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## NOTICE OF ANNUAL GENERAL MEETING

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TO THE HOLDERS OF COMMON SHARES OF TREE ISLAND STEEL LTD.

The Annual General Meeting (the "Meeting") of Tree Island Steel Ltd. (the "Company" or "Tree Island") will be held at the **Fairmont Hotel Vancouver, Vancouver, British Columbia, Canada, on Thursday, May 2, 2019 at 1:30 p.m.** (Vancouver time) for the following purposes:

1. To place before the shareholders of the Company (the "Shareholders") the consolidated financial statements of the Company for the year ended December 31, 2018, and the Auditors' Report thereon;
2. To elect the directors for the ensuing year;
3. To appoint the Auditor for the ensuing year; and
4. To transact such other business as may properly come before the Meeting.

The directors have fixed the close of business on Wednesday, March 20, 2019 as the record date (the "Record Date") for determining Shareholders who are entitled to attend and vote at the Meeting.

Information relating to the matters to be brought before the Meeting is set forth in the management information circular of Tree Island dated March 21, 2019 (the "Circular") which accompanies this notice of Meeting (the "Notice") and which is expressly made a part of this Notice.

In lieu of mailing the Notice, Circular and the consolidated financial statements and management's discussion and analysis of the Company for the year ended December 31, 2018 (collectively, the "Meeting Materials"), the Company is using notice-and-access to provide access to an electronic copy of these documents to registered and beneficial Shareholders. Copies of the Meeting Materials are also available at:

[www.envisionreports.com/Tree\\_Island\\_2019AGM](http://www.envisionreports.com/Tree_Island_2019AGM)

-or-

[www.sedar.com](http://www.sedar.com).

Under notice-and-access, instead of receiving paper copies of the Meeting Materials, registered and beneficial Shareholders will be receiving a notice with information on how they may access the Meeting Materials electronically. Registered and beneficial Shareholders will also receive a proxy or voting instruction form, as applicable, enabling them to vote at the Meeting. The Company will also mail paper copies of the Meeting Materials to those registered and beneficial Shareholders who have previously elected to receive paper copies of the Meeting Materials. You may also request a paper copy of the Meeting Materials by contacting the Company at 1-800-663-0955 prior to Tuesday, April 23, 2019.

Shareholders who wish to vote at the Meeting (either in person or by proxy) must date, execute and deliver their forms of proxy or voting instructions in accordance with the instructions set forth on such form to the Company, c/o Proxy Department, Computershare Trust Company of Canada, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1 prior to 4:30 p.m. EST / 1:30 p.m. PST on Tuesday, April 30, 2019.

DATED at Vancouver, British Columbia, as of the 21<sup>st</sup> day of March, 2019.

By order of the Board of Directors  
(signed) "Dale R. MacLean"  
Director

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## MANAGEMENT INFORMATION CIRCULAR

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## MANAGEMENT INFORMATION CIRCULAR

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Dated as of March 21, 2019

Except where otherwise indicated, all dollar amounts in this management information circular (the “Circular”) are expressed in Canadian dollars.

**The directors (the “Directors”) of Tree Island Steel Ltd. (the “Company” or “Tree Island Steel”) have fixed the close of business on Wednesday, March 20, 2019 as the record date (the “Record Date”) for determining shareholders of the Company (“Shareholders”) who are entitled to attend and vote at the Meeting.**

Pursuant to applicable securities laws, the Company has chosen to provide the Notice, Circular and the consolidated financial statements and management’s discussion and analysis of the Company for the year ended December 31, 2018 (collectively, the “Meeting Materials”) to registered and beneficial Shareholders using notice-and-access under National Instrument 54-101 – *Communications with Beneficial Owners of Securities of a Reporting Issuer* and National Instrument 51-102 – *Continuous Disclosure Obligations*.

Under notice-and-access, instead of receiving paper copies of the Meeting Materials, registered and beneficial Shareholders will be receiving a notice with information on how they may access the Meeting Materials electronically.

Registered and beneficial Shareholders will also receive a proxy or voting instruction form, as applicable, enabling them to vote at the Meeting.

The Company will mail paper copies of the Meeting Materials to those registered and beneficial Shareholders who have previously elected to receive paper copies of the Meeting Materials.

Copies of the Meeting Materials, including our financial statements and management’s discussion and analysis for the year ended December 31, 2018, are available on the Internet at:

[www.envisionreports.com/Tree\\_Island\\_2019AGM](http://www.envisionreports.com/Tree_Island_2019AGM)

-or-

[www.sedar.com](http://www.sedar.com).

You may also request a paper copy of the Meeting Materials by contacting the Company at 1-800-663-0955 prior to Tuesday, April 23, 2019.

## **FORWARD LOOKING STATEMENTS**

This Circular includes forward-looking information with respect to Tree Island Steel and its subsidiaries (collectively "Tree Island"), including their business, operations and strategies, as well as financial performance and conditions. The use of forward-looking words such as, "may," "will," "expect" or similar variations generally identify such statements. Any statements that are contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Although management believes that expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties including the risks and uncertainties discussed under the heading "Risks Relating to Our Business" in the Company's annual information form for the year ended December 31, 2018.

By their very nature, forward looking statements involve inherent risks and uncertainties, both general and specific, and a number of factors could cause actual events or results to differ materially from the results discussed in the forward looking statements. In evaluating these statements, prospective purchasers should specifically consider various factors including the risks outlined herein under the heading "*Risks Relating to Our Business*" in the Company's annual information form for the year ended December 31, 2018, which may cause actual results to differ materially from any forward looking statement. Such risks and uncertainties include, but are not limited to: general economic, market and business conditions, the cyclical nature of our business and demand for our products, financial condition of our customers, competition, volume and price pressure from import competition, deterioration in the Company's liquidity, disruption in the supply of raw materials, volatility in the costs of raw materials, dependence on the construction industry, transportation costs, foreign exchange fluctuations, leverage and restrictive covenants, labour relations, trade actions, dependence on key personnel and skilled workers, reliance on key customers, intellectual property risks, energy costs, un-insured loss, credit risk, operating risk, management of growth, changes in tax, environmental and other legislation, and other risks and uncertainties set forth in our publicly filed materials.

This Circular has been reviewed by the Company's Board of Directors (the "Board") and contains information that is current as of the date hereof, unless otherwise noted. Events occurring after that date could render the information contained herein inaccurate or misleading in a material respect. Readers are cautioned not to place undue reliance on this forward-looking information and management of the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.

## **GENERAL PROXY INFORMATION**

### **Persons Making the Solicitation**

This Circular is furnished in connection with the solicitation of proxies on behalf of the Directors by management of the Company for use at the Meeting to be held on Thursday, May 2, 2019 at the time and place and for the purposes set out in the accompanying Notice of Meeting.

