof, to certain non-employee directors, officers and employees of the Company and its subsidiaries under the 2021 SOP. The 2021 SOP is designed to replace the Company’s LTIP in providing eligible persons with long-term incentives and an opportunity to benefit from the Company’s growth thereby giving them an interest in preserving and maximizing shareholder value in the long term. No options have been granted to date under the 2021 SOP. The 2021 SOP is described on pages 13 to 15 and in Appendix ‘B’ below.

The Board approved the 2021 SOP on March 10, 2021. The Company’s Board of Directors has resolved that no further awards will be made available under the Company’s 2016 Long-Term Incentive Plan, the 1995 Key Employee Stock Option Plan, and the 1998 Non-Executive Directors Stock Option Plan, under which 816,959 common shares, or 9.5% of the issued and outstanding common shares, had remained available for issuance. All such prior plans have been terminated.

### **Resolution:**

#### **Whereas:**

- 1. the Board of Directors of the Company approved on March 10, 2021 the adoption of a new stock option plan (the “2021 Stock Option Plan” or “2021 SOP”) for the benefit of eligible participants of the Company and of its subsidiaries; and**
- 2. there will be a maximum of 850,000 common shares reserved for issuance under the 2021 SOP.**

#### **Be it resolved that:**

- 1. the Company’s 2021 SOP, as approved by the Board on March 10, 2021 and reflected in the copy of such 2021 SOP attached as Appendix “B” to the management information circular dated March 29, 2021 of the Company, be and hereby is approved;**
- 2. the total number of shares reserved and available for grant and issuance pursuant to awards under the 2021 SOP, together with any other share-based compensation plans of the Company, shall not exceed 850,000; and**
- 3. any director or officer of the Company may be and is hereby authorized to do such things and to sign, execute and deliver all documents that such director and officer may, in their discretion, determined to be necessary in order to give full effect to the intent and purpose of this resolution.**

Unless the shareholder has specified in the enclosed form of proxy that the shares represented by such proxy are to be voted against the approval of the 2021 SOP and the reservation and issue of up to 850,000 common shares under the Company’s 2021 SOP, the persons named in the enclosed form of proxy intend to vote in favor of the said resolution.

## **COMPOSITION OF THE COMPENSATION COMMITTEE**

Currently the Compensation Committee is composed of a majority of independent directors as noted on page 6. The Compensation Committee has, as part of its mandate, primary responsibility for making recommendations for approval by the Board with respect to the appointment and remuneration of executive officers of the Company. The Compensation Committee also evaluates the performance of the Company’s senior executive officers and reviews the design and competitiveness of the Company’s compensation plans. The Compensation Committee met two times during the fiscal year ended December 31, 2020.

## **COMPENSATION DISCUSSION AND ANALYSIS**

The following report is provided by the Compensation Committee. The Compensation Committee administers the Company’s executive compensation policies and is responsible for making recommendations to the Board concerning the compensation of Mr. Simon Hitzig, President and CEO (“CEO”), Mr. Ken Hitzig, Executive Chairman of the Board and

other key executive officers of the Company. Executive compensation is designed to encourage, compensate and reward employees on the basis of individual and corporate performance, in the short-term, medium-term and long-term. The objectives of the Company's executive compensation strategy are to:

1. attract and retain talented and effective individuals to assume responsibility for those functions that are critical to the Company's success;
2. encourage and recognize high levels of performance by linking incentive compensation to the Company's profitability;
3. link medium-term and long-term compensation to the achievement of the Company's strategic objectives of growth and the enhancement of shareholder value; and
4. encourage retention of key executives for leadership succession.

Given the relative size of the Company, compensation for each of the key executive officers is determined in a relatively simple and straightforward manner and no formal benchmarking is undertaken. Executive compensation consists of four components:

1. base salary;
2. annual incentive or bonus plan;
3. long-term incentive plan awards; and
4. benefits and other perquisites.

The Company's aim for the key executive officers is to have approximately 50% of their total compensation "at risk" in the form of incentives that are subject to individual and corporate performance over time.

### ***Fiscal 2020 Executive Compensation***

The discussion below provides an overview of the Company's executive compensation program decisions as they relate to the Named Executive Officers for the 2020 fiscal year. A number of changes are being made to their incentive programs for the 2021 fiscal year, as discussed commencing on page 9 of this Circular, including the introduction of the 2021 SOP that is subject to shareholder approval at the meeting.

### ***Base Salaries***

The level of base salary for the CEO is reviewed annually by the Compensation Committee and its recommendation is subject to approval by the Company's Board. The CEO's base salary is based on an assessment of a variety of factors, including the CEO's performance in relation to achieving organizational goals, establishing and implementing the Company's strategic plans, the Company's relative financial performance, competitive issues and the Company's ability to pay.

Annual base salary levels for other key executive officers of the Company, including the Executive Chairman, are reviewed annually by the Compensation Committee based on individual performance, industry compensation levels, the degree of impact the position has on the overall financial performance of the Company, the number of employees under direct and indirect supervision, competitive issues and the ability of the Company to pay. The recommendations of the Compensation Committee with regard to key executive officers are then presented to the Board for approval prior to implementation.

Salaries paid to the Company's CEO, Chief Financial Officer ("CFO") and the three other most highly compensated executive officers of the Company (collectively, the "Named Executive Officers") for each of the past three fiscal years are set out in the Summary Compensation Table ("SCT") on page 16 of this Circular in the Salary column.

### ***Annual incentive or bonus plans for fiscal 2020***

The CEO's annual incentive is directly linked to the annual incentive of the subsidiary Presidents. The CEO's annual incentive or bonus from the Company is calculated taking the total annual incentives of the subsidiary Presidents for each fiscal year expressed as a percentage of their total salaries, and then multiplying this weighted average bonus percentage by the CEO's annual salary. The CEO, Mr. Simon Hitzig, voluntarily declined the 2020 annual incentive award to which he was otherwise entitled based on the foregoing.

The CFO's annual incentive is calculated in a similar manner to the CEO's except that the CFO's weighted average annual bonus percentage is currently linked to the performance of four of the Company's operating subsidiaries (AFL, AFIC, AFIU and Varion) and the total annual incentives, profit sharing payments, or bonuses paid to both the Presidents and all other eligible employees of the four subsidiaries. The total annual incentives, profit sharing payments and bonuses to be paid by those subsidiaries is expressed as a percentage of the total eligible salaries of the four subsidiaries' employees (including the Presidents). This weighted average bonus percentage is then adjusted, if considered appropriate, based on the performance of the CFO and then multiplied by his annual salary to determine his annual bonus for a particular fiscal year.

The Presidents of Accord Financial Inc. ("AFIC"), Accord Financial, Inc. ("AFIU"), Varion Capital Corp. ("Varion") and Accord Financial Ltd. participate in an annual incentive plan which is a percentage, up to 10%, of adjusted pre-tax earnings for each subsidiary above a threshold amount. The threshold amount is expressed as a targeted return on average funds employed for AFIC, AFIU and Varion, and is a fixed dollar amount for AFL. Adjusted pre-tax earnings is calculated as net earnings before income tax, head office charges, interest expense and other inter-company items. To reach the maximum percentage, the Presidents must also achieve a number of pre-established operating goals relating to their subsidiary. These annual incentive or bonus amounts can be adjusted by the Company's Compensation Committee if it considers it appropriate.

For 2020, the President of Varion received an annual incentive of \$206,673, while the Presidents of AFIC, AFIU and AFL did not receive an annual incentive. Annual incentive payments to Presidents are approved by the Compensation Committee.

The Presidents of BondIt LLC ("BondIt") and Accord CapX LLC ("CapX"), subsidiaries acquired in the second half of 2017, did not have an individual annual incentive plan in 2020. Both the BondIt and CapX Presidents share in their subsidiary's employee bonus pools. In respect of 2020, the President of BondIt received an annual bonus of \$167,650 (US\$125,000), while the President of CapX received no annual bonus.

The Company's Executive Chairman, Mr. Ken Hitzig, no longer receives an annual incentive.

The annual incentives or bonuses paid to the Company's Named Executive Officers for each of the last three fiscal years are set out in the Annual Incentive Plan or Bonus column of the SCT on page 16 of this Circular.

#### ***2016 Long-Term Incentive Plan ("LTIP") award for fiscal 2020***

LTIP awards were made to the Named Executive Officers for the 2020 fiscal year based on the Company's 2019 financial performance, as indicated in the SCT on page 16. The 2018 LTIP awards that vested on December 31, 2020 had no payout as the 10% minimum adjusted ROE requirement was not achieved.

As discussed on pages 9 and 19, the 2016 LTIP was terminated by the Board on March 10, 2021 and no future awards will be made under the LTIP. On March 10, 2021, the Board irrevocably resolved that the outstanding LTIP awards that were granted in 2019 and 2020 will be settled 100% in cash at the end of their respective three-year vesting periods, the payouts for which, if any, will be subject to the LTIP Adjusted Return on Equity requirements. See page 19 of this Circular for more information on the LTIP.

#### ***1995 Key Employee Stock Options***

No options were awarded under the 1995 Key Employee Stock Option Plan during fiscal 2020. As discussed on pages 9 and 20, the 1995 Key Employee Stock Option Plan was terminated by the Board on March 10, 2021 and no future awards will be made under this plan.

#### ***Benefits and Perquisites***

Benefits and perquisites are valued in assessing the competitiveness of overall compensation. Benefits include group health, dental and disability insurance, and perquisites are primarily business related and include items such as automobiles and automobile allowances.

### ***Executive Share Ownership Guidelines***

The Compensation Committee believes that there should be share ownership guidelines for the senior executive group. The following table sets out share ownership guidelines, which are designed to align the interests of senior executives with those of the Company's shareholders, and the transition period needed to meet the guidelines.

<b>Title</b>	<b>Share Ownership Guideline</b>	<b>Time to Meet</b>
President & Chief Executive Officer	1.0 x base salary	3 years
Subsidiary Presidents	1.0 x base salary	3 years
Executive Vice Presidents	0.5 x base salary	5 years
Senior Vice Presidents	0.5 x base salary	5 years
Vice Presidents	0.5 x base salary	5 years

### ***Executive Compensation Program Review***

In the fall of 2020, the Compensation Committee began a review of the effectiveness of the executive compensation program in meeting the Company's objectives. As part of the review process, and with concurrence of the Compensation Committee, Gallagher Benefits Services (Canada) Group Inc. ("Gallagher") was engaged by management in September 2020 to provide professional compensation consulting advice to the Company. During the balance of fiscal 2020, Gallagher provided a review of current state compensation practices, a review of the Company's compensation philosophy, and advice on short-term incentive plan design and on long-term incentive strategy. Gallagher's fees for these services for fiscal 2020 totaled \$5,198.

### ***Significant 2021 Executive Compensation Program Changes***

As of December 31, 2020, the Company had three shareholder approved compensation arrangements under which shares could have been issued from treasury as follows:

- (a) the 2016 LTIP under which a maximum of 380,959 common shares were issuable, representing 4.5% of the issued and outstanding shares;
- (b) the 1998 NEDSOP under which 374,000 common shares were issuable, representing 4.4% of the issued and outstanding shares; and
- (c) the 1995 KESOP under which 62,000 common shares were issuable, representing 0.7% of the issued and outstanding shares.

In aggregate a total of 816,959 common shares were potentially issuable under these plans, representing 9.5% of the Company's issued and outstanding shares. In addition, pursuant to the terms of the SARs plan, a cash payout to officers and directors would be made if they exercised "in-the-money" SARs. The Compensation Committee was of the view that these plans were no longer providing the kind of incentives to the senior management team that are currently in the best interests of the Company.

Subsequently, after taking into account the Company's goals, research provided by Gallagher, and management input, the Compensation Committee made the following recommendations that the Company's Board of Directors approved on March 10, 2021:

1. To terminate the 2016 Long-Term Incentive Plan, the 1995 Key Employee Stock Option Plan, the 1998 Non-Executive Directors Stock Option Plan and the 2007 Share Appreciation Rights Plan, thereby freeing up 816,959 common shares for other purposes; and
2. To introduce a new stock option plan, the 2021 SOP, which, together with any other compensation arrangement, has a pool of 850,000 common shares or 9.9% of the Company's outstanding common shares, as of the date hereof, which can be issued subject to approval by the Company's shareholders.



Further enhancements to the executive compensation program are being considered by the Compensation Committee that have not been finalized as of the date of this Circular.

### ***2021 Stock Option Plan***

The Company is seeking shareholder approval of the 2021 SOP. The 2021 SOP will allow for incentives in the form of options to be granted to certain of our non-employee directors, officers and employees. The following discussion is qualified in its entirety by the text of the 2021 SOP which is attached as Appendix “B” to this Circular.

If the 2021 Plan is approved by shareholders at the Meeting, the maximum number of common shares to be authorized for issuance under the 2021 SOP, and any other share-based compensation arrangement of the Company, will be 850,000, representing 9.9% of the Company’s issued and outstanding shares as of the date hereof. The number of shares issued within a one-year period or issuable at any time to insiders under the 2021 SOP and any other security-based compensation arrangement shall not exceed 10% of the Company’s issued and then outstanding common shares. The total annual grant to any one non-employee director under all share-based compensation arrangements may not exceed an aggregate grant value of \$100,000 in options and \$150,000 in total equity. Except as described above, the 2021 SOP does not provide for a maximum number of shares that may be issued to an individual.