Proxies may be solicited by mail, telephone, email, facsimile or other electronic means as well as by newspaper or other media advertising. Proxies may also be solicited personally, by telephone, email or facsimile by regular employees of the Company, or by agents of the Company hired for that purpose. All costs of solicitation will be borne by the Company.

## **Appointment of Proxyholders**

The persons named in the enclosed form of proxy are officers and/or Directors of the Company.

**A Shareholder has the right to appoint a person or company (who need not be a Shareholder) to represent the Shareholder at the Meeting other than the persons named in the form of proxy and may exercise such right by inserting the name in full of the desired person in the blank space provided in the form of proxy and striking out the names now designated.**

**Failure to properly complete or deposit a proxy may result in its invalidation. The time limit for the deposit of proxies may be waived by the Chairman of the meeting at its discretion without notice.**

To be valid, a proxy must be signed by the Shareholder or the Shareholder's attorney authorized in writing or, if the Shareholder is a corporation, by a duly authorized officer or attorney. Proxies must be delivered to the Company c/o Proxy Department, Computershare Trust Company of Canada, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1 prior to 4:30 p.m. EST / 1:30 p.m. PST on Tuesday, April 30, 2019 or, in the case of any adjournment or postponement of the Meeting, no later than 48 hours before the time of such reconvened meeting.

## **Voting by Proxies**

Common shares of the Company (the "Shares") represented by properly executed proxies will be voted for, withheld from voting or voted against in accordance with the instructions of the Shareholder on the proxy and on any ballot that may be called for, and if the Shareholder specifies a choice with respect to any matter to be acted upon, such Shares will be voted accordingly.

If a choice is not so specified for any such matter, the Shares represented by a proxy given to the Directors will be voted in accordance with the recommendation of management of the Company.

The form of proxy gives discretionary authority to the proxy nominee for any amendments or variations to the matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting. The Directors are not aware of any amendments to the matters to be presented for action at the Meeting or of any other matters to be presented for action at the Meeting.

## **Advice to Beneficial Shareholders**

Certain shareholders of the Company hold their Shares through their brokers, intermediaries or other persons including, CDS & Co. (the registration name for The Canadian Depository for Securities Limited) ("CDS") and as a result, are considered beneficial Shareholders of the Company.

Each intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by beneficial Shareholders to ensure that their Shares are voted at the Meeting. Typically, intermediaries will use a service company to forward the Meeting Materials to beneficial Shareholders.

Beneficial Shareholders will receive either a voting instruction form or, less frequently, a form of proxy. The purpose of these forms is to permit beneficial Shareholders to direct the voting of the Shares they beneficially own. Beneficial Shareholders should follow the procedures set out below, depending on which type of form they receive.

- A. Voting Instruction Form. In most cases, a beneficial Shareholder will receive a voting instruction form. If the beneficial Shareholder wishes to vote their Shares, the voting instruction form should be completed, signed and returned in accordance with the directions on the form. If a beneficial Shareholder wishes to attend and vote at the Meeting in person (or have another person attend and vote on his or her behalf), the beneficial Shareholder must contact their broker/intermediary to seek further instructions on obtaining a valid proxy from the broker/intermediary;

- or -

- B. Form of Proxy. Less frequently a form of proxy has already been signed by the intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Shares beneficially owned by the beneficial Shareholder but which is otherwise incomplete. If the beneficial Shareholder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the Beneficial Shareholder's behalf), the beneficial Shareholder should complete the form of proxy and deposit it with the Company, c/o its agent, Computershare Trust Company of Canada, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, as described above. If a beneficial Shareholder wishes to attend and vote at the Meeting in person (or have another person attend and vote on his or her behalf), the beneficial Shareholder must strike out the names of the persons named in the proxy and insert his or her (or such other person's) name in the blank space provided.

**Beneficial Shareholders should follow the instructions on the forms they receive and contact their broker or intermediaries promptly if they need assistance. We recommend voting by internet, telephone or facsimile as the preferred method.**

If you are a beneficial Shareholder, and the Company or its agent has sent Meeting Materials to you directly, your name and address and information about your holdings of the Shares have been obtained in accordance with applicable securities laws from the intermediary holding the Shares on your behalf. By choosing to send these materials to you directly, the Company (and not the intermediary holding the Shares on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions in accordance with the directions on the voting instruction form or proxy.

#### **Revocability of Proxies**

A Shareholder executing and delivering a proxy can revoke it by an instrument in writing signed by the Shareholder, or by his or her attorney authorized in writing, delivered (i) to the chair of the Meeting on the day of the Meeting or any adjournment thereof, (ii) to the registered office of the Company at any time up to and including at least two business days preceding the day of the Meeting, or an adjournment thereof, at which the proxy is to be used, or (iii) in any other manner provided by law. A proxy is valid only in respect of the Meeting.

## Voting Shares

The Company is authorized to issue an unlimited number of common shares (the “Shares”). As of the record date of March 20, 2019, there were 29,160,555 Shares issued and outstanding. All of the Shares are entitled to be voted at the Meeting and each Share is entitled to one vote.

## Votes Necessary to Pass Resolutions

A simple majority of the votes cast at the Meeting (in person or by proxy) is required in order to pass the resolutions referred to in the accompanying Notice of Meeting.

## Principal Holders

To the knowledge of the Directors and the executive officers of the Company and based solely upon a review of the public filings, no person or company beneficially owns, or controls or directs, directly or indirectly, ten per cent or more of the outstanding Shares, except as follows:

Shareholder	Number of Shares Held	Percentage of Issued Shares
The Futura Corporation	8,827,650 <sup>(1)</sup>	30.27%
Arbutus Distributors Ltd.	5,864,250 <sup>(2)</sup>	20.1%

Notes:

- (1) Based solely upon a review of the public filings, these shares are owned indirectly by Amar S. Doman through The Futura Corporation.
- (2) Based solely upon a review of the public filings, these shares are owned indirectly by Peter Bull through Arbutus Distributors Ltd.

## Majority Voting Policy

The Board has adopted a majority voting policy pursuant to which any nominee proposed for election as a Director, other than in a contested election, who receives, from the Shares voted at the Meeting in person or by proxy, a greater number of votes withheld than votes in favour of their election, must immediately tender his or her resignation to the Board. The Board will consider the Director’s offer to resign and make a determination within 90 days of the Meeting. In its deliberations, the Board may consider any exceptional circumstances as to why the Board should not accept the resignation of the tendering Director. The Board will accept the resignation absent exceptional circumstances. The Company will promptly issue a press release with the Board’s decision which, if applicable, shall include reasons for not accepting the resignation. The tendering Director may not participate in any Board or committee deliberations on the resignation offer.

## **MATTERS TO BE CONSIDERED AT THE MEETING**

### **Financial Statements**

At the Meeting, the consolidated financial statements of Tree Island for the year ended December 31, 2018 and the auditors' report thereon will be presented to the Shareholders. These consolidated financial statements and management's discussion and analysis relating thereto are included in the 2018 annual report of Tree Island (the "Annual Report"), and are available at [www.treeisland.com](http://www.treeisland.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Election of Directors**

The number of Directors to be elected at the Meeting is determined from time to time by resolution of the Board, such number being not more than ten and not less than three.

The Board has fixed the number of Directors to be elected at the Meeting at eight. The term of office of each of the current Directors expires at the close of the Meeting.

It is intended that the Shares represented by proxies solicited on behalf of the Board will be voted in favour of the election of such persons as Directors of the Company if no choice in respect of such election is specified in the proxy.

The following eight nominees are proposed by Tree Island as the nominees for election as Directors of the Company to serve until the next annual meeting of Shareholders or until their successors are duly elected or appointed:

Amar S. Doman  
Peter Bull  
Sam Fleiser  
Michael A. Fitch, Q.C.  
Theodore ("Ted") A. Leja  
Harry Rosenfeld  
Joe Downes  
Dale R. MacLean

**Unless such authority is withheld, the representatives named in the accompanying form of proxy intend to vote for the election of the nominees whose names are set forth herein. The Board recommends that Shareholders vote for the election of the nominees whose names are set forth herein as Directors of the Company.**

#### *Shares held by Directors:*

In December 2006, the Board approved securities ownership guidelines for the Directors that require the Directors to acquire Shares or convertible instruments of the Company, to three times the Directors' annual retainer, calculated based on the Share purchase price or principal amount of any convertible instruments held. The purchases are to be made within a period of five years of such Director's election or appointment.

The number of Shares referred to in respect of each individual is the number of Shares beneficially owned, directly or indirectly, or over which control and direction is exercised by each individual as of the Record Date.

<b>Name and Residence</b>	<b>Role on the Board</b>	<b>Present Principal Occupation</b>	<b>Shares Held<sup>(1)</sup></b>	<b>Value of Shares<sup>(5,6)</sup></b>
<b>Amar S. Doman</b> <i>British Columbia, Canada</i>	Chairman <i>Director since January 30, 2009</i>	President and Chief Executive Officer, The Futura Corporation (an asset management and investment firm)	8,827,650 <sup>(2)</sup>	--
<b>Peter Bull</b> <i>British Columbia, Canada</i>	Independent Director <i>Director since May 7, 2015</i>	President, Blenheim Realty Ltd. (a commercial real estate company)	5,864,250 <sup>(4)</sup>	--
<b>Sam Fleiser</b> <i>Ontario, Canada</i>	Independent Director Chair of the Audit Committee <i>Director since June 24, 2009</i>	President, Tradecap Inc. (a financing company)	111,000	\$123,522
<b>Michael A. Fitch, Q.C.</b> <i>British Columbia, Canada</i>	Independent Director Chair of the EHSCG Committee <i>Director since May 11, 2007</i>	Corporate Director	66,771	\$321,599
<b>Theodore A. Leja</b> <i>Washington, USA</i>	Independent Director Member of the EHSCG Committee <i>Director since November 12, 2002</i>	Former President and Chief Executive Officer, Tree Island	34,796	\$811,145
<b>Harry Rosenfeld<sup>(3)</sup></b> <i>British Columbia, Canada</i>	Non-independent Director Member of the Audit Committee <i>Director since January 30, 2009</i>	Executive Vice President, The Futura Corporation (an asset management and investment firm)	Nil <sup>(5)</sup>	--
<b>Joe Downes<sup>(6)</sup></b> <i>Florida, USA</i>	Independent Director Member of the Audit Committee <i>Director since January 1, 2017</i>	Corporate Director	10,000	\$50,301
<b>Dale R. MacLean</b> <i>British Columbia, Canada</i>	Non-independent Director <i>Director since July 18, 2011</i>	President and Chief Executive Officer, Tree Island	374,550	\$454,254

Notes:

- (1). Represents the number of Shares beneficially owned, directly or indirectly, or over which control and direction is exercised by such individual. The nominees for election as Director together with the senior executive officers of the Company as a group beneficially own, directly or indirectly, or exercise control or direction over 15,372,917 or 52.7% of the Shares outstanding as of the date of this Circular.
- (2). These Shares are held through The Futura Corporation.
- (3). Mr. Rosenfeld is an Executive Vice President of The Futura Corporation.
- (4). These Shares are held through Arbutus Distributors Ltd.
- (5). Includes the principal value of convertible debentures that were converted to Shares.
- (6). All nominees have met the securities ownership guidelines to own directly or indirectly shares equal in value to three times the Directors' annual retainer except Mr. Downes who has until December 2022 to acquire the requisite shares.

### *Director Biographies:*

Set out below are biographies for each of the nominees.

**Amar S. Doman** – Mr. Doman is the founder, sole shareholder, President and Chief Executive Officer of The Futura Corporation (“Futura”) and Chairman of the Board of Directors and Chief Executive Officer of CanWel Building Materials Group Ltd. (“CanWel”) which trades on the Toronto Stock Exchange under the symbol CWX. Mr. Doman has over 20 years of experience in the building materials manufacturing and distribution industries. Mr. Doman was a member of the board of the Heart and Stroke Foundation of Canada and is a former director of the Canadian Institute of Treated Wood and the Building Supply Dealers Association of British Columbia. Mr. Doman was also named Ernst & Young Pacific Region Business to Business Entrepreneur of the Year in 2005.

**Peter Bull** – Mr. Bull is the President of Blenheim Realty Ltd. (a commercial real estate business) and holds interests in a number of real estate and building material companies. Mr. Bull is also on the Board of Directors for Hardwoods Distribution Inc. (“Hardwoods”) which trades on the TSX under the symbol HWD. Hardwoods is one of North America’s largest distributors of high-grade hardwood lumber and specialty sheet goods to the cabinet, moulding, millwork, furniture and specialty wood products industries.

**Sam Fleiser** – Mr. Fleiser is the President of Fleiser Holdings Limited (“FHL”), a privately held company providing debt financing and consulting services to start-ups and distressed companies. Mr. Fleiser also is President of Tradecap, Inc. a privately held company providing trade and inventory finance to Canadian mid-market companies. From January 2013 until December 2015, Mr. Fleiser was President of Alignvest Private Debt Ltd., a privately held finance company providing financing to distressed or under-performing companies. Prior to his role at Alignvest, he was founder and President of Callidus Capital Corporation from 2003 until December 31, 2011. Mr. Fleiser has more than 30 years of experience in managing, building and restructuring numerous businesses in a wide variety of industries. Prior to forming Callidus in 2003, Mr. Fleiser specialized in assisting distressed businesses facing serious financial or management crisis. Mr. Fleiser is a director of Canwel Building Material Group Ltd (TSX:CWX) and numerous private companies. Mr. Fleiser has a B.Comm equivalent from The University of the Witwatersrand, Johannesburg, South Africa and is a member of the Chartered Professional Accountants of Ontario.