Under the terms of the 2021 SOP, options may be granted under the 2021 SOP by the Board, pursuant to the recommendations of the Compensation Committee, to eligible participants. An option shall be exercisable during a period established by our Board which shall commence on the date of grant and shall terminate no later than seven years after the date of granting or such shorter period as the Board may determine. An Option will vest one-third on each anniversary date of the date of grant, commencing on the date of grant, or shall vest over such other period as may be determined by the Board. In the event that the term of an otherwise unexercised option expires during a black-out period or other trading restriction, the term of the option will automatically be extended to ten business days after the expiry of the restricted period.

The exercise price of all options granted under the 2021 SOP under each option agreement shall not be lower than the volume-weighted average trading price of the Company’s common shares on the Toronto Stock Exchange (TSX) during the ten trading days immediately preceding the date of grant of the option.

In order to facilitate the payment of the exercise price of the options, the 2021 SOP includes a “cashless exercise” feature pursuant to which a participant may elect to undertake either a “cashless exercise” or “net surrender” subject to the procedures set out in the 2021 SOP, including the consent of the Board. No financial assistance will be provided by the Company to participants in the 2021 SOP in order to assist them in exercising their options.

If, in the event of a change of control of the Company (such as a change in ownership of 50% or more of the Company’s outstanding shares, the sale of substantially all of the assets of the Company, and a change in more than 50% of the membership of the Company’s directors) the participants’ options are not substituted by or replaced by the acquiring entity on the same terms and conditions, the Board will have the discretion to accelerate the vesting of all outstanding options in the event of such a change in control. If a participant is terminated without cause or resigns for good reason during the 12-month period following a change of control, the Board will have the discretion to accelerate vesting. In addition, in the event of a takeover bid, the Board may, in its sole discretion, permit all options outstanding to become immediately exercisable in order to permit common shares issuable under such options to be tendered to such bid.

The 2021 SOP provides that appropriate adjustments, if any, will be made by our Board in connection with a recapitalization, reorganization or other change of our shares, share split or consolidation, distribution, merger or amalgamation, in the Shares issuable or amounts payable to preclude a dilution or enlargement of the benefits under the 2021 Plan.

Options are not assignable or transferable by a participant, with the exception of an assignment made to the estate or personal representative of a deceased participant.

If a participant ceases to be an eligible person under the 2021 SOP due to resignation, retirement or termination by the Company other than for cause, unless otherwise determined by the Board at its sole discretion:

1. the participant’s unvested options will be automatically terminated and become void immediately; and

2. the participant will be entitled to exercise the participant's vested options within a maximum period of 60 days following the participant's resignation, retirement or termination, or prior to the expiry date of the option, whichever is earlier, following which the participant's vested options will be cancelled by the Company.

In the event of the death or long-term disability of a participant and unless otherwise determined by the Board in its sole discretion, each unvested option held by the participant will continue to vest for a period of six (6) months from the date of his or her death or long-term disability and all vested options held by the participant will continue to be exercisable for a period of up to six (6) months from the date of his or her death or long-term disability. The legal representative of the participant may exercise the participant's options for the period ending on the earlier of: (i) the original expiry date of the option; and (ii) the date that is six (6) months following the date of the participant's death or long-term disability, and afterwards each vested option held by the participant will cease to be exercisable and all unvested options will terminate and become void.

If a participant's service or employment with the Company or an affiliate is terminated for cause pursuant to an employment agreement or for any act or omission that would in law permit the Company to terminate the employment of the participant without notice or payment instead of notice and unless otherwise determined by the Board in its sole discretion, each option held by the participant will automatically terminate and become void.

The Board is responsible for oversight of the 2021 SOP and may delegate certain responsibilities to the Compensation Committee from time to time. The Board is authorized to interpret the 2021 SOP and may, from time to time, establish, amend, or rescind rules and regulations that guide the administration of the 2021 SOP. Any such interpretation will be final and conclusive.

The Board may suspend or terminate the 2021 SOP at any time, or from time to time, amend or revise the terms and conditions of the 2021 Plan or of any option granted under the 2021 SOP and any option certificate relating thereto, provided that such suspension, termination, amendment, or revision will be made in compliance with applicable law and subject to any regulatory approvals including, where required, the approval of the TSX and the shareholders; and will not materially adversely alter or impair any award previously granted except as permitted by the terms of the 2021 Plan.

The Board has the discretion to make amendments which it may deem necessary, to modify or to terminate the 2021 SOP without having to obtain shareholder approval. Such amendments include, without limitation:

- a. any amendment to the vesting provisions of the 2021 SOP and any awards;
- b. any amendment regarding the effect of termination of a participant's employment or engagement;
- c. any amendment necessary to comply with applicable law or the requirements of the Toronto Stock Exchange or any other regulatory body;
- d. any amendment of a "housekeeping" nature, including, without limitation, to clarify the meaning of an existing provision of the 2021 SOP, correct or supplement any provision of the 2021 SOP that is inconsistent with any other provision of the 2021 SOP, correct any grammatical or typographical errors or amend the definitions in the 2021 SOP regarding administration of the 2021 SOP;
- e. any amendment respecting the administration of the 2021 SOP; and

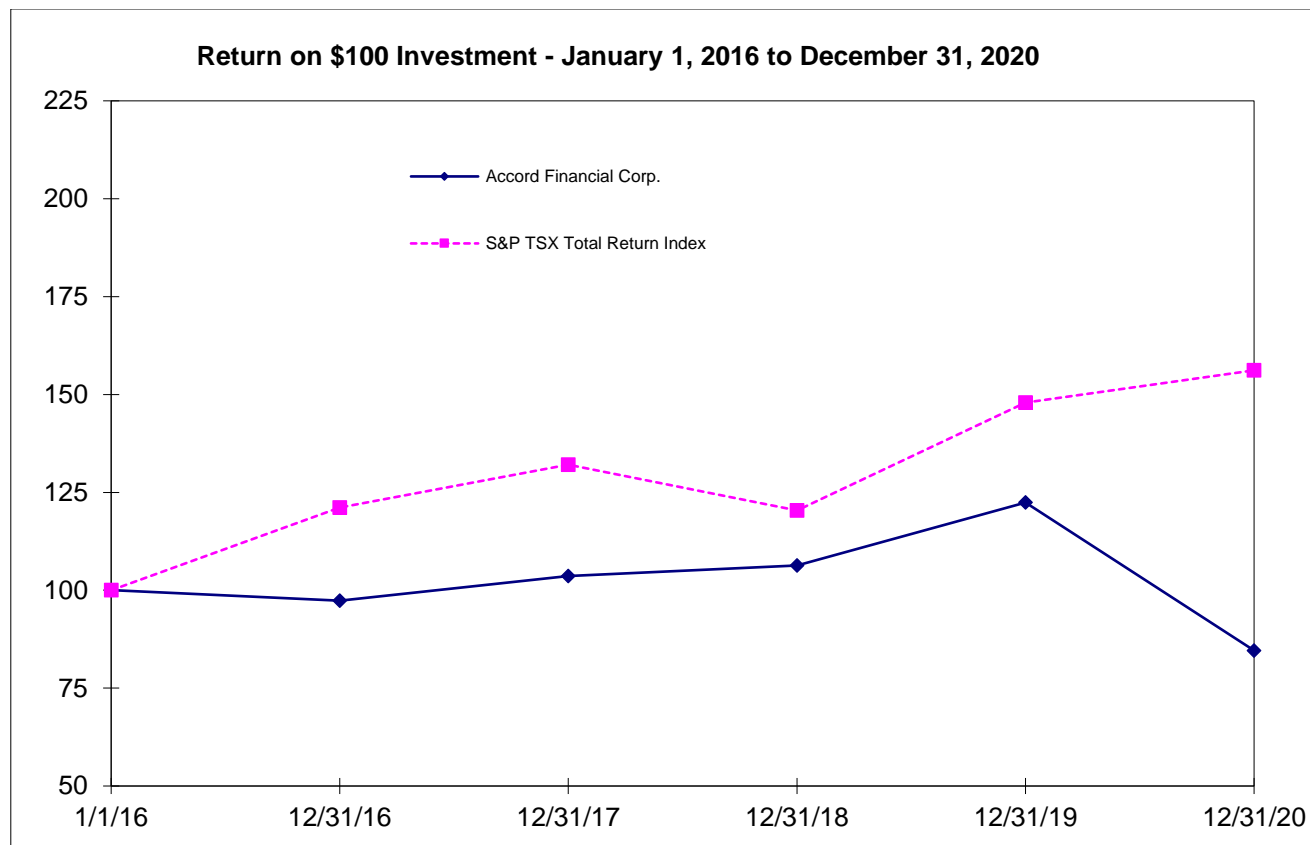
any other amendment that does not require the approval of Shareholders pursuant to the terms of the 2021 SOP; provided that shareholder approval will be required in the case of the following:

- a. any amendment to the amendment provisions of the 2021 SOP;
- b. any increase in the maximum number of shares issuable under the 2021 SOP;
- c. any reduction in the exercise price or extension of the term of an option benefiting any participant, any cancellation and reissuance of options or substitution of options with cash or other awards on terms that are more favorable to the participant;
- d. any increase or removal of the insider or non-employee director participation limits;
- e. amend the transfer and assignment provisions of the plan;
- f. any material modification to the eligibility requirements for participation in the 2021 SOP; and
- g. such other matters that may require shareholder approval under the rules and policies of TSX.

The 2021 SOP includes certain provisions for those participants who are U.S. taxpayers that are required in order for stock option awards to comply with Section 409A of the Internal Revenue Code.

## PERFORMANCE GRAPH

The following graph compares the total cumulative return on a \$100 investment in common shares of the Company on January 1, 2016 assuming reinvestment of all dividends with the cumulative total shareholder return on the S&P/TSX Total Return Index on the same date.



	01/01/16	12/31/16	12/31/17	12/31/18	12/31/19	12/31/20
S&P/TSX Total Return Index	\$100.00	\$121.08	\$132.09	\$120.36	\$147.89	\$156.17
Accord Financial Corp.	\$100.00	\$ 97.34	\$103.63	\$106.31	\$122.40	\$ 84.61

During 2020, a \$100 investment in Accord's shares, taking into account share price changes and dividends paid declined by 31%, while Accord's net earnings and adjusted net earnings decreased by 94% and 59%, respectively, compared to 2019. The total 2020 annual incentive or bonus payable to the Named Executive Officers declined by 79% compared to 2019.

The foregoing report has been furnished by the Compensation Committee.

## EXECUTIVE COMPENSATION

The following table sets forth, for the years indicated, all compensation paid to the Named Executive Officers being the Company's CEO, CFO and its three other most highly compensated executive officers as required by the Canadian Securities Administrators.

**Summary Compensation Table**

Name and Principal Position	Year	Salary (\$)	Annual Incentive Plan or Bonus <sup>(1)</sup> (\$)	Option-based Awards (\$)	Share-based (LTIP) Awards <sup>(2)</sup> (\$)	Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
Simon Hitzig <sup>(3)</sup> President and CEO, Accord Financial Corp.	2020	400,080	-	-	27,000	-	-	427,080
	2019	400,080	88,600	-	35,000	-	-	523,680
	2018	310,680	91,769	-	26,500	-	-	428,949
Stuart Adair Chief Financial Officer, Accord Financial Corp.	2020	272,520	32,750	-	27,500	-	-	332,770
	2019	269,850	66,954	-	35,000	-	-	371,804
	2018	264,480	101,277	-	26,500	-	-	392,257
Jeffry Pfeffer <sup>(4)</sup> President, Accord CapX LLC.	2020	536,480	-	-	27,500	-	-	563,980
	2019	530,720	-	-	35,000	-	-	565,720
	2018	518,440	-	-	-	-	-	518,440
Eric Starr <sup>(5)</sup> SVP, Operations and Risk, Accord Financial Corp.	2020	469,420	-	-	27,500	-	-	496,920
	2019	464,380	-	-	35,000	-	-	499,380
	2018	453,635	-	-	-	-	-	453,635
Barrett Carlson <sup>(6)</sup> SVP, Corporate Development, Accord Financial Corp.	2020	469,420	-	-	27,500	-	-	496,920
	2019	464,380	-	-	35,000	-	-	499,380
	2018	453,635	-	-	-	-	-	453,635

1. This amount represents the annual incentive or bonus earned in respect of such fiscal year, which amount was largely paid the subsequent February.
2. The grant date values of the Company's LTIP awards to its Named Executives for fiscal 2020, fiscal 2019 and fiscal 2018 are set out in the SCT above. LTIP awards were to be payable in a combination of cash and/or shares of the Company at the end of a three-year vesting period at the discretion of the Company's Compensation Committee. As discussed on pages 9 and 19, the LTIP was terminated by the Board on March 10, 2021 and no future awards will be made under the LTIP. The payout of outstanding 2019 and 2020 LTIP awards, if any, will be settled in Cash.
3. Mr. Simon Hitzig was appointed President and CEO of the Company effective October 1, 2018, prior to which he was Senior Vice President, Corporate Development of the Company.
4. Mr. Jeffrey Pfeffer is the President of Accord CapX LLC. He received a salary of US\$400,000 for each of the above years, which was converted into Canadian dollars at the average exchange rate for the year, namely, 1.3412 for 2020, 1.3268 for 2019 and 1.2961 for 2018.
5. Mr. Eric Starr was appointed Senior Vice President, Program Operations and Risk, of Accord Financial Corp. effective August 1, 2020, prior to which he was an Executive Vice President of Accord CapX LLC. He received a salary of US\$350,000 for each of the above years, which was converted into Canadian dollars at the average exchange rate for the year, namely, 1.3412 for 2020, 1.3268 for 2019 and 1.2961 for 2018.
6. Mr. Carlson was appointed Senior Vice President, Corporate Development, of Accord Financial Corp. effective August 1, 2020, prior to which he was Executive Vice President of Accord CapX LLC. He received a salary of US\$350,000 for each of the above years, which was converted into Canadian dollars at the average exchange rate for the year, namely, 1.3412 for 2020, 1.3268 for 2019 and 1.2961 for 2018.
7. The Company had formal employment contracts with three of the Named Executive Officers at December 31, 2020, as noted on page 17 under "Termination and Change of Control Benefits".

## Outstanding Share-based and Option-based Awards to Named Executive Officers

The following table provides outstanding share-based award and option-based award information for the Named Executive Officers as of December 31, 2020 as required by the Canadian Securities Administrators:

Name	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options	Option Exercise Price (\$)	Option Expiration Date (\$)	Value of Unexercised in-the-money Options (\$)	Number of shares or units of shares that have not vested <sup>(1)</sup>	Market or payout value of share-based awards that have not vested \$ <sup>(2)(3)</sup>	Market or payout value of vested share-based awards that have not been paid out \$
Simon Hitzig	-	-	-	-	-	62,000	-
Stuart Adair	-	-	-	-	-	62,500	-
Jeffry Pfeffer	-	-	-	-	-	62,500	-
Eric Starr	-	-	-	-	-	62,500	-
Barrett Carlson	-	-	-	-	-	62,500	-

1. LTIP awards are not denominated in shares during the vesting period, as the awards can only be converted into shares on vesting.
2. The above payout values that have not vested assume that the outstanding LTIP awards will vest at 100% of their initial award amounts and have not been adjusted for management's currently expected vesting.
3. As discussed on pages 9 and 19, the LTIP was terminated by the Board on March 10, 2021 and no future awards will be made under the LTIP. The outstanding LTIP awards that were granted in 2019 and 2020 will be settled 100% in cash at the end of their respective three-year vesting periods, the payouts for which, if any, will be subject to the LTIP Adjusted Return on Equity requirements.

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

The following table provides incentive award information for the 2020 fiscal year for the Named Executive Officers as required by the Canadian Securities Administrators:

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Simon Hitzig	-	-	-
Stuart Adair	-	-	32,750
Jeffry Pfeffer	-	-	-
Eric Starr	-	-	-
Barrett Carlson	-	-	-

## Employment and Termination Agreements

Three Named Executive Officers, Messrs. Jeffry Pfeffer, President of CapX, and Eric Starr and Barrett Carlson, Senior Vice Presidents of the Company, have formal employment contracts with the Company or its subsidiaries at the date of this report. Messrs. Pfeffer, Starr and Carlson's employment contracts were for an initial term of three years starting October 27, 2017 and are automatically renewed for successive periods of one year unless thirty days written notice prior to the expiration of the employment contracts is given by either CapX, the Company, or Messrs. Pfeffer, Starr or Carlson. During the initial term of employment, Mr. Pfeffer's annualized base salary was fixed at US\$400,000, while Messrs. Starr and Carlson's salary was fixed at US\$350,000, with increases, if any, approved by CapX's board of directors, or the Company's Compensation Committee, in writing. If employment is terminated by the Company without cause, or by the employee with good reason, the Company will pay him twelve months salary, any accrued but unused vacation up to eight weeks, twelve months benefits provided for under their employee benefits plan and any unpaid annual bonus in respect of any completed fiscal year ended prior to the date of termination. At April 3, 2020, the potential termination payment would amount to US\$400,000 for Mr. Pfeffer and US\$350,000 each for Messrs. Starr and Carlson, comprising twelve month's salary. Messrs. Pfeffer, Starr and Carlson will also be entitled to the Company's group health and dental benefits and disability coverage for a period of twelve months from the date of termination, along with any accrued and unused vacation pay up to eight weeks.

As noted above, with the exception of Messrs. Pfeffer, Starr and Carlson, the Company and its subsidiaries have no formal contracts with any other Named Executive Officer. Accordingly, apart from monies that would be owing to Messrs. Pfeffer and Carlson, no payments to other Named Executive Officers under any contracts are required in the event of any termination, resignation, retirement or change in control of the Company, although substantial severance and termination payments would be required by law as the other Named Executive Officers are largely long-term employees of the Company and its subsidiaries. Any unvested LTIP awards outstanding would immediately vest as a result of a change in control of the Company. If a change of control had in fact occurred on December 31, 2020, the value of the unvested LTIP awards for each the individual NEOs would have been as follows:

	<b>Value of Unvested LTIP Award As of December 31, 2020 <sup>(1)</sup> (\$)</b>
Simon Hitzig	62,000
Stuart Adair	62,500
Jeffrey Pfeffer	62,500
Eric Starr	62,500
Barrett Carlson	62,500

- As discussed on pages 9 and 19, the LTIP was terminated by the Board on March 10, 2021, and no future awards will be made under the LTIP. The outstanding LTIP awards that were granted in 2019 and 2020 will be settled 100% in cash at the end of their respective three-year vesting periods, the payouts for which, if any, will be subject to the LTIP adjusted Return on Equity requirements.

#### **Indebtedness of Directors and Executive Officers**

No person who is or was at any time during the most recently completed financial year, a director, executive officer or senior officer of the Company, was indebted to the Company or a subsidiary of the Company at any time during the period January 1, 2020 to March 29, 2021.

#### **NUMBER OF SECURITIES TO BE ISSUED AND AVAILABLE UNDER THE COMPANY'S SECURITY-BASED COMPENSATION ARRANGEMENTS AS OF DECEMBER 31, 2020**

<b>Stock-Based and Option-Based Plans Approved by the Shareholders</b>	<b>Number of Common Shares to be Issued upon Exercise of Outstanding Options (Column A)</b>	<b>Weighted Average Exercise Price of Outstanding Options (\$)</b>	<b>Number of Common Shares Remaining Available for Future Issuance (excluding securities reflected in Column A) <sup>(1)</sup></b>
1995 Key Employee Stock Option Plan	-	-	62,000
1998 Non-Executive Directors Stock Option Plan	60,000	9.42	314,000
2016 Long Term Incentive Plan	-	-	380,959
<b>Total</b>	<b>60,000</b>	<b>9.42</b>	<b>756,959</b>

- The 1995 KESOP, 1998 NEDSOP and 2016 LTIP were terminated by the Board on March 10, 2021. No further awards will be granted under these plans.

The annual "burn rate" for shares issued under the LTIP as a percentage of the Company's weighted average number of outstanding common shares was 0% for fiscal 2020, 0% for fiscal 2019, and 0% for fiscal 2018. The corresponding annual "burn rate" for the two stock option plans was 0% for fiscal 2020, 2019 and 2018, as no new options were granted under these plans.

## SUMMARY OF THE COMPANY'S FORMER SECURITY-BASED COMPENSATION PLANS

### *Long Term Incentive Plan*

As discussed on page 11, the 2016 LTIP was terminated by the Board on March 10, 2021 and no future awards will be made under the 2016 LTIP.

The LTIP awards outstanding as of the date of this Circular that were granted in 2019 and 2020 (\$495,000 and \$247,000 in total dollars, respectively) will be adjusted based on the LTIP ROE payout multiplier determined by the Company's adjusted return on equity over the three-year period that the awards vest. The estimated final payout will be measured and accrued in the Company's accounts over the award's vesting period. On March 10, 2021, the Board irrevocably resolved that the annual LTIP award will be paid out 100% in cash each year shortly after the end of the vesting period.

The ultimate LTIP payout starts with a LTIP award for a year and at the end of the vesting period, a ROE payout multiplier is to be applied based upon the average three-year adjusted return on equity ("Adjusted ROE") achieved over the vesting period. The Adjusted ROE will be calculated based upon the Company's consolidated financial operating performance over a particular vesting period. Adjusted ROE in a particular year being adjusted net earnings divided by average shareholders' equity in the year, where adjusted net earnings comprises net earnings before stock-based compensation expense, restructuring expenses, amortization of intangibles and direct transaction costs related to business acquisitions, all net of tax, as well as withholding tax paid on inter-company dividends from subsidiaries (or other adjustments as approved from time-to-time by the Compensation Committee).

The LTIP payout multiplier will range between 0% and 130% and the LTIP award will be multiplied by this percentage to determine the final payout for a particular award year. The payout multiplier to be applied to the Former LTIP award will be based on the Adjusted ROE as follows:

- |   |                              |
|---|------------------------------|
| • average Adjusted ROE over vesting period less than 10%    | - no LTIP award payout;      |
| • average Adjusted ROE over vesting period between 10 & 11% | - 70% of LTIP award payout;  |
| • average Adjusted ROE over vesting period between 11 & 12% | - 80% of LTIP award payout;  |
| • average Adjusted ROE over vesting period between 12 & 13% | - 90% of LTIP award payout;  |
| • average Adjusted ROE over vesting period between 13 & 14% | - 100% of LTIP award payout; |
| • average Adjusted ROE over vesting period between 14 & 15% | - 110% of LTIP award payout; |
| • average Adjusted ROE over vesting period between 15 & 16% | - 120% of LTIP award payout; |
| • average Adjusted ROE over vesting period over 16%         | - 130% of LTIP award payout. |

The target average annual Adjusted ROE of 13% over the vesting period results in a 100% payout of the LTIP award (and each individual executive's LTIP award allocation). An Adjusted ROE of less than 10% annually over the vesting period would result in no payout for that vesting period, as was the case for the 2018 award, and the award will expire worthless. An average Adjusted ROE in excess of 16% over the vesting period will result in a maximum 130% payout of the LTIP award.

If a senior executive ceases to be employed by reason of retirement, death or any other reason, other than for cause, then the executive will be considered as having participated in any yearly award for a full year if they leave after June 30 of a particular fiscal year. Their participation in any yearly plan shall be the number of years served as a fraction of three, being the vesting period for each LTIP award.

The benefits and rights to any participant in accordance with the terms and conditions of the LTIP are not transferable and all benefits and rights shall only accrue to the participants, or in the event of death, their estate.

If there is a takeover, consolidation, merger or statutory amalgamation or arrangement of the Company with or into another company, a separation of the business of the Company into two or more entities or a transfer of all or substantially all of the assets of the Company to another entity or change in control, the executives will be entitled to receive the award as if they had exercised the unvested award immediately prior to such an event, unless the Board otherwise determines the basis upon which such unvested award is exercisable.

### ***1995 Key Employee Stock Option Plan***

The 1995 KESOP was terminated by the Board on March 10, 2021. No options were outstanding under the KESOP on the cancellation date.

### ***1998 Non-Executive Directors Stock Option Plan***

The 1998 NEDSOP was terminated by the Board on March 10, 2021. 60,000 NEDSOP stock options remain outstanding as of the date of this Circular and are due to expire on July 28, 2021.

### ***2007 Share Appreciation Rights Plan***

The SARs plan was terminated by the Board on March 10, 2021. No SARs awards were outstanding on the cancellation date. Under this plan, the maximum number of SARs which could be issued in any fiscal year under the plan was 2.5% of the total number of issued and outstanding shares of the Company.

## **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

The Board and management of the Company are committed to strong corporate governance and believe it is a vital component for the effective and efficient operation and future success of the Company. Good corporate governance demonstrates the Board's ability to independently direct and evaluate the performance of the Company's management, as well as that of the Board members themselves. This is achieved through a well-qualified Board, a strong relationship between the Board and senior management, and strong governance practices and procedures.

The Company has considered the guidance provided by Canadian Security Administrators ("CSA") National Policy 58-201, Corporate Governance Guidelines ("NP 58-201"), in developing its corporate governance practices. NP 58-201 is intended to assist companies in improving their corporate governance practices and contains guidelines on issues such as the constitution and independence of corporate boards and their functions. The Company's corporate governance practices generally comply with NP 58-201's fundamental principles. The Company also follows the provisions of CSA's National Instrument 58-101, Disclosure of Corporate Governance Practices, with respect to the disclosure of its corporate governance practices.

CSA has also enacted rules regarding the composition of audit committees (National Instrument 52-110 – Audit Committees) and the certification of an issuer's disclosure controls and procedures and internal control over financial reporting (National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings). In addition, the Company has adopted a Majority Voting Policy pursuant to Section 461.3 of the Toronto Stock Exchange's Company Manual. The Company is in compliance with the requirements of these instruments.

The Company's corporate governance practices are outlined below.