**Michael Fitch** – Mr. Fitch is a retired senior partner of Fasken Martineau DuMoulin, LLP, one of Canada’s larger national law firms, where he was a nationally recognized practitioner in the insolvency and corporate restructuring area. Mr. Fitch also acted as the managing partner of his law firm from 1993 to 2000. He has over thirty years of experience in providing restructuring advice to businesses and their boards of directors in various industries facing financial distress and in advising lending institutions and accounting firms in the insolvency context. Mr. Fitch has been a corporate director for both public and private corporations. Mr. Fitch is a charter member and fellow of the Insolvency Institute of Canada, former international fellow of the American College of Bankruptcy, and an emeritus member of the International Institute of Insolvency. He was continuously listed as one of the leading 500 lawyers in Canada by Lexpert since its first publication in 2000 until his retirement. He was appointed Queen’s Counsel in 1998.

**Theodore (“Ted”) A. Leja** – Mr. Leja is a past President and CEO of Tree Island and retired from the Company in 2006. He possesses significant wire and steel industry experience. In addition to his experience at Tree Island, he served as President of the Bar, Rod and Wire division of Bethlehem Steel Corporation (1984-1992) and President of Georgetown Texas Steel Company (1980 to 1984). From 1977 to 1980, Mr. Leja was instrumental in the start-up of the Raritan River Steel Company and prior to that, spent 10 years with North Star Steel Company in a number of positions, ultimately becoming its President. Mr. Leja returned to Tree Island as President and Chief Executive Officer in July, 2009 and then retired again in July 2011 upon the appointment of Mr. MacLean as President and Chief Executive Officer.

**Harry Rosenfeld** – Mr. Rosenfeld is Executive Vice President of Futura. He joined Futura in 2004 and is a member of the CanWel board of directors. From 1997 to 2004, Mr. Rosenfeld was employed by Congress Financial Corporation of Canada, where as Senior Vice President and Portfolio Manager he directed the Credit and Administration functions for one of the largest asset based lenders in Canada. A former Vice President with Bank of New York Financial Corporation, Mr. Rosenfeld has over 30 years of financing, mergers and acquisition and banking experience. Mr. Rosenfeld is a former Treasurer and Director of the CFA (Commercial Finance Association) and has been a guest speaker at various financing and industry seminars. Mr. Rosenfeld holds a B.A. from the University of Waterloo.

**Joe Downes** – Mr. Downes is retired Senior Vice President of Leggett and Platt, Inc. (“L&P”) an NYSE listed diversified manufacturer headquartered in the USA. During a 38-year career with L&P he held various sales and operating management positions culminating as President of the Industrial Materials Segment in the last fourteen years prior to retirement. The Industrial Materials Segment consisted of a steel mill producing wire rod, four wire producing facilities, three wire fabricating companies, one distribution company and an Aerospace Tubular products Unit with plants in the US, France and UK. Mr. Downes has served as an officer and board member of American Wire Producers Association and Wire Association International.

**Dale R. MacLean** - Prior to joining Tree Island in July 2011, Mr. MacLean served as Executive Vice President and General Manager of Taymor Industries (“Taymor”), a leading supplier of decorative and builders’ hardware to the North American building products market. Mr. MacLean’s career also includes over two decades with CN Rail and BC Rail where he held progressively senior positions in sales, marketing, customer service, and operations management. Prior to joining Taymor, he held responsibility for BC Rail’s \$325 million Forest Products, Bulk and Intermodal commercial portfolios as Vice President Marketing and Sales. Mr. MacLean has served as Chairman of the Board for the Prince Rupert Port Authority, completing his third term in July 2012. Mr. MacLean was Executive Vice President and General Manager of Taymor from 2002 to July 2011.

Each of the individuals nominated for election as Director has been engaged for more than five years in his present principal occupation or with the organization in which he currently holds his principal occupation other than Mr. Fleiser who was President of Alignvest Private Debt until May 2016.

The Company is not required to have an executive committee. Mr. Doman has served as Chairman of the Board of the Company since its 2009 Annual Meeting.

Other than as described below, to the knowledge of management, none of the individuals named above is at the date hereof or has been within the past ten years: (i) a director, chief executive officer or chief financial officer of any company that, while such individual was acting in such capacity, was the subject of an event that resulted in, after such individual ceased to act in such capacity, an order within the meaning of Form 51-102F5 of National Instrument 51-102 - *Continuous Disclosure Obligations*; (ii) a director or executive officer of any company that, while such individual was acting in such capacity or within a year of such individual ceasing to act in such 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 director appointed to hold its assets; or (iii) been bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or became subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold any of his or her assets.

To the knowledge of management, none of the individuals named above has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or any other penalties or

sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for such individual as Director of the Company.

### **Appointment of Auditor**

Action is to be taken at the Meeting with respect to the appointment of KPMG LLP, Chartered Professional Accountants, of Vancouver, British Columbia, as auditor of the Company to hold office until the next annual meeting of Shareholders and to authorize the Board to set their remuneration. Details as to the remuneration paid to the auditor for the fiscal year ended December 31, 2018 can be found in the Company's Annual Information Form for the year ended December 31, 2018. KPMG LLP has acted as auditor of the Company starting in 2018.

**Unless such authority is withheld, the representatives named in the accompanying form of proxy intend to vote for the appointment of KPMG LLP, Chartered Professional Accountants, as auditor of the Company, for the ensuing year at a remuneration to be fixed by the Board. The Board recommend that Shareholders vote for the appointment of KPMG LLP, Chartered Professional Accountants, as auditor of the Company, at a remuneration to be fixed by the Board.**

## COMPENSATION DISCUSSION AND ANALYSIS

### **Compensation Governance**

The Board is responsible for the oversight of compensation policies and programs and management of compensation risk at Tree Island. The EHS, Compensation and Governance Committee (the “EHSCG Committee”) assists the Board in fulfilling its responsibilities relating to matters of human resources and compensation and is responsible for: (i) establishing a plan of continuity and development of senior management and (ii) evaluating and making recommendations to the Board regarding compensation of senior management and the Company’s incentive compensation plans, policies and programs.

The oversight of risk in relation to Tree Island’s compensation policies and practices rests initially with the EHSCG Committee with recommendations made by the EHSCG Committee to the Board for final approvals required for executive compensation matters. In assessing risk associated with compensation policies and programs, the EHSCG Committee has balanced the risk of employee retention resulting from incentive programs against the financial risks to Tree Island of incentive awards to management in circumstances where financial performance has not met Shareholders’ expectations.