### **Mandate and Responsibilities of the Board**

Each year the shareholders of Accord elect the members of the Board, who in turn are responsible for overseeing all aspects of the Company's business, including appointing management and ensuring that the business is managed properly, taking into account the interests of the shareholders and other stakeholders, such as employees, clients, suppliers and the community at large. The Board's duties are formally set out in its Charter, a copy of which is attached as Appendix 'A'. In addition to the Board's statutory obligations, the Board is specifically responsible for:

- a) satisfying itself as to the integrity of the Company's CEO and other executive officers and that they create a culture of integrity within the Company;
- b) adoption of a strategic planning process – the Board oversees strategic planning initiatives, provides direction to management and monitors its success in achieving those initiatives;
- c) identification of the principal risks of the Company's business and ensuring that there are systems in place to effectively monitor and manage these risks. In this respect, the Credit Committee of the Board, which comprises three members thereof, reviews and approves all credit requests above \$2.5 million (US\$2.5 million for U.S group



- companies), including loans to clients and assumption of credit risk, and in doing so it works closely with the Company's management;
- d) appointing and monitoring senior management and planning for succession – the Board evaluates senior management on a regular basis, sets objectives and goals and establishes compensation to attract, retain and motivate skilled and entrepreneurial management;
  - e) a communications policy to communicate with shareholders and other stakeholders involved with the Company – the Company has procedures in place to disseminate information, respond to inquiries, and issue press releases covering significant business activities;
  - f) the integrity of the Company's internal control and management information systems – the Audit Committee of the Board oversees the integrity of the Company's internal control and management information systems and reports to the Board;
  - g) reviewing the Company's quarterly and annual financial reports, including financial statements, MD&A and related press releases, and overseeing its compliance with applicable audit, accounting and reporting requirements through the functions of its Audit Committee; and
  - h) ensuring strong governance is in place by establishing structures and procedures to allow the Board to function independently of management, establishing Board committees to assist it in carrying out its responsibilities and undertaking regular evaluation as to the effectiveness and independence of the Board.

In addition to those matters which must by law be approved by the Board, management seeks Board approval for any transaction that is outside of the ordinary course of business or could be considered to be material to the business of the Company. The Board expects its directors to adhere to the highest standards of business and personal ethics and to conduct itself with the utmost degree of honesty and integrity in fulfilling its duties and responsibilities and complying with all applicable laws and regulations. In the very rare cases where any director or executive officer has a conflict of interest or a material interest in any transaction or arrangement being considered, he will abstain from voting on that transaction or arrangement.

The frequency of the meetings of the Board, as well as the nature of agenda items, change depending upon the state of the Company's affairs and in light of opportunities or risks which the Company faces. The Board meets at least quarterly to review the business operations and financial performance of the Company, including regular meetings both with, and without, management to discuss specific aspects of the Company's operations. Each director is expected to attend all Board meetings and comprehensively review meeting materials provided in advance of each meeting. During 2020 there were six meetings of the Board. Details of director attendances at those meetings are set out on page 6 above. There was an "in camera" session towards the end of each Board meeting in which independent directors met without the Company's executive directors.

### **Majority Voting Policy in Director Elections**

The Board has adopted an MVP that allows, in an uncontested election of directors, shareholders to vote in favor of, or to withhold from voting, separately for each director nominee. Pursuant to this policy, if the number of votes withheld for a particular director nominee is more than the votes in favour of such a person, the director nominee will be required to immediately submit his resignation to the Board for consideration by it. The Board will be expected to accept the resignation unless it determines that there are exceptional circumstances that justify delaying acceptance or rejecting the resignation. In reaching its decision, the Board may consider all factors it deems relevant. Within 90 days following the Company's annual meeting, the Board will make its decision with respect to the resignation and disclose it by means of a press release. If the resignation is declined, the press release will include the reason(s) for reaching that decision. A director who tenders their resignation pursuant to this MVP will not be permitted to participate in any meeting of the Board at which the resignation is considered. The Board may adopt procedures as it deems fit for the administration of its MVP.

### **Director Term Limits**

The Company's Board has not established any term limits for Board renewal. It feels the benefits achieved through continuity and having experienced and skilled directors who have developed in-depth knowledge of the Company, its strategy and business operations, and the specific specialized industry in which it operates currently outweighs the need for renewal and fresh perspectives. However, the Company's Board considers the performance and contribution of individual directors on an ongoing basis and the Board's capabilities have been upgraded in recent years. Of the current six directors,

five have been appointed or elected since July 27, 2010. The current Board comprises a majority of independent directors. All directors stand for re-election annually at the Company's Annual Meeting.

### **Composition of the Board**

The Board currently comprises six persons and is chaired by Mr. Ken Hitzig. Of the current Board, four directors (Messrs. David Beutel, Jean Holley, Gary Prager and Stephen Warden) are considered to be independent, since their respective relationships with the Company are independent of management and free from any interest or business which could reasonably be perceived to materially interfere with or compromise each director's ability to act independently in the best interests of the Company, other than interests arising from shareholdings. Mr. Simon Hitzig, CEO, and Mr. Ken Hitzig, Executive Chairman, are officers of the Company and are, by definition, non-independent directors. Directors are elected for a term expiring at the conclusion of the Company's next annual shareholders' meeting or until their successors are duly appointed pursuant to the Business Corporations Act. All directors are eligible to stand for re-election annually at the Company's Annual Meeting. The biographies of the directors standing for election at the May 5, 2021 Annual Meeting are set out above. Board members may also act as directors of other public companies. These directorships, if any, are set out in each Board member's biography.

Currently, the Chairman of the Board, Mr. Ken Hitzig, is an executive of the Company and one of its two non-independent directors. Mr. Hitzig founded the Company in 1978 and has been its Chairman since inception. Mr. Hitzig's family is the largest shareholder of the Company, holding approximately 30% of its issued and outstanding shares at the date hereof. The Company believes that the separation of the CEO and Chairman positions contributes to allowing the Board to function independently of management. Further, as discussed below, the Company's Audit Committee comprises solely of independent directors, while its Credit and Compensation Committees comprise a majority of independent directors.

The Board has considered its size and believes that between six and eight members is the ideal size of Board for a company of Accord's size to facilitate effective decision making and direct and immediate communication between the directors and management. The size of the Company's Board permits individual directors to involve themselves directly in specific matters where their personal inclination or experience will best assist the Board and management in dealing with specific issues, such as credit review and approval.

The Board has neither a corporate governance committee nor a nominating committee preferring instead to perform these functions directly at the Board level. The Board and its committees have had, and continue to have, varied responsibilities. They include nominating new directors, assessing the effectiveness of the Board, its committees and members individually and as a whole, approving requests of directors to engage outside advisors at the expense of the Company and reviewing the adequacy and form of compensation of directors. The Board's next evaluation is expected to be in 2021. This will review the effectiveness of the Board and its committees, the contribution of individual directors, as well as overall governance matters.

Considering the size of the Company, the Board itself is responsible for identifying and considering prospective candidates to be appointed or elected by the shareholders to the Board. Nominees must have the required qualifications, expertise, skills and experience in order to add value to the Board and must exhibit the highest degree of integrity, professionalism, values and independent judgement. The Board solicits the names of candidates possessing these qualities from discussions with members of the Board, senior management and other outside sources, such as shareholders and the Company's lawyers and accountants. Shareholders are encouraged to participate in the process of recommending candidates for the Board. A list of candidates is then drawn up and considered by the Board who will interview them to determine their suitability. The Board then decides which candidate(s) will be appointed directly or nominated for election by the shareholders. Directors' compensation is set after giving due consideration to the directors' workload and responsibilities and reviewing compensation paid to directors of similar-sized public companies. Compensation paid to each of the Company's directors in 2020 is set out on page 7 above.

Given that there have only been nine new directors of the Company in the past ten years, most of whom were familiar with the Company and its business at the time of appointment, no formal orientation and education program for new directors is currently considered necessary. However, as individual circumstances dictate, each new director receives a detailed orientation to the Company, which covers the nature and operations of the Company's business and his responsibilities as a director. Directors receive the Company's consolidated financial statements and those of its operating subsidiaries each month, as well as being involved in the more significant credit and risk management decisions. As a small company, directors work closely with the Company's management and tend to have an in-depth knowledge of its operations. The

Company's principal risks are set out in its 2020 Management Discussion and Analysis and note 23 to its audited consolidated financial statements, which form part of its 2020 Annual Report; this report was mailed to shareholders with this Circular. Directors are also expected to continually educate themselves to maintain and update the skills and knowledge necessary for them to meet their legal duties and obligations as directors. They do this principally through attendance at seminars and the review of publications and materials relevant to a director's role as provided by the Company's management, external auditors, lawyers, other directorships and outside sources.

### **Committees of the Board**

The Board discharges its responsibilities directly and through three committees: an Audit Committee, a Compensation Committee and a Credit Committee. The Board's Audit Committee is comprised of three independent directors, which help ensure objectivity in matters where management's influence could be prevalent, while the Credit and Compensation Committees are comprised of a majority of independent directors.

The Audit Committee is currently composed of Mr. Stephen Warden, Chairman, Mr. David Beutel and Mr. Gary Prager. Each member of the Audit Committee is financially literate, that is, they are able to read and understand fundamental financial reports and statements. The Charter of the Audit Committee, available on the Company's website and attached as Appendix A to its Annual Information Form ("AIF") filed under the Company's profile on SEDAR, sets out the committee's responsibilities which include reviewing quarterly and annual financial reports, principally financial statements, MD&A and related press releases, before they are approved by the Board; making recommendations to the Board regarding the appointment of independent auditors and assuring their independence; meeting with the Company's management at least quarterly; reviewing annual audit findings with the auditors and management; and reviewing the risks faced by the Company, the business environment, the emergence of new opportunities, and the steps management has taken to mitigate exposure to significant risks. During 2020 there were four meetings of the Audit Committee, member attendances at which are set out on page 6 above.

The Audit Committee has adopted a corporate Code of Ethics and a "Whistleblower Policy" whereby any director, officer or employee of the Company or its subsidiaries who is aware of any acts by a director, officer or employee which are in contravention of the standards of business and personal ethics required of them by the Company, or in violation of applicable laws and regulations, is required to bring such matters to the attention of management or directly to the Chairman of the Audit Committee. The Chairman of the Audit Committee advises in each Audit Committee meeting if any matters have been reported to him under the Whistleblower Policy since the previous meeting. All reported matters are investigated and appropriate action taken if warranted. The Company's Code of Ethics and Whistleblower Policy are available on its website. All new directors and employees acknowledge they have read the Code of Ethics and confirm that they will comply with its terms.

The Compensation Committee is currently composed of Messrs. Ken Hitzig, Jean Holley and Stephen Warden. The Compensation Committee's mandate includes evaluating the performance of the Company's executives and making recommendations for approval by the Board with respect to their remuneration. The Compensation Committee reviews compensation paid to management of similar-sized companies to ensure that remuneration is consistent with industry standards. The Compensation Committee also considers and makes recommendations with respect to such matters as short- and long-term incentive plans, employee benefit plans and the structure and granting of stock options or other awards. The Company's 2020 Compensation Discussion and Analysis report to shareholders is set out on page 9 above. During 2020 there were two meetings of the Compensation Committee, member attendances at which are set out on page 6 above.

The Board's Credit Committee is currently composed of Messrs. David Beutel, Ken Hitzig and Gary Prager. The purpose of the Credit Committee is to manage the Company's credit risk in respect of larger exposures to clients and customers. The Credit Committee reviews and approves all client and customer credit in excess of \$2.5 million (US\$2.5 million U.S. for group companies), including loans to clients and assumption of credit risk.

### **Expectations of Management**

The Board expects management to adhere to the highest standards of business and personal ethics and to conduct itself with the utmost degree of honesty and integrity in fulfilling its duties and responsibilities and complying with all applicable laws and regulations. The Board expects management to operate the Company in accordance with approved annual business and strategic plans, to do everything possible to enhance shareholder value and to manage the Company in a prudent manner. Management is expected to provide regular financial and operating reports to the Board and to make the Board aware of all

important issues and major business developments, particularly those that had not been previously anticipated. Management is expected to seek opportunities for business acquisitions and expansion, and to make appropriate recommendations to the Board.

The Company's CEO, Mr. Simon Hitzig, was appointed to that position on October 1, 2018. Neither Mr. Ken Hitzig nor Mr. Simon Hitzig have formal written position descriptions. As noted above, Mr. Ken Hitzig founded the Company in 1978 and his family is a significant shareholder therein. He has over fifty years' experience in the asset-based lending and factoring business and has been the Company's Chairman since its inception. As such, he is intimately aware of the requirements of the Chairman's position and no formal written position description is considered necessary. Mr. Simon Hitzig, prior to his appointment as CEO, met with members of the Board, who outlined their requirements, goals and expectations of him. Simon Hitzig has been associated with the finance industry since 1987. He was a director of the Company from May 7, 2008 to February 22, 2011 and was President of Accord Financial Ltd. from July 1, 2011 till September 30, 2017 after which he was promoted as Senior Vice President, Corporate Development of the Company, a position he held till September 30, 2018. Given the small size of the Company and the regular ongoing interaction between the Board, and its Executive Chairman since 2011, Mr. Simon Hitzig is fully aware of the requirements of his position as CEO and no formal written position description is considered necessary.

### **Gender Diversity and the Representation of Women on the Board and in Executive Officer Positions**

The Company does not currently have a formal policy regarding the representation of women on its Board and, as such, has no targets, therefore. The Company currently has one (17%) female director. The Board believes that the key to effective leadership is to choose directors that, having regard to a wide variety of factors, are the best qualified for the position at such time, namely, those that possess the range of necessary independence, skills, specific industry experience, integrity, commitment, qualifications, as well as the ability to devote the time required and a willingness to serve. The Company believes that these considerations are the most important in assessing the value an individual can bring to and contribute to the Board, although it is noted that in recent searches for new director candidates, the Company has considered gender diversity in its selection criteria as it seeks to identify potential candidates who are best qualified to act as a director of Accord irrespective of gender.

The Company does not have a policy regarding the representation of women in executive officer positions and, as such, has no targets therefor. In reviewing executive officer diversity, the Company believes that prospective executive officer appointments should be based upon the individual candidate being the best qualified for the position at such time. The Company does not believe that quotas or strict rules necessarily result in the identification or selection of the best qualified candidates for executive officer positions, although it recognizes there are benefits to gender diversity. Accordingly, the Company will be mindful of the benefit of gender diversity in the selection of new executive officers. The Company currently employs 28 persons in the position of Vice President or above. Of these, eight (29%) are female.

### **AUDIT COMMITTEE OF THE BOARD**

The overall purpose of the Audit Committee is to support the Board in its stewardship function with respect to the integrity of the Company's internal control systems and financial reporting. It also ensures the independence of the Company's external auditors, sets their fees, and oversees and considers the results of their work in assessing the integrity of the Company's financial reporting in order to provide shareholders and the general public with timely, appropriate and reliable information.

Information relating to the Company's Audit Committee is set out on pages 14 and 15, as well as Appendix A (Audit Committee Charter), of its 2020 AIF, which pages are incorporated herein by reference. The 2020 AIF is filed under the Company's profile on SEDAR (see additional information below).

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

The Company has purchased a Directors and Officers Liability Insurance Policy, which expires on October 31, 2021, for the benefit of its directors and officers and those of its subsidiaries. The limit of such insurance is \$3,000,000. Deductibles range up to \$50,000 per claim. The 2020 - 2021 annual premium was \$16,996.

## OTHER BUSINESS

Management of the Company knows of no matters to come before the Meeting other than the matters referred to in the Notice of Annual Meeting of Shareholders accompanying this Circular. However, if any other matters, which are not known to management, should properly come before the Meeting, it is the intention of the persons designated in the form of proxy accompanying this Circular to vote upon such matters in accordance with their best judgment.

## ADDITIONAL INFORMATION

Additional information pertaining to the Company is available under its profile on SEDAR at [www.sedar.com](http://www.sedar.com), as well as on its website [www.accordfinancial.com](http://www.accordfinancial.com). Additional financial information is provided in the Company's Audited Consolidated Financial Statements and Management's Discussion and Analysis for the year ended December 31, 2020, which are set out in the Company's 2020 Annual Report, as well as filed individually on SEDAR. Copies of the Annual Report, the Annual Information Form and this Management Information Circular may be downloaded from SEDAR or obtained upon request from Mr. Jim Bates, the Secretary of the Company, at:

Accord Financial Corp.  
40 Eglinton Avenue East  
Suite 602  
Toronto, Ontario  
Canada M4P 3A2

Telephone: 416-961-0007  
Fax: 416-961-9443  
Email: [jbates@accordfinancial.com](mailto:jbates@accordfinancial.com)

## DIRECTORS' APPROVAL

Unless otherwise stated, all information contained herein is given as of the date hereof. The contents of this Circular have been approved and the delivery of it to each shareholder of the Company entitled thereto and to the appropriate regulatory agencies has been authorized by the Board of Directors of the Company.

Dated at Toronto, Ontario, the 29<sup>th</sup> day of March 2020.

**BY ORDER OF THE BOARD OF DIRECTORS**

A handwritten signature in black ink, appearing to read 'J. Bates', with a long horizontal flourish extending to the right.

Jim Bates  
Secretary

## **ACCORD FINANCIAL CORP. CHARTER OF THE BOARD OF DIRECTORS**

### **MANDATE**

The business and affairs of Accord shall be managed and controlled by, or under the direction of, its Board, who will promote the best interests of Accord's shareholders through an increase in corporate profits and the creation and enhancement of shareholder value.

The Board shall have two fundamental roles: decision-making and oversight. The decision-making function shall be exercised, with management, to the formulation of fundamental policies and strategic goals and through the approval of certain significant actions; oversight concerns the review of management decisions, adequacy of systems and controls and policy implementation.

The Board shall establish formal delegations of authority, defining the limits of management's power and authority and delegating to them certain powers to manage the business of Accord and shall conform to statutory limitations specifying responsibilities of the Board that cannot be delegated to management. Any responsibilities not delegated to management remain with the Board and its committees.

### **DUTIES**

The Board is responsible for the following matters:

#### **Strategic planning**

- Supervise the formulation of Accord's strategic direction, plans and priorities
- Monitor the implementation and effectiveness of approved strategic and operating plans
- Review and approve corporate financial goals and operating plans and actions, including capital allocations, expenditures and transactions which exceed threshold amounts set by the Board
- Approve major business decisions, including acquisitions and divestitures

#### **Identification and management of risks**

- Ensure processes are in place to identify the principal risks of Accord's business
- Review systems implemented by management to manage those risks
- Review processes that ensure respect for, and compliance with, applicable regulatory, corporate, securities and other legal requirements
- Review and approve applications for credit, loans and investments above threshold amounts through the Board's Credit Committee

#### **Succession planning and management evaluation**

- Supervise Accord's succession planning processes, including the selection, appointment, development, evaluation and compensation of the Chairman of the Board, President and senior management team

#### **Oversight of communications and public disclosure**

- Assess the effectiveness of Accord's communications policy
- Oversee establishment of processes for accurate, timely and full public disclosure
- Review due diligence processes and controls in connection with certification of Accord's financial statements

#### **Internal controls, financial reporting and dividends**

- Review the effectiveness of Accord's internal controls and management information systems
- Review and approve Accord's financial statements and oversee their compliance with applicable audit, accounting and reporting requirements
- Declare dividends

## **Governance**

- Establish appropriate structures and procedures that allow the Board to function independently of management
- Establish Board committees and define their mandates to assist the Board in carrying out its roles and responsibilities
- Undertake regular evaluation of the Board, its committees and members, and review its composition with a view to the effectiveness and independence of the Board and its members

## **BOARD COMPOSITION AND APPOINTMENT**

The Board shall comprise between six and eight directors. The number of directors can be changed from time to time by way of a special resolution of shareholders or by way of a majority vote of the Board pursuant to authority granted to the Board by Accord's shareholders. A majority of the Board shall be unrelated and independent, as defined by instrument from time to time. The Board's committees shall comprise a majority of independent directors.

Each member of the Board shall serve for a term of approximately one year, namely, until the next annual meeting of shareholders following their appointment. There is no limit on the number of terms that a director may serve and no mandatory retirement age.

Each member of the Board shall be a person of integrity, with significant accomplishments and recognized business stature, and who will bring a variety of perspectives to the Board. In determining the composition of the Board, consideration shall also be given to the overall mix of skill, experience, independence, stature and diversity of background likely to make the Board, as a body, effective in overseeing and monitoring the performance of Accord and contributing to its success. The Board shall review its membership, both individually and as a body, on a regular basis to assure that it meets these criteria. The Board shall regularly assess and review the appropriate qualifications required of any new members, based upon its current composition, as well as any other skills, experience or characteristics needed or desired.

Directors selected must be able to commit the requisite time for preparation and attendance at regularly scheduled board meetings and assigned committee(s) and be able to devote time and attention to other matters deemed necessary for good corporate governance. Each member of the Board is expected to become familiar with Accord's business, including the economic and competitive environment in which it operates. Accordingly, each member of the Board should develop a basic understanding of: (a) the principal operational, financial and other plans, strategies and objectives of Accord; (b) the results of operations and financial condition of Accord for recent periods; and (c) the relative standing of Accord in the competitive marketplace.

## **ELECTION OF DIRECTORS OF THE BOARD**

Each Board member will be elected to full term by a plurality of votes cast at the annual shareholders' meeting. The Board has adopted a Majority Voting Policy governing director elections.

In the case of a vacancy on the Board, it is responsible for recommending individuals to be elected as directors, or to be nominated for election by the shareholders as directors. The Board shall obtain direct input from board members and the President, as well as third parties. New members will have an informal orientation that includes background information about Accord, meetings with senior management and visits to selected facilities.

## **COMMITTEES**

The Board shall discharge its responsibilities directly and through the Audit Committee, Compensation Committee and Credit Committee.

Audit Committee responsibilities are set out in its charter.

The Compensation Committee's mandate includes evaluating the performance of Accord's executives and recommendations for their compensation for approval by the Board. It also considers and makes recommendations with respect to short- and long-term incentive plans and employee benefit plans.

## **BOARD MEETINGS AND PROCEDURES**

The Board will meet at least once each quarter. Meeting length will be determined by agenda, to be established by any director and/or the President. Directors are expected to attend all board meetings, as well as all meetings of committees on which they serve. At all board meetings, one half of the total number of directors shall constitute a quorum for the transaction of business. The Board encourages senior management to bring managers into meetings, when they can provide additional insight into the matters being discussed because of their personal involvement in, or knowledge of, these matters.

The meeting Chair will designate someone to record the minutes of each meeting. Generally, the company secretary will be designated to perform that function and, in his or her absence, one of Accord's officers will be designated. All minutes shall be filed and maintained with Accord's records.

The Board may take any action taken at a meeting by unanimous written consent.

## **DIRECTOR COMPENSATION**

The Compensation Committee is responsible for recommending compensation for directors and requires approval by a majority vote of the Board.

## **AMENDMENTS TO CHARTER**

This Charter may be amended or repealed by the Board at any time.



**ACCORD FINANCIAL CORP.**

**2021 STOCK OPTION PLAN**

**Approved by the Board of Directors on March 10, 2021**

**Effective as of May [5], 2021**

**ACCORD FINANCIAL CORP.**

**2021 STOCK OPTION PLAN**

**Article 1  
PURPOSE**

**Section 1.1 Purpose**

The purpose of this Plan is to advance the interests of the Corporation by: (i) providing Eligible Persons with additional incentives; (ii) encouraging stock ownership by such Eligible Persons; (iii) increasing the proprietary interest of Eligible Persons in the success of the Corporation; (iv) promoting growth and profitability of the Corporation; (v) encouraging Eligible Person to take into account long-term corporate performance; (vi) rewarding Eligible Persons for sustained contributions to the Corporation and/or significant performance achievements of the Corporation; and (vii) enhancing the Corporation's ability to attract, retain and motivate Eligible Persons.

**Article 2  
INTERPRETATION**

**Section 2.1 Defined Terms**

For the purposes of this Plan, the following terms have the following meanings:

- (a) “**Affiliate**” means any person that controls or is controlled by the Corporation or that is controlled by the same person that controls the Corporation;
- (b) “**Associate**” has the meaning specified in Section 1 of the *Securities Act* (Ontario);
- (c) “**Board**” means the board of directors of the Corporation as constituted from time to time;
- (d) “**Broker**” has the meaning specified in Section 3.9(2);
- (e) “**Business Day**” means any day of the year, other than a Saturday, Sunday or any day on which Canadian chartered banks are authorized or obligated by law to close for business in Toronto, Ontario;
- (f) “**Cause**” means (i) if the Participant has an employment agreement in which “cause” or “just cause” is defined, “cause” or “just cause” as defined therein; or (iii) in all other cases, any act or omission of the Participant that would in law permit the Corporation to, without notice or payment instead of notice, terminate the employment of the Participant;
- (g) “**Change of Control Event**” means the occurrence of any one or more of the following events:
  - (i) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Corporation or any of its Affiliates and another corporation or other entity, as a result of which the holders of Shares immediately prior to the completion of the transaction hold less than 50% of the outstanding shares of the successor corporation immediately after the completion of the transaction;
  - (ii) a sale, lease or other disposition of all or substantially all of the assets, rights or properties of the Corporation and its Affiliates on a consolidated basis to any other person or entity, other than transactions among the Corporation and its Affiliates;
  - (iii) a resolution is adopted to wind-up, dissolve or liquidate the Corporation;
  - (iv) any person, entity or group of persons or entities acting jointly or in concert (an “**Acquiror**”) acquires, or acquires control (including, without limitation, the right to vote or direct the voting)

of, Shares of the Corporation which, when added to the Shares owned of record or beneficially by the Acquiror or which the Acquiror controls, would entitle the Acquiror and/or Associates and/or Affiliates of the Acquiror, to cast or to direct the casting of 50% or more of the votes attached to all of the Corporation's outstanding Shares which may be cast to elect directors of the Corporation or the successor corporation (regardless of whether a meeting has been called to elect directors), other than any acquisition that occurs by any person or group of persons who is affiliated with the Hitzig Bros or Oakwest (each as defined in the management information circular dated March 29, 2021 of the Corporation); or

- (v) as a result of or in connection with: (A) a contested election of directors; or (B) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisitions involving the Corporation or any of its Affiliates and another corporation or other entity (a "**Transaction**"), fewer than 50% of the directors of the Corporation or the successor corporation are persons who were directors of the Corporation immediately prior to the Transaction;
- (h) "**Code**" means the United States Internal Revenue Code of 1986, as amended, and any applicable United States Treasury Regulations and other binding regulatory guidance thereunder;
- (i) "**Corporation**" means Accord Financial Corp., a corporation existing under the laws of the province of Ontario, and includes any successor corporation thereto;
- (j) "**Eligible Person**" means:
  - (i) any director, executive officer or employee of the Corporation or any of its Affiliates; and
  - (ii) any Permitted Assign of any persons listed in Section 2.1(j)(i);
- (k) "**Exercise Price**" has the meaning specified in Section 4.2;
- (l) "**Expiry Date**" has the meaning specified in Section 4.4(1);
- (m) "**Good Reason**" means
  - (i) a substantial diminution in the Participant's authorities, duties, responsibilities, status (including officers, titles, and reporting requirements) from those in effect immediately prior to a Change of Control Event;
  - (ii) the Corporation requires the Participant to be based at a location in excess of one hundred (100) kilometers from the location of the Participant's principal job location or office immediately prior to a Change of Control Event, except for required travel on Corporation business to an extent substantially consistent with the Participant's business obligations immediately prior to a Change of Control Event;
  - (iii) a reduction in the Participant's base salary, or a substantial reduction in the Participant's target compensation under any incentive compensation plan, as in effect as of the date of a Change of Control Event;
  - (iv) the failure to increase the Participant's base salary in a manner consistent (both as to frequency and percentage increase) with practices in effect immediately prior to the Change of Control Event or with practices implemented subsequent to the Change of Control Event with respect to similarly positioned employees; or
  - (v) the failure of the Corporation to continue in effect the Participant's participation in the Corporation's Share Compensation Arrangements and any employee benefit and retirement plans, policies or practices, at a level substantially similar or superior to and on a basis consistent

with the relative levels of participation of other similarly-positioned employees, as existed immediately prior to a Change of Control Event.