### Composition of the Committee

Messrs. Fitch, Leja and Fleiser served on the EHSCG Committee during the fiscal year ended December 31, 2018 and all three individuals are and were independent within the meaning of *National Instrument 52-110 – Audit Committees (“NI 52-110”)*.

No member of the Committee (i) had any interest in any material transactions involving Tree Island; (ii) was indebted to Tree Island during the fiscal year ended December 31, 2018, (iii) or was an officer or employee of Tree Island. Each member of the EHSCG Committee has acquired significant experience in executive compensation and risk management:

*Michael Fitch (Chair):* As managing partner of the largest law firm in British Columbia from 1993 to 2000, Mr. Fitch supervised the human resources manager for an organization involving more than 200 employees. He also acted as member of a compensation committee for a reporting issuer from 2000 to 2009 with both unionized and non-union employees, including serving as the chair of that committee for four years. Mr. Fitch has also served as a board member of several public and private companies that engaged consulting firms to provide advice on compensation issues and in his previous career as an insolvency lawyer he was involved in restructuring of corporations and obtained significant experience in human resources issues relating to employment, the negotiation of union contracts and employee terminations. Mr. Fitch has also pursued further education in the area of executive compensation through attendance at seminars and self-study.

*Sam Fleiser:* During Mr. Fleiser’s 30 year business career he served as the Chief Executive Officer, Interim CEO or Chief Restructuring Officer for numerous public and private companies in a wide variety of industries. In all of those roles he was involved in the development and implementation of corporate remuneration and incentive plans and obtained broad exposure to human resources issues relating to employment, union negotiations and severance issues.

*Ted Leja:* Mr. Leja spent over 40 years as an officer of significant and leading steel companies, both private and public. He spent the first 10 years as Vice President Operations with responsibility for establishing and overseeing a comprehensive compensation and incentive plan. During the ensuing 30 years Mr. Leja served as President of three steel companies, two public and one private. During that time he was responsible for initiating and implementing compensation and incentive plans in each company. Mr. Leja

was President and Chief Executive Officer of Tree Island, with final responsibility for both union and non-union employees in both Canada and the United States.

#### Responsibilities of the Committee

The EHSCG Committee is generally responsible for recommending to the Board human resources and compensation policies and guidelines for application to Tree Island and for implementing and overseeing human resources and compensation policies approved by the Board. In particular, the EHSCG Committee has the responsibility to:

- (1) review and make recommendations to the Board with respect to the compensation of the Company's Directors to ensure that the compensation is appropriate and adequately reflects their responsibilities;
- (2) review and recommend to the Board compensation strategies and policies for senior management and administer the executive compensation and benefits program in accordance with the strategies and policies approved by the Board. In its review, the EHSCG Committee will assess the linkage of executive compensation to Tree Island's financial and non-financial performance, its business strategy and alignment with Tree Island's compensation strategies and policies for employees generally;
- (3) review, as appropriate, and provide recommendations in its discretion to the Board regarding certain matters relating to all employees, including annual salary and incentive policies and programs, and material new benefit programs, or material changes to existing benefit programs;
- (4) identify any risks arising from the Company's compensation policies and practices that could reasonably have a material adverse effect on the Company and ensure that any compensation policies and practices that could encourage individuals within the Company to take inappropriate or excessive risks are identified and mitigated;
- (5) review and approve the use of goals and objectives relevant to the total compensation package of the CEO, recommend a performance evaluation process for the CEO, evaluate the performance of the CEO in light of these goals and objectives and using this process, and make recommendations to the Board with respect to the compensation of the CEO. In determining any long-term incentive component of the compensation of the CEO, the EHSCG Committee considers the performance and relative Shareholder return of the Company, the value of similar incentive awards to chief executive officers at comparable companies and other entities and the awards given to the CEO in past years.
- (6) in consultation with the CEO, oversee the evaluation of members of senior management (including executive officers) other than the CEO and make recommendations to the Board with respect to the total compensation package for the senior management other than the CEO. The EHSCG Committee may consider comparative compensation surveys and such other factors as the EHSCG Committee considers appropriate in determining executive compensation packages;
- (7) review and assess the Company's executive employment agreements, including the severance and change of control provisions, to ensure they meet any requirements established by the Board and are otherwise fair and reasonable. The CEO reports to the EHSCG Committee on the proposed hiring of new members of senior management; however the CEO has the authority to hire members of senior management provided that (a) the terms and conditions of the applicable employment agreement are consistent with the standard form executive employment agreement approved by the EHSCG Committee; (b) the compensation for such individual falls within the salary band and related bonus target approved by the EHSCG Committee; (c) the Board is required to approve the grant of any equity

- compensation; (d) the hiring of a Chief Financial Officer requires prior review and approval by the Audit Committee; and (e) the hiring of a CEO requires prior review and approval by the Board;
- (8) review periodically, and make recommendations to the Board regarding, incentive compensation or equity plans, programs or similar arrangements that Tree Island establishes for, or makes available to, its employees and consultants, including the designation of the employees and consultants who may participate. In addition, the EHSCG Committee reviews periodically the extent to which these forms of compensation are meeting their intended objectives and makes recommendations to the Board regarding modifications that will more accurately relate such compensation to employee performance;
  - (9) review existing management resources and plans, including recruitment, training and evaluations, to ensure that qualified personnel will be available for succession to senior management positions at Tree Island. The EHSCG Committee also periodically discusses with the CEO his or her views as to a successor for the position of CEO. The EHSCG Committee reports on this matter to the Board at least once a year;
  - (10) with respect to retirement matters the EHSCG Committee:
    - (a) receives an annual report from management regarding the administration of the Company's retirement plans;
    - (b) oversee, monitor and review the administration of the Company's retirement plans by management, with a view to ensuring fiscal effectiveness, legal compliance, and good governance practices;
    - (c) review and recommend for approval by the Board any material changes in the retirement plans;
    - (d) where appropriate, give direction concerning retirement program matters to the management group that supervises the retirement programs; and
    - (e) where appropriate, receive reports from management on any retirement program matters that may be of concern to the Board and report to the Board on such matters.
  - (11) review and approve the disclosure on executive compensation, including the Compensation Discussion & Analysis, required to be published by applicable securities laws, rules and regulations and recommend approval of the same to the Board;
  - (12) at least annually and otherwise as considered necessary, review the labour relations environment for Tree Island and report to the Board with respect to any potential financial implications related thereto; and
  - (13) other than those boards that an executive is asked by Tree Island to join as part of that individual's employment duties, receive notice of proposed membership by an executive and, upon consultation with the President and Chief Executive Officer, will have the right to approve or deny such membership.

The EHSCG Committee meets regularly in in-camera sessions without members of management to ensure it effectively carries out its mandate.

#### Hedging Company Securities

No Director or officer of Tree Island is permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are

designed to hedge or offset a decrease in market value of any of Tree Island securities granted as compensation or held, directly or indirectly, by such Director or officer.

### Compensation Philosophy

The compensation philosophy for Tree Island has been to provide a performance-oriented compensation package that accomplishes the following objectives:

- to attract executive officers who have demonstrated superior leadership and management skills;
- to retain the services of valued members of the executive team;
- to link the personal interests of the executive officers with those of the Shareholders; and
- to motivate executive officers to achieve excellence within their respective areas of responsibility.

The Board believes that to accomplish these objectives effectively the total compensation package must be competitive with the market, should reward achievement of operational and strategic goals and should align the interests of executives with Shareholders. The Board believes these objectives are best achieved with a total compensation package comprising a combination of base salary, benefits and perquisites and payments under an incentive plan or plans. The Board has applied this compensation philosophy with the necessary adjustments to ensure that Tree Island’s compensation programs are financially prudent and cost-effective within the context of the Company’s financial performance.

### Benchmarking

No compensation consultant or advisor has, at any time since the Company’s most recently completed financial year, been retained to assist the Board or the EHSCG Committee in determining compensation for any of the Company’s Directors or executive officers.

### Elements of Compensation

The main potential elements of the compensation structure are base salary, incentives programs, perquisites and benefits, and retirement benefits through capital accumulation plans. The actual compensation mix varies by executive level, which reflects their relative responsibility for Tree Island’s results. In addition, Tree Island may enter into retention agreements with certain executives when the Board considers it appropriate in the circumstances.

The group of named executive officers (“NEOs”) are comprised of the Company’s CEO, CFO and COO (collectively the “Executive Officers”) and other individuals in the senior management team as described in the “*Summary Compensation Table*”. The elements of compensation applicable to the members of the NEO group are more fully described below and summarized in the following table.

Element	Applicable	Component	Performance Period
Annual Salary and Benefits	All NEOs	Fixed	Annual
Retirement Benefits	All NEOs	Fixed	Ongoing
Short Term Incentive	Eligible NEOs	Variable	Annual
Long Term Incentive	CEO	Variable	Annual and participation is at the option of the CEO

### **a) Annual Base Salary and Benefits**

Base salary, benefits and perquisites are targeted to the median level of comparable programs in comparable North American manufacturing and general industry companies. Incentive plans for eligible individuals are established based on corporate and individual goals and targets, to provide the potential to exceed the median level.

Each position is assigned a salary and a benefit and perquisite program which is adjusted to maintain the desired competitive position in the market place. Salaries, benefits and perquisites are generally reviewed annually and adjustments are made when appropriate.

Tree Island offers group life, health and dental benefits, paid time off and other benefits to salaried and other eligible employees on a competitive level with peer companies, ensuring that benefit costs are prudently managed. Vehicle allowances may be provided to eligible senior management that also may include reimbursement for related insurance and operating costs.

### **b) Retirement Benefits**

Tree Island offers retirement benefits through capital accumulation plans to employees in Canada and the United States. Each of the NEOs participates in either a group registered retirement savings plan in Canada (the "Group RRSP") or a 401(k) plan in the US (the "401(k) Plan"). Under the Group RRSP eligible salaried employees contribute 5% of their base salary and Tree Island provides a contribution of 7.5% of the base salary. Tree Island sponsors a 401(k) Plan for eligible salaried employees in the United States and employee contributions of 5% of base salary are matched 100% by contributions from Tree Island. As a result of these programs, Tree Island has no exposure to the financial issues associated with defined benefit plans.

### **c) Incentive Plans**

The Board believes that senior management compensation should include an element of pay at risk through short or long term incentives and that, to emphasize performance-based compensation, base salaries should be targeted to the median level of comparable entities with the opportunity to earn compensation above the median provided through the incentive plans.

### **d) Short-Term Incentives**

The EHSCG Committee and the Board have determined that the short-term incentive program (the "STIP") and targets will be established annually. The STIP is reviewed annually to align the cash bonuses payable to the eligible members of the senior management team ("Eligible Executives") with: (1) the target financial performance of Tree Island (measured by EBITDA<sup>1</sup>) for the fiscal period; and (2) the expectations of individual performance of each Eligible Executive (measured through Tree Island's Performance Management Process which links personal annual objectives to key deliverables for the applicable position and for Tree Island as a whole). Only the Eligible Executives are eligible to participate in the annual STIP. At the recommendation of the President and CEO, and the ultimate discretion of the Board,

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(1) References to "EBITDA" are to operating income plus depreciation and for purposes of the executive incentive plans excludes foreign exchange gains or losses. EBITDA is a measure used by many investors to compare companies on the basis of ability to generate cash flows from operations. EBITDA is not a measure recognized by IFRS and does not have a standardized meaning prescribed by IFRS. We believe that EBITDA is an important supplemental measure for evaluating our performance. You are cautioned that EBITDA should not be construed as an alternative to net income or loss determined in accordance with IFRS, nor should it be used as an indicator of performance, cash flows from operating, investing and financing activities, as a measure of liquidity or cash flows. Our method of calculating EBITDA may differ from methods used by other issuers and, accordingly, our EBITDA may not be comparable to similar measures presented by other issuers.

a separate bonus pool may be created for the fiscal year in which other senior management employees could participate.

For fiscal 2018, the EHSCG Committee and Board approved the 2018 short-term incentive plan (the “2018 STIP”) applicable for the fiscal year commencing January 1, 2018 and ending December 31, 2018 that was based on an aggregate bonus pool equal to a defined percentage of a target EBITDA established as part of the Company’s annual budgeting process. The 2018 target EBITDA was achieved and as a result \$779,952 was awarded under the 2018 STIP to the Eligible Executives.

For fiscal 2017, the EHSCG Committee and Board approved the 2017 short-term incentive plan (the “2017 STIP”) applicable for the fiscal year commencing January 1, 2017 and ending December 31, 2017 that was based on an aggregate bonus pool equal to a defined percentage of a target EBITDA established as part of the Company’s annual budgeting process. The 2017 target EBITDA was not achieved and as a result no amounts were awarded under the 2017 STIP to the Eligible Executives.

For fiscal 2016, the Committee and Board approved the 2016 short-term incentive plan (the “2016 STIP”) applicable for the fiscal year commencing January 1, 2016 and ending December 31, 2016. An aggregate bonus pool, equal to a defined percentage of the EBITDA achieved relative to the target established in the 2016 STIP, determined as part of the Company’s annual budgeting process, of \$655,460 was awarded under the 2016 STIP.

Awards granted for fiscal years 2016 to 2018 are detailed further in the “*Summary Compensation Table*” and a discussion of Mr. MacLean’s short-term incentive achievement is more fully described in the section “*Report on President and CEO Compensation*”.