- (n) “**In-the-Money Amount**” has the meaning specified in Section 4.5(1);
- (o) “**Insider**” means a “reporting insider” as defined in National Instrument 55-104 *Insider Reporting Requirements and Exemptions*;
- (p) “**Market Price**” means the VWAP on the Stock Exchange for the ten (10) trading days immediately preceding the date of grant of the Option, or if the Shares of the Corporation are not listed on any stock exchange, the value as is determined solely by the Board, acting reasonably and in good faith based on the reasonable application of a reasonable valuation method not inconsistent with the Tax Act or Section 409A of the Code;
- (q) “**Option**” means an option to purchase Shares granted to an Eligible Person pursuant to the terms of this Plan;
- (r) “**Option Period**” has the meaning specified in Section 4.4(1);
- (s) “**Participant**” means an Eligible Person to whom Options have been granted and are outstanding;
- (t) “**Permitted Assign**” means for any director, executive officer or employee of the Corporation or its Affiliates,
  - (i) a trustee, custodian or administrator acting on behalf of, or for the benefit of such person or a spouse of such person;
  - (ii) a holding entity of such person or the spouse of such person;
  - (iii) an RRSP, a RRIF or other similar account of such person or the spouse of such person; or
  - (iv) a spouse of such person;
- (u) “**Plan**” means this Accord Financial Corp. 2021 Stock Option Plan, as it may be amended from time to time;
- (v) “**Remittance Amount**” has the meaning specified in Section 4.5(1);
- (w) “**Retirement**” means (i) if the Participant has an employment agreement in which “Retirement” is defined, “Retirement” as defined therein; or (ii) in all other cases, means the cessation of the employment of a Participant with the Corporation or an Affiliate which is deemed to be a retirement by a resolution of the Board in its sole discretion;
- (x) “**Share**” means a common share in the capital of the Corporation;
- (y) “**Share Compensation Arrangement**” means any stock option, stock option plan, or any other compensation or incentive mechanism of the Corporation involving the issuance or potential issuance of Shares from Treasury, including this Plan, but excludes any compensation or incentive mechanism of the Corporation involving the issuance or potential issuance of Shares in accordance with section 613(c) of the TSX Company Manual;
- (z) “**Shareholders**” means the registered or beneficial holders of Shares;
- (aa) “**Stock Exchange**” means the Toronto Stock Exchange or, if the Shares are not listed or posted for trading on the Toronto Stock Exchange at a particular date, any other stock exchange on which the majority of the trading volume and value of the Shares are listed or posted for trading;

- (bb) “**Stock Option Certificate**” has the meaning specified in Section 4.1(1);
- (cc) “**Tax Act**” means the Income Tax Act (Canada) and its regulations thereunder, as amended;
- (dd) “**Termination Date**” means, in respect of a Participant, such Participant’s last date of actual and active employment with the Corporation or an Affiliate, which date may be determined unilaterally by the Corporation or an Affiliate or by mutual agreement between the Corporation or an Affiliate and the Participant;
- (ee) “**VWAP**” means the volume weighted average trading price of the Shares, calculated by dividing the total value by the total volume of Shares traded for the relevant period;
- (ff) “**U.S. Taxpayer**” means any Participant who is a United States citizen or United States resident alien as defined for purposes of Section 7701(b)(1)(A) of the Code or for whom an Option is otherwise subject to taxation under the Code; and
- (gg) “**Withholding Obligations**” has the meaning specified in Section 3.9(1).

In this Plan, words importing the singular number include the plural and vice versa.

### **Article 3 ADMINISTRATION**

#### **Section 3.1 Administration**

- (1) Subject to Section 3.2, this Plan will be administered by the Board.
- (2) Subject to the terms and conditions set forth in this Plan, the Board is authorized to provide for the granting, exercise and method of exercise of Options, all on such terms (which may vary between Options granted from time to time) as it determines. In addition, the Board has the authority to (i) construe and interpret this Plan and all agreements entered into under this Plan; (ii) prescribe, amend and rescind rules and regulations relating to this Plan; and (iii) make all other determinations necessary or advisable for the administration of this Plan. All determinations and interpretations made by the Board will be binding on all Participants and on their legal, personal representatives and beneficiaries.
- (3) No member of the Board will be liable for any action or determination taken or made in good faith in the administration, interpretation, construction or application of this Plan, any Option Agreement or any Option granted pursuant to this Plan.

#### **Section 3.2 Delegation to Committee**

Despite Section 3.1 or any other provision contained in this Plan, the Board has the right to delegate the administration and operation of this Plan, in whole or in part, to a committee of the Board. In such circumstances, all references to the Board in this Plan include reference to such committee.

#### **Section 3.3 Shares Reserved**

- (1) Subject to Section 3.3(5), the securities that may be acquired by Participants under this Plan will consist of authorized but unissued Shares.
- (2) The Corporation will at all times during the term of this Plan ensure that it is authorized to issue such number of Shares as are sufficient to satisfy the requirements of this Plan.

- (3) The total number of Shares reserved and issuable under this Plan, and under all other Share Compensation Arrangements, shall not exceed 850,000. Any Shares subject to an Option which for any reason is expired, cancelled, lapsed or terminated without having been exercised, or is settled in cash in lieu of settlement of Shares, will again be available for grants under this Plan. Fractional shares will not be issued and will be treated as specified in Section 3.11(3).
- (4) For greater certainty, any issuance from treasury by the Corporation that is or was issued in reliance upon an exemption under applicable Stock Exchange rules applicable to Share Compensation Arrangements used as an inducement to person(s) or company(ies) not previously employed by and not previously an Insider of the Corporation shall not be included in determining the maximum Shares reserved and available for grant and issuance under Section 3.3(3) or the limits with respect to Insiders under Section 3.4.
- (5) If there is a change in the issued and outstanding Shares by reason of any stock dividend or split, recapitalization, amalgamation, consolidation, combination or exchange of shares, or other corporate change, the Board will make, with the intent that the rights of Participants under their Options are, to the extent possible, preserved despite the occurrence of such events, and subject where required to the prior approval of the Stock Exchange, appropriate substitution or adjustment in:
  - (a) the number or kind of securities of the Corporation (including Shares) reserved for issuance pursuant to this Plan; and
  - (b) the number and kind of securities of the Corporation (including Shares) subject to unexercised Options granted prior to such change and in the Exercise Price of such securities,

without any change in the total price applicable to the unexercised portion of the Option but with a corresponding adjustment in the price for each Share covered by the Option; provided, however, that no substitution or adjustment will obligate the Corporation to issue or sell fractional Shares. If the Corporation is reorganized, amalgamated with another corporation or consolidated, the Board will make such provisions for the protection of the rights of Participants as the Board in its sole discretion deems appropriate.

### **Section 3.4 Limits with Respect to Insiders and Non-Employee Directors**

- (1) The number of Shares that may be (i) issued to Insiders within any one-year period, or (ii) issuable to Insiders at any time, in each case, under this Plan alone or when combined with all other Share Compensation Arrangements, shall not exceed 10% of the total number of Shares in the capital of the Corporation issued and outstanding from time to time. Any Option granted to a Participant pursuant to this Plan prior to the Participant becoming an Insider will be excluded for the purposes of the limits set out in this Section 3.4.
- (2) Despite the foregoing and for greater certainty, the total annual grant to any one non-employee director under all Share Compensation Arrangements shall not exceed an aggregate grant value of \$100,000 in Options and \$150,000 in total equity.

### **Section 3.5 Amendment and Termination**

- (1) The Board may suspend or terminate this Plan at any time, or from time to time amend or revise the terms of this Plan or of any Option granted under this Plan and any Stock Option Certificate relating to it, provided that no such suspension, termination, amendment or revision will be made:
  - (a) except in compliance with applicable law and with the prior approval, if required, of the Stock Exchange or any other regulatory body having authority over the Corporation, this Plan or the Shareholders; and
  - (b) in the case of an amendment or revision to this Plan or any Option Agreement, if it would materially adversely affect the rights of any Participant, without the consent of the Participant.

- (2) If this Plan is terminated, the provisions of this Plan and any administrative guidelines and other rules and regulations adopted by the Board and in force on the date of termination will continue in effect as long as any Option or any rights granted pursuant to this Plan remain outstanding and, despite the termination of this Plan, the Board may make such amendments to this Plan or to the terms of any outstanding Options as they would have been entitled to make if this Plan were still in effect.
- (3) Subject to any applicable rules of the Stock Exchange, the Board may from time to time, in its absolute discretion and without the approval of Shareholders, make the following amendments to this Plan or any Option:
  - (a) amend the vesting provisions of this Plan and any Stock Option Certificate;
  - (b) amend the provisions regarding the effect of termination of a Participant's employment;
  - (c) amend this Plan, any Stock Option Certificate or any Option as necessary to comply with applicable law or the requirements of the Stock Exchange or any other regulatory body having authority over the Corporation, this Plan, the Participants or the Shareholders;
  - (d) any amendment of a "housekeeping" nature, including, without limitation, to clarify the meaning of an existing provision of this Plan, correct or supplement any provision of this Plan that is inconsistent with any other provision of this Plan, correct any grammatical or typographical errors or amend the definitions in this Plan regarding administration of this Plan;
  - (e) any amendment respecting the administration of this Plan; and
  - (f) any other amendment that does not require the approval of Shareholders under Section 3.5(4).
- (4) Shareholder approval is required for the following amendments to this Plan:
  - (a) any increase in the maximum number of Shares that may be issuable pursuant to Options granted under this Plan as set out in Section 3.3(3);
  - (b) any (i) reduction in the Exercise Price of an Option benefitting any Participant, (ii) cancellation and reissue of Options, (iii) extension of the Expiry Date of an Option benefitting any Participant, or (iv) a substitution of Options with cash or other awards on terms that are more favourable to the Participant;
  - (c) any increase to or removal of the Insider or non-employee director participation limits set out in Section 3.4;
  - (d) any amendment to Section 3.5(3) and (4);
  - (e) any change that would materially modify the eligibility requirements for participation in this Plan; and
  - (f) any amendment to Section 4.7.

### **Section 3.6 Compliance with Legislation**

- (1) This Plan, the terms of the issue or grant of, and the grant and exercise of, any Option under this Plan, and the Corporation's obligation to sell and deliver Shares upon the exercise of Options, is subject to all applicable federal, provincial and foreign laws, rules and regulations, the rules and regulations of the Stock Exchange and to such approvals by any regulatory or governmental agency as may, in the opinion of counsel to the Corporation, be required. The Corporation is not obliged by any provision of this Plan or the grant of any Option under this Plan to issue or sell Shares if, in the opinion of the Board, such action would constitute a violation by the Corporation or a Participant of any laws, rules and regulations or any condition of such approvals.

- (2) The Participant agrees to fully cooperate with the Corporation in doing all such things, including executing and delivering all such agreements, undertakings or other documents or furnishing all such information as is reasonably necessary to facilitate compliance by the Corporation with such laws, rule and requirements, including all tax withholding and remittance obligations.
- (3) No Option will be granted, and no Shares issued under this Plan, where such grant, issue or sale would require registration of this Plan or of Shares under the securities laws of any foreign jurisdiction, and any purported grant of any Option or purported issue of Shares under this plan in violation of this provision is void.
- (4) The Corporation has no obligation to issue any Shares pursuant to this Plan unless such Shares have been duly listed, upon official notice of issuance, with the Stock Exchange. Shares issued and sold to Participants pursuant to the exercise of Options may be subject to limitations on sale or resale under applicable securities laws.
- (5) If Shares cannot be issued to a Participant upon the exercise of an Option due to legal or regulatory restrictions, the obligation of the Corporation to issue such Shares will terminate and any funds paid to the Corporation in connection with the exercise of such Option will be returned to the applicable Participant as soon as practicable.

### **Section 3.7 Effective Date**

This Plan will be effective upon the approval of this Plan by:

- (a) the Stock Exchange, and will comply with the requirements from time to time of the Stock Exchange; and
- (b) the Shareholders, by the affirmative vote of a majority of the votes attached to the Shares entitled to vote and represented and voted at an annual or special meeting of Shareholders in accordance with the rules of the Stock Exchange, held, among other things, to consider and approve this Plan.

### **Section 3.8 Proceeds from Exercise of Options**

The proceeds from any sale of Shares issued upon the exercise of Options will be added to the general funds of the Corporation and afterwards will be used from time to time for such corporate purposes as the Board may determine.