#### **e) Long-Term Incentives**

In 2015, the Board of Directors had approved a three year long-term incentive plan (the “LTIP”) covering the three-year period commencing January 1, 2015 and terminating on December 31, 2017 (the “Performance Period”). The LTIP was limited to the Executive Officers in the senior management group that held positions as officers of the Company during the period of the plan.

The LTIP was designed to ensure that those individuals participating in the plan were appropriately incentivized, linking the personal interests of the Executive Officers with those of the Shareholders, and to motivate the Executive Officers to achieve excellence within their respective areas of responsibility. The fundamental priority was to design a cost-effective and financially prudent plan that would retain and incentivize key employees.

In fiscal 2017, the Company’s EBITDA results were lower than the amount needed to exceed the cumulative three year EBITDA target and as a result, no awards were granted or payable to Mr. MacLean or to the other eligible Executive Officers under the LTIP. The Company had accrued in its financial statements an amount of \$1.8 million with respect to prior fiscal years 2015 and 2016, representing a pro-rata portion of the then anticipated reward pool under the LTIP based on the respective fiscal 2015 and 2016 financial results in the event that the Threshold was met or exceeded at the end of the Performance Period. The amount of the LTIP accrual of \$1.8 million has been reversed in fiscal 2017 and increased the 2017 EBITDA results by an equal amount.

In fiscal 2018, the Board determined it will not renew the now expired LTIP and no other long-term incentive plan was approved for fiscal 2018 for the Executive Officers. With regards to fiscal 2019 and future periods, the Board is considering other possible types of LTIP or other forms of long-term incentive programs.

In September 2018, amendments were made to the CEO’s employment contract (the “MacLean Addendum”) to add additional benefits in the form of a share purchase program offered by the Company (the “Share Purchase Program”) to partially offset the elimination of the LTIP program.

Under the Share Purchase Program, the CEO has the option of purchasing Company shares using his own funds up to a maximum annual amount of \$70,000. The Company will then match any purchases made by the Employee up to the annual maximum of \$70,000 to purchase Company shares for the CEO on the following conditions:

- (a) The CEO must purchase the shares in compliance with the Company’s insider trading policies and must report as required under the applicable securities legislation; and
- (b) The Company’s matching portion is a taxable benefit and the CEO is responsible to pay the assessed amount of tax liability arising from the payments made by the Company for the benefit of the CEO under the Share Purchase Program, which amount will be deducted at source by the Company on behalf of the CEO.

No shares were purchased under the Share Purchase Program in 2018.

### Report on CEO Compensation

Mr. MacLean joined Tree Island as President and Chief Executive Officer on July 18, 2011. Pursuant to his employment agreement with Tree Island (the “MacLean Agreement”), Mr. MacLean receives an annual salary of \$400,000 and is entitled to participate in Board approved short-term incentives at a target rate of 70% of annual salary. His award is to be determined based in part on achievement of financial targets and individual goals approved by the Board.

#### a) Short-Term Incentives

In relation short-term incentives between 2016 and 2018 fiscal years:

- i. 2018 performance period: The Board determined that Mr. MacLean had achieved the performance objectives in the year, and that accordingly, a performance bonus of \$412,517 under the 2018 STIP was payable for fiscal 2018.
- ii. 2017 performance period: The Board determined that Mr. MacLean had achieved some but not all of the performance objectives in the year, and that accordingly, no performance bonus under the 2017 STIP was payable for fiscal 2017.
- iii. 2016 performance period: The Board determined that Mr. MacLean had achieved the performance objectives for the year and under the 2016 STIP awarded Mr. MacLean \$292,772 for achieving and in certain cases exceeding the objectives set out for fiscal 2016.

<b>Fiscal 2018 Objectives</b>	<b>Measure/Target</b>	<b>Performance Assessment</b>
Ensure that financial performance meets budget expectations and maximizes financial returns	Achievement of target EBITDA for the 2018 fiscal year	Achieved
	Ensure that credit covenants and debt payment obligations are achieved and ensure sufficient credit availability to manage the business	Achieved
Ensure that all critical initiatives in the 2018 business plan are delivered	Successful achievement of strategic initiatives as set out in the 2018 business plan.	Achieved
Personal Performance Objective	Effective communication and interaction with stakeholders	Achieved

Objectives for the Executive Officers and other members of management were established to support the performance measures approved by the Board for Mr. MacLean.

b) Long-Term Incentives

Mr. MacLean did not participate in the Share Purchase Program in 2018. As noted above, Mr. MacLean was eligible to participate in the LTIP covering the Performance Period for fiscal years 2015 through 2017. However, the Company’s cumulative financial results over the three year period did not exceed the Threshold for the Performance Period as described. Accordingly, no entitlement under the LTIP was earned or awarded on the basis that the cumulative target was not achieved.

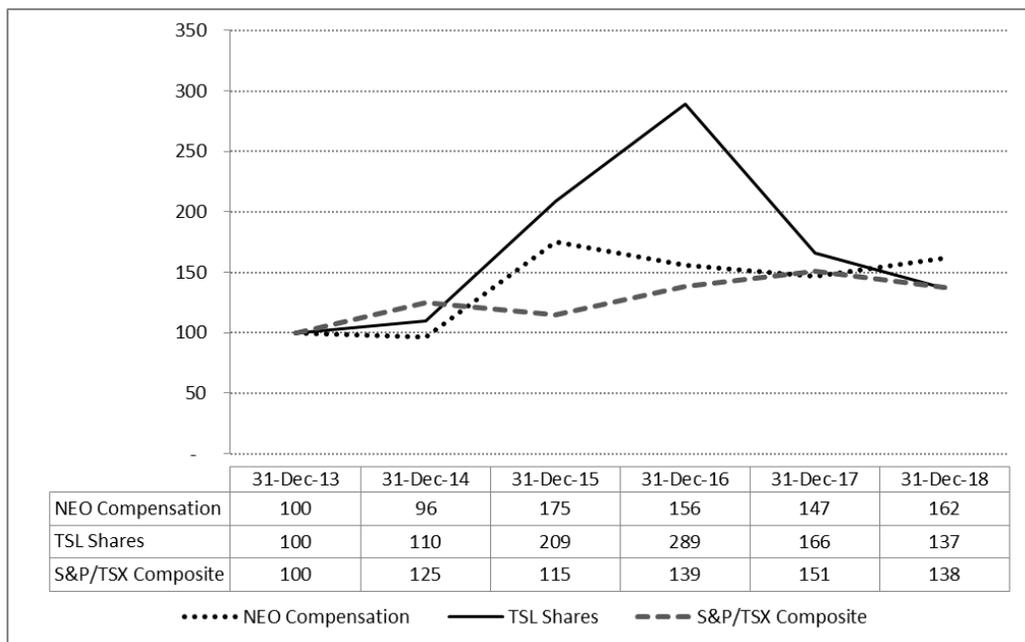
c) Retirement Benefits

Mr. MacLean participates in Tree Island’s Group RRSP program. He is also entitled to benefits and perquisites including a vehicle allowance and payment of operating expenses in accordance with Company policy, payment of certain club membership fees and reimbursement for fees associated with financial management and tax preparation.