### **Section 3.9 Tax Withholdings**

- (1) Despite any other provision contained in this Plan, in connection with the exercise of an Option by a Participant from time to time, the Corporation may withhold from any amount payable to a Participant, including the issuance of Shares to a Participant upon the exercise of such Participant's options, such amounts as are required by law to be withheld or deducted as a consequence of his or her exercise of Options or other participation in this Plan ("**Withholding Obligations**"). The Corporation has the right, in its sole discretion, to satisfy any Withholding Obligations by:
  - (a) selling or causing to be sold on behalf of any Participant, such number of Shares issued to the Participant on the exercise of Options as is sufficient to fund the Withholding Obligations;
  - (b) retaining the amount necessary to satisfy the Withholding Obligations from any amount which would otherwise be delivered, provided or paid to the Participant by the Corporation, whether under this Plan or otherwise;
  - (c) requiring the Participant, as a condition of exercise pursuant to Section 4.4 to (i) remit the amount of any such Withholding Obligations to the Corporation in advance; (ii) reimburse the Corporation for any such Withholding Obligations; or (iii) cause a broker who sells Shares acquired by the Participant on behalf of



the Participant to withhold from the proceeds realized from such sale the amount required to satisfy any such Withholding Obligation and to remit such amount directly to the Corporation; and/or

- (d) making such other arrangements as the Corporation may reasonably require.
- (2) The sale of Shares by the Corporation, or by a broker engaged by the Corporation (the “**Broker**”), under Section 3.9(1) above will be made on the Stock Exchange. The Participant consents to such sale and grants to the Corporation an irrevocable power of attorney to effect the sale of such Shares on his or her behalf and acknowledges and agrees that (i) the number of Shares sold will be, at a minimum, sufficient to fund the Withholding Obligations net of all selling costs, which costs are the responsibility of the Participant and which the Participant hereby authorizes to be deducted from the proceeds of such sale; (ii) in effecting the sale of any such Shares, the Corporation or the Broker will exercise its sole judgment as to the timing and the manner of sale and will not be obligated to seek or obtain a minimum price; and (iii) neither the Corporation nor the Broker will be liable for any loss arising out of such sale of the Shares including any loss relating to the pricing, manner or timing of the sales or any delay in transferring any Shares to a Participant or otherwise.
- (3) The Participant further acknowledges that the sale price of the Shares will fluctuate with the market price of the Shares and no assurance can be given that any particular price will be received upon any sale.

### **Section 3.10 Non-qualified Stock Options; Exemption from Section 409A**

*Options granted to U.S. Taxpayers are not intended to satisfy the requirements of Section 422 of the Code as “incentive stock options”. Despite any provision of the Plan to the contrary, it is intended that Options granted under the Plan to U.S. Taxpayers be exempt from Section 409A, and all provisions of the Plan will be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A. In furtherance of the foregoing and notwithstanding anything to the contrary in the Plan or otherwise, any Option issued to a U.S. Taxpayer shall have an Exercise Price that is no less than “fair market value” on the grant date which value shall be determined in accordance with Section 409A.*

### **Section 3.11 Miscellaneous**

- (1) Nothing contained in this Plan will prevent the Board from adopting other or additional Share Compensation Arrangements or compensation arrangements, subject to any required approval.
- (2) This Plan does not grant any Participant or any employee of the Corporation or its Affiliates the right or obligation to serve or continue to serve as a director, officer or employee, as the case may be, of the Corporation or its Affiliates. The awarding of Options to any Eligible Person is a matter to be determined solely in the discretion of the Board. This Plan will not in any way fetter, limit, obligate, restrict or constrain the Board with regard to the allotment or issue of any Shares or any other securities in the capital of the Corporation other than as specifically provided for in this Plan. The grant of an Option to, or the exercise of an Option by, a Participant under this Plan does not create the right for such Participant to receive additional grants of Options under this Plan.
- (3) No fractional Shares will be issued upon the exercise of Options granted under this Plan and, accordingly, if a Participant would become entitled to a fractional Share upon the exercise of an Option, or from an adjustment pursuant to Section 3.3(5), such Participant will only have the right to purchase the next lowest whole number of Shares, and no payment or other adjustment will be made with respect to the fractional interest so disregarded.
- (4) The Corporation makes no representation or warranty as to the future market value of the Shares or with respect to any income tax matters affecting the Participant resulting from the grant or exercise of an Option and/or transactions in the Shares. Neither the Corporation, nor any of its directors, officers, employees, Shareholders or agents will be liable for anything done or omitted to be done by such person or any other person with respect to the price, time, quantity or other conditions and circumstances of the issuance of Shares under this Plan, with respect to any fluctuations in the market price of Shares or in any other manner related to this Plan.

- (5) The Board may adopt such rules or regulations and vary the terms of this Plan and any Option issued in accordance with this Plan as it considers necessary to address tax or other requirements of any applicable non-Canadian jurisdiction, including, without limitation, Section 409A of the Code.
- (6) Participants (and their legal personal representatives) have no legal or equitable rights, claims, or interest in any specific property or assets of the Corporation or any Affiliate. No assets of the Corporation or any Affiliate will be held in any way as collateral security for the fulfillment of the obligations of the Corporation or any Affiliate under this Plan. Any and all of the Corporation's or any Affiliate's assets are, and remain, the general unpledged, unrestricted assets of the Corporation or Affiliate. The Corporation's or any Affiliate's obligation under this Plan are merely that of an unfunded and unsecured promise of the Corporation or such Affiliate to pay money in the future, and the rights of Participants (and their legal personal representatives) are no greater than those of unsecured general creditors.
- (7) For greater certainty, no amount will be paid to, or in respect of, a Participant under this Plan or pursuant to any other arrangement, and no additional Options will be granted to such Participant to compensate for a downward fluctuation in the price of the Shares, nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose.
- (8) This Plan is governed by the laws of Ontario and the federal laws of Canada applicable therein.

## **Article 4 OPTIONS**

### **Section 4.1 Grants of Options**

- (1) An Option will be evidenced by a stock option certificate ("**Stock Option Certificate**"), signed on behalf of the Corporation, which Stock Option Certificate will be in substantially the form of Appendix "**B**" attached to this Plan, or such other form as the Board may approve from time to time.
- (2) Subject to the provisions of this Plan, the Board has the authority to determine the limitations, restrictions and conditions, if any, in addition to those set forth in Section 3.1(2) and Section 4.3 hereof, applicable to the exercise of an Option. An Eligible Person may receive Options on more than one occasion under this Plan and may receive separate Options on any one occasion.
- (3) The Board may from time to time, in its discretion, grant Options to any Eligible Person upon the terms, conditions and limitations set forth in this Plan and such other terms, conditions and limitations permitted by and not inconsistent with this Plan as the Board may determine, provided that Options granted to any Participant must be approved by the Shareholders if the rules of the Stock Exchange require such approval. Despite the foregoing, no Option will be granted where such grant is restricted pursuant to the terms of any trading policies or other restrictions imposed by the Corporation.

### **Section 4.2 Exercise Price**

An Option may be exercised at a price (the "**Exercise Price**") established by the Board at the time that the Option is granted, but in no event can the Exercise Price be less than the Market Price. The Exercise Price is subject to adjustment in accordance with the provisions of Section 3.3(5) hereof.

### **Section 4.3 Vesting**

Unless otherwise specified in the Option Agreement entered into in connection with the grant of such Option, Options will vest over a three-year period, as to 33.33% percent of the Options on each anniversary of the date of grant, commencing on the date of grant.

## **Section 4.4      Exercise of Options**

- (1) The period during which an Option may be exercised (the “**Option Period**”) will be determined by the Board at the time the Option is granted and set out in the Stock Option Certificate in respect of such Option, provided that:
  - (a) all Options expire on the date (the “**Expiry Date**”) set out by the Board on the date of grant and as described in the applicable Stock Option Certificate provided that no Option will be exercisable for a period exceeding seven (7) years from the date the Option is granted;
  - (b) Options may not be exercised until they have vested;
  - (c) the Option Period will be automatically reduced in accordance with Section 4.8 below upon the occurrence of any of the events referred to in such section; and
  - (d) no Option in respect of which Shareholder approval is required under the rules of the Stock Exchange will be exercisable until such time as such Option has been approved by the Shareholders.
- (2) Despite any other provision of this Plan, if the Expiry Date of an Option falls on, or within nine (9) Business Days immediately following a date upon which a Participant is prohibited from exercising an Option due to a black-out period or other trading restriction imposed by the Corporation (but, for greater certainty, not a cease trade order or other restriction imposed by any person other than the Corporation), then the Expiry Date of such Option will be automatically extended to the tenth (10<sup>th</sup>) Business Day following the date the relevant black-out period or other trading restriction imposed by the Corporation is lifted, terminated or removed. Where the Expiry Date of an Option falls immediately after a black-out period or other trading restriction imposed by the Corporation, and for greater certainty, not later than ten (10) days after the black-out period or other trading restriction imposed by the Corporation, then the Expiry Date of such Option will be automatically extended by such number of days equal to ten (10) days less the number of days after the black-out period that the Option expires.
- (3) Subject to Section 4.5, the Exercise Price of each Share purchased under an Option must be paid in full in cash or by bank draft or certified cheque at the time of such exercise, and upon receipt of payment in full, the number of Shares in respect of which the Option is exercised will be duly issued as fully paid and non-assessable.
- (4) Upon the exercise of Options pursuant to this Section 4.3, the Corporation will immediately deliver, or cause the registrar and transfer agent of the Shares to deliver, to the relevant Participant (or his or her legal or personal representative) or to the order thereof, the number of Shares with respect to which Options have been exercised (subject to Section 3.9).
- (5) Subject to the other provisions of this Plan and any vesting limitations imposed by the Board at the time of grant, Options may be exercised, in whole or in part, at any time or from time to time, by a Participant by written notice given to the Corporation as required by the Board from time to time.

## **Section 4.5      Cashless Exercise**

- (1) A Participant may elect pursuant to the form of notice in Schedule “A” of the Stock Option Certificate and subject to the approval of the Board, in its sole discretion, to undertake a broker assisted “cashless exercise” pursuant to which the Corporation or its designee (including third party administrators) may deliver a copy of irrevocable instructions to a Broker engaged for such purposes to sell the Shares otherwise deliverable upon the exercise of the Options and to deliver promptly to the Corporation an amount equal to the Exercise Price and all applicable required Withholding Obligations against delivery of the Shares to settle the applicable trade.
- (2) In lieu of exercising the Options pursuant to the terms of Section 4.4 or Section 4.5(1), a Participant may elect pursuant to the form of notice in Schedule “B” of the Stock Option Certificate and subject to the approval of the Board, in its sole discretion, to undertake a “net surrender” procedure effected by surrendering his or her Options and electing to receive that number of Shares calculated using the following formula, after deduction of any Withholding Obligations:

$$X = Y * (A-B) / A$$

Where:

**X** = the number of Shares to be issued to the Participant

**Y** = the number of Shares underlying the Options to be Surrendered

**A** = the Fair Market Value of the Shares as at the date of the Surrender

**B** = the Exercise Price of such Options

provided, however, that such notice of surrender need not be substantially in the form attached to the Stock Option Certificate as Schedule "B" to the extent necessary to reflect compliance with applicable laws in the jurisdiction or jurisdictions in which the Participant is employed or engaged or any other jurisdiction with taxing authority in respect of the Participant.

- (3) In all events of cashless exercise or net surrender pursuant to this Section 4.5: (i) the Participant shall comply with Section 3.9 of the Plan with regards to any applicable required Withholding Obligations; and (ii) shall comply with all such other procedures and policies as the Board may prescribe or determine to be necessary or advisable from time to time in connection with such exercise.

## **Section 4.6 Change of Control**

- (1) Despite any other provision of this Plan, in the event of a Change of Control Event all unvested Options then outstanding will be substituted by or replaced with stock options of the surviving corporation (or any affiliate thereof) or the potential successor (or any affiliate thereto) (the "**continuing entity**") on the same terms and conditions as the original Options.
- (2) If within 12 months of a Change of Control Event, a Participant's service or employment with the Corporation, an Affiliate or the continuing entity is terminated without Cause, or the Participant resigns from his or her employment for Good Reason, the vesting of all Options then held by such Participant (and, if applicable, the time during which such Options may be exercised) will, at the discretion of the Board, be accelerated in full.
- (3) If, upon a Change of Control Event, the continuing entity fails to comply with Section 4.6(1) above, the vesting of all then outstanding Options (and, if applicable, the time during which such Options may be exercised) will, at the discretion of the Board, be accelerated in full.
- (4) No fractional Shares or other security will be issued upon the exercise of any Option and accordingly, if as a result of a Change of Control Event, a Participant would become entitled to a fractional Share or other security, such Participant will have the right to acquire only the next lowest whole number of Shares or other security and no payment or other adjustment will be made with respect to the fractional interest so disregarded.
- (5) Despite anything else to the contrary in this Plan except Section 4.6(2), in the event of a potential Change of Control Event, the Board will have the power, in its sole discretion, to modify the terms of this Plan and/or the Options (including, for greater certainty, to cause the vesting of all unvested Options) to assist the Participants in tendering to a take-over bid or other transaction leading to a Change of Control Event. For greater certainty, in the event of a take-over bid or other transaction leading to a Change of Control Event, the Board has the power, in its sole discretion, to permit Participants to conditionally exercise their Options, such conditional exercise to be conditional upon the take-up by such offeror of the Shares or other securities tendered to such take-over bid in accordance with the terms of the take-over bid (or the effectiveness of such other transaction leading to a Change of Control Event). If, however, the potential Change of Control Event referred to in this Section 4.6(5) is not completed within the time specified (as the same may be extended), then despite this Section 4.6(5) or the definition of "Change of Control Event", (i) any conditional exercise of vested Options will be deemed not to have been exercised, and (ii) Options which vested pursuant to this Section 4.6(5) will be returned by the Participant to the Corporation and reinstated as authorized but unissued Shares and the original terms applicable to such Options will be reinstated.