**Performance Graph**

The following graph compares the cumulative total Shareholder return from an investment of \$100 in Share of the Company for the period from December 31, 2013 to December 31, 2018 with the cumulative total return of a \$100 investment in the group of issuers comprising the S&P / TSX Composite Index (assuming reinvestment of dividends). The performance of the Shares as set out below does not necessarily indicate future price performance.

Additionally the graph below shows aggregate executive compensation awarded to the NEOs each year and as further detailed in the “Summary Compensation Table” below.



The above graph compares the total annual executive compensation and Tree Island Shareholder returns and in summary:

- Fiscal 2014: no annual incentive bonuses were awarded to the NEOs.
- Fiscal 2015: annual incentive awards in the aggregate amount of \$934,147 were awarded to the NEOs for 2015 performance and an additional aggregate amount of \$123,000 was paid in the first quarter of 2015 in the form of retention awards.
- Fiscal 2016: \$596,303 was awarded under the 2016 STIP to the NEOs for 2016 performance.
- Fiscal 2017: no annual incentive bonuses were awarded to the NEOs under the 2017 STIP nor were any awards granted under the LTIP as discussed above. The amounts for 2017 include termination benefits of \$425,423 for Mr. Miller who, as of November 15, 2017, is no longer employed with the Company.
- Fiscal 2018: \$779,952 has been awarded under the 2018 STIP to the Eligible Executives for 2018 performance.

## Summary Compensation Table

The following table reflects compensation paid in relation to the fiscal years ended December 31, 2015, 2016 and 2017 to the Chief Executive Officer and the Chief Financial Officer of Tree Island and the other NEOs of Tree Island, determined in accordance with Form 51-102F6.

Name and Principal Position	Year	Salary	Share-Based Awards	Option-Based Awards	Non-Equity Incentive Plan Compensation		Pension Value <sup>(2)</sup>	All Other Compensation <sup>(3)</sup>	Total Compensation
					Annual	Long-Term <sup>(1)</sup>			
Dale MacLean President & CEO	2018	400,000	-	-	412,517	-	15,397	80,680	908,593
	2017	400,000	-	-	-	-	15,177	76,452	491,628
	2016	400,000	-	-	292,772	-	15,000	66,029	773,801
Remy Stachowiak Chief Operating Officer	2018	250,000	-	-	184,159	-	15,625	26,525	476,309
	2017	250,000	-	-	-	-	17,734	16,485	284,219
	2016	203,333	-	-	99,685	-	14,923	12,041	329,982
Nancy Davies CFO & VP Finance	2018	225,000	-	-	132,595	-	15,469	26,376	399,440
	2017	225,000	-	-	-	-	15,469	20,106	260,575
	2016	225,000	-	-	93,403	-	15,058	24,547	358,007
Janine Waite Senior Director Human Resources	2018	172,000	-	-	50,681	-	12,806	9,581	245,068
	2017	157,000	-	-	-	-	11,775	7,469	176,244
	2016	157,000	-	-	39,601	-	11,775	9,102	217,478
Dean Patterson General Manager Sales & Marketing	2018	160,000	-	-	29,500	-	12,000	15,951	217,451
	2017	160,000	-	-	2,500	-	12,000	15,856	190,356
	2016	152,500	-	-	20,000	-	11,438	13,776	197,714

### Notes:

- (1) No long term incentive awards have been granted under the expired LTIP, because the Company's cumulative financial results over the three year period did not exceed the Threshold for the Performance Period.
- (2) These amounts represent Tree Island's contributions to the Group RRSP plan in Canada
- (3) These amounts represent other compensation which includes benefits such as insurance premium payments, cash payments under the Canadian vacation policy and vehicle allowances and certain operating costs. Perquisites and other personal benefits do not exceed \$50,000 or 10 per cent of the total salary for any of the NEOs except for Mr. MacLean.
- (4) Incentives for Mr. Patterson include annual bonus and commissions.

## Share Based Plans

There were no share-based or option-based awards to the NEOs and no value for option-based or share-based awards vested in the fiscal year ended December 31, 2018.

Following the termination of the Phantom Unit Plan in July 2012, Tree Island has no securities authorized for issuance under equity compensation plans and there are no outstanding share-based or option-based awards for the NEOs.

## Retirement Benefits

As noted above, Tree Island offers retirement benefits through capital accumulation plans to employees in Canada and the US in either a Group RRSP or 401(k) Plan. NEO participation depends on whether the NEO resides in Canada or the United States. Tree Island provides contributions in relation to the

contributions made by each individual. As a result, Tree Island has no exposure to the financial issues associated with defined benefit plans.

Name	Accumulated value at start of year <sup>(1)</sup>	Compensatory	Accumulated value at the end of the year <sup>(1)</sup>
Dale MacLean	-	15,397	-
Remy Stachowiak	-	15,625	-
Nancy Davies	-	15,469	-
Janine Waite	-	12,806	-
Dean Patterson	-	12,000	-

Notes:

- (1) Tree Island does not have access to the accumulated value of these plans at the start or end of year, nor the annual investment returns.

**The NEO's are employed and reside in Canada and therefore are participants of the Canadian Group RRSP. Termination and Change of Control Benefits**

*Chief Executive Officer*

In the event of termination without cause, except as further described below, Mr. MacLean is entitled to receive payment equal to 12 months of his base salary plus one month for each full year employed up to an aggregate maximum of 24 months, plus his bonus entitlement for the year, pro-rated for the period employed, plus his average STIP and LTIP awarded over the two most recently completed consecutive financial years, plus benefits and perquisites.

The MacLean Agreement also stipulates that in the event a change in control occurs and he is terminated without cause or terminates his employment for good reason (as defined in the MacLean Agreement) within one year after a change in control (as defined in the MacLean Agreement), he is entitled to receive payment equal to 24 months of his base salary, plus his annual bonus entitlement, prorated for the period employed, plus twice his average short-term and long-term incentives awarded over the two most recently completed consecutive fiscal years, plus benefits and perquisites.

In 2018 the MacLean Addendum amended the MacLean Agreement to provide termination benefits to Mr. MacLean in the event of the sale of all the shares of the Company if Mr. MacLean chooses to terminate his employment within the twelve month period following such a sale, or his employment is terminated by the Company within six months prior to such a sale. A sale of all the shares is defined as a transaction or series of transactions pursuant to which any person, or any persons acting jointly or in concert, whether directly or indirectly, acquire voting securities which together with all other voting securities held by such person or person, constitutes in aggregate 100% of the outstanding voting securities of the Company.

If Mr. MacLean terminates