- (6) If the Board has, pursuant to the provisions of Section 4.6(5), permitted the conditional exercise of Options in connection with a potential Change of Control Event, then the Board will have the power, in its sole discretion, to terminate, immediately following actual completion of such Change of Control Event and on such terms as it sees fit, any Options not exercised (including all unvested Options).

#### **Section 4.7 Transfer and Assignment**

Options are not transferable or assignable by a Participant otherwise than by will or the laws of descent and distribution and will be exercisable only by a Participant during the lifetime of the Participant and, subject to **Error! Reference source not found.**, after death only by the Participant's legal representative.

#### **Section 4.8 Termination of Service**

- (1) Subject to Section 4.8(2), and except as otherwise determined by the Board in its sole discretion:
- (a) **Resignation, Retirement and Termination other than for Cause.** If a Participant ceases to be an Eligible Person as a result of his or her resignation from the Corporation, Retirement, or termination other than for "cause", as applicable, each unvested Option held by the Participant will automatically terminate and become void immediately, and each vested Option will cease to be exercisable on the earlier of the original Expiry Date of the Option and sixty (60) days following the Termination Date;
  - (b) **Death or Long-term Disability.** If a Participant ceases to be an Eligible Person by reason of death or long-term disability, as applicable, each unvested Option held by such Participant will continue to vest for a period of six (6) months from the date of his or her death or long-term disability and all vested Options held by such Participant will continue to be exercisable for a period of up to six (6) months from the date of his or her death or long-term disability, and the legal representative of the Participant may exercise the Participant's Options for the period ending on the earlier of (i) the original Expiry Date of the Option, and (ii) the date that is six (6) months following the date of the Participant's death or long-term disability; and afterwards each vested Option held by such Participant will cease to be exercisable and all unvested Options will terminate and become void;
  - (c) **Termination for Cause.** if a Participant ceases to be an Eligible Person as a result of such Participant's service, or employment with the Corporation or an Affiliate having been terminated for Cause, each Option held by the Participant will automatically terminate and become void.
- (2) For the purposes of this Plan, a Participant's employment with the Corporation or an Affiliate is considered to have terminated effective on the last day of the Participant's actual and active employment with the Corporation or Affiliate, whether such day is selected by agreement with the individual, unilaterally by the Corporation or Affiliate and whether with or without advance notice to the Participant. For the avoidance of doubt, no period of notice, if any, or payment instead of notice that is given or that ought to have been given under applicable law, whether by statute, imposed by a court or otherwise, in respect of such termination of employment that follows or is in respect of a period after the Participant's last day of actual and active employment will be considered as extending the Participant's period of employment for the purposes of determining his or her entitlement under this Plan.

#### **Section 4.9 Notice**

Any notice required to be given by this Plan must be in writing and be given by registered mail, prepaid postage, or delivered by courier or by facsimile transmission addressed, if to the Corporation, to the office of the Corporation in Toronto, Ontario, Attention: Chief Financial Officer; or if to a Participant, to such Participant at his or her address as it appears on the books of the Corporation or in the event of the address of any such Participant not so appearing, then to the last known address of such Participant; or if to any other person, to the last known address of such person.

#### **Section 4.10 Rights of Participants**

No person entitled to exercise any Option granted under this Plan has any of the rights or privileges of a Shareholder in respect of any underlying Shares issuable upon exercise of such Option, including without limitation, the right to participate in any new issue of Shares to existing holders of Shares, until such Option has been exercised and such underlying Shares have been paid for in full and issued to such person. For greater certainty, nothing contained in this Plan nor in any Option granted in accordance with this Plan is deemed to give any Participant any interest or title in or to any Shares or any other legal or equitable right against the Corporation or any of its Affiliates whatsoever other than as set forth in this Plan and pursuant to the exercise of any Option.

#### **Section 4.11 Right to Issue Other Shares**

The Corporation is not by virtue of this Plan restricted in any way from declaring and paying stock dividends, issuing further Shares, or varying or amending its share capital or corporate structure.

#### **Section 4.12 Quotation of Shares**

So long as the Shares are listed on the Toronto Stock Exchange, the Corporation must apply to the Toronto Stock Exchange for the listing or quotation, as applicable, of the Shares issued upon the exercise of all Options granted under this Plan, however, the Corporation cannot guarantee that such Shares will be listed or quoted on the Toronto Stock Exchange.

### **Article 5 BOARD APPROVAL**

#### **Section 5.1 Adoption**

This Plan was initially adopted by the Board on March 10, 2021 and became effective upon approval by the Shareholders of the Corporation on May [5], 2021.

## Sub-Appendix “A”

### FOR U.S. PARTICIPANTS ACCORD FINANCIAL CORP. 2021 STOCK OPTION PLAN

This Appendix applies to Options held by a U.S. Taxpayer. All capitalized terms used in this Appendix but not defined in Section 1.1 below have the meanings attributed to them in the Plan. The Section references set forth below match the Section references in the Plan. This Addendum shall have no other effect on any other terms and provisions of the Plan except as set forth below.

#### Section 1.1 Definitions

For the purposes of this Appendix:

- (a) “**Section 409A**” means section 409A of the Code.
- (b) “**Separation from Service**” means, with respect to a U.S. Participant, any event that may qualify as a separation from service under Treasury Regulation Section 1.409A-1(h). A U.S. Taxpayer shall be deemed to have separated from service if he or she dies, retires, or otherwise has a termination of employment as defined under Treasury Regulation Section 1.409A-1(h).
- (c) “**Specified Employee**” has the meaning set forth in Treasury Regulation Section 1.409A-1(i).

#### Section 1.2 Non-qualified stock options; Exemption from Section 409A

- (1) Options granted to US Taxpayers are not intended to satisfy the requirements of Section 422 of the Code as “incentive stock options”. Despite any provision of the Plan to the contrary, it is intended that Options granted under the Plan to US Taxpayers be exempt from Section 409A, and all provisions of the Plan will be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A.
- (2) Each US Taxpayer is solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or for the account of such US Taxpayer in connection with the Plan (including any taxes and penalties under Section 409A), and neither the Corporation nor any Affiliate will have any obligation to indemnify or otherwise hold such US Taxpayer (or any beneficiary) harmless from any or all of such taxes or penalties.

#### Section 1.3 Exercise Price

Despite any other provision of the Plan, so long as at the time of the grant of an Option the Shares are “readily tradable” (as determined under United States Treasury Regulation section 1.409A-1(b)(5)(iv)(G)), the Exercise Price will be the closing sale price of the Shares reported on the Exchange on which the Shares are listed on the last Business Day on which such Exchange is open for trading prior to the date of grant of such Option, and, if at the time of grant the Shares are not “readily tradable” (as determined under United States Treasury Regulation section 1.409A-1(b)(5)(iv)(G)), the Exercise Price will be determined by the reasonable applicable of a reasonable valuation method in accordance with United States Treasury Regulation Section 1.409A-1(b)(5)(iv)(B).

#### Section 1.4 Expiry of Option; Trading Blackouts

Despite any other provision of the Plan and any provisions of the Option Agreement to the contrary, Options granted to U.S. Taxpayers may not be exercised under any circumstances following the tenth (10<sup>th</sup>) anniversary of the date of grant.

## **Section 1.5 Use of Trust**

No trust will be established or funded with respect to Options granted to US Taxpayers if such trust would cause such Options to be treated as other than a stock right described in United States Treasury Regulation Section 1.409A-1(b)(5)(i)(A) or (B).

## **Section 1.6 Amendment of Appendix**

The Board retains the power and authority to amend or modify this Appendix to the extent that the Board, in its sole discretion, deems necessary or advisable to comply with any guidance issued under Section 409A. Such amendments may be made without the approval of any US Taxpayer.

## **Section 1.7 Not-transferability of Options**

Despite Section 4.7 and Section 4.8 of the Plan, except as otherwise set forth in the applicable Option Agreement, no Option or any interest or participation therein may be transferred (other than by will or by the laws of descent and distribution) if such transfer would be treated as a “modification” of such Option for the purposes of the Code.



**Sub-Appendix “B”**

**STOCK OPTION CERTIFICATE**

This Stock Option Certificate is dated this ● day of ●, 20 ● between Accord Financial Corp. (the “Corporation”) and [Name] (the “Optionee”).

**WHEREAS** the Optionee has been granted certain options (“Options”) to acquire common shares in the capital of the Corporation (“Shares”) under the Accord Financial Corp. 2021 Stock Option Plan (the “Option Plan”), a copy of which has been provided to the Optionee;

**AND WHEREAS** capitalized terms used in this Agreement and not otherwise defined have the meanings given to them in the Option Plan;

**NOW THEREFORE** for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. The Corporation confirms that the Optionee has been granted Options under the Option Plan on the following basis, subject to the terms and conditions of the Option Plan:

<b>DATE OF GRANT</b>	<b>NUMBER OF OPTIONS</b>	<b>EXERCISE PRICE (CDN\$)</b>	<b>VESTING SCHEDULE</b>	<b>EXPIRY DATE</b>
●	●	●	●	●

2. Attached to this Stock Option Certificate as Schedule “A” is a form of notice that the Optionee may use to exercise any of his or her Options in accordance with Section 4.4 or Section 4.5(1) of the Option Plan at any time and from time to time prior to the Expiry Date of such Options. Attached to this Stock Option Certificate as Schedule “B” is a form of notice that the Optionee may use to surrender any of his or her Options in accordance with Section 4.5(2) of the Option Plan at any time and from time to time prior to the Expiry Date of such Options.
3. By accepting this Stock Option Certificate, the Optionee represents, warrants and acknowledges (i) that he or she has read and understands the Option Plan and agrees to the terms and conditions thereof and of this Stock Option Certificate; (ii) that he or she requested and is satisfied that the foregoing be drawn up in the English language. *Le soussigné reconnaît qu’il a exigé que ce qui précède soit rédigé et exécuté en anglais et s’en déclare satisfait;* (iii) his or her participation in the trade and acceptance of the Options is voluntary; and (iv) that he or she has not been induced to participate in the Option Plan by expectation of engagement, appointment, employment, continued engagement, continued appointment or continued employment, as applicable, with the Corporation or its Affiliates.
4. This Stock Option Certificate is governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. Time is of the essence of this Stock Option Certificate. This Stock Option Certificate will enure to the benefit of and will be binding upon the parties and their heirs, attorneys, guardians, estate trustees, executors, trustees and administrators and the successors of the Corporation.

**IN WITNESS WHEREOF** the parties have executed this Stock Option Certificate.

**ACCORD FINANCIAL CORP.**

\_\_\_\_\_  
Name of Optionee:

\_\_\_\_\_  
Authorized Signing Officer

**SCHEDULE "A"**  
**ELECTION TO EXERCISE STOCK OPTIONS**

**TO: ACCORD FINANCIAL CORP. (the "Corporation")**

The undersigned Option holder hereby irrevocably elects to exercise Options granted by the Corporation to the undersigned pursuant to a Stock Option Certificate dated ●, 20● under the **Corporation's 2021 Stock Option Plan** (the "**Option Plan**") for the number of Shares as set forth below. Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the **Option Plan**.

Number of Shares to be Acquired: \_\_\_\_\_

Option Exercise Price (per Share): \$ \_\_\_\_\_

Aggregate Purchase Price: \$ \_\_\_\_\_

Amount enclosed that is payable on account of withholding of tax or other required deductions relating to the exercise of the Options (contact the Corporation for details of such amount) (the "**Applicable Withholdings and Deductions**"): \$ \_\_\_\_\_

Or check here if alternative arrangements have been made with the Corporation (check this box if the cashless exercise option has been elected by the Participant and approved by the Board);

and hereby tenders a certified cheque, bank draft or other form of payment confirmed as accepted by the Corporation for such Aggregate Purchase Price, and, if applicable, Applicable Withholdings and Deductions, and directs such Shares to be registered in the name of \_\_\_\_\_.

I hereby agree to file or cause the Corporation to file on my behalf, on a timely basis, all insider reports and other reports that I may be required to file under applicable securities laws. I understand that this request to exercise my Options is irrevocable.

**DATED** this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name

**SCHEDULE "B"**  
**SURRENDER NOTICE**

**TO: ACCORD FINANCIAL CORP. (the "Corporation")**

The undersigned Option holder hereby irrevocably elects to surrender \_\_\_\_\_ Options granted by the Corporation to the undersigned pursuant to a Stock Option Certificate dated ●, 20● under the **Corporation's 2021 Stock Option Plan** (the "**Option Plan**") for the number of Shares calculated in accordance with **Section 4.5(2)** of the **Option Plan** and hereby directs such Shares to be registered in the name of \_\_\_\_\_.

Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Option Plan.

I hereby agree to file or cause the Corporation to file on my behalf, on a timely basis, all insider reports and other reports that I may be required to file under applicable securities laws. I understand that this request to exercise my Options is irrevocable.

**DATED** this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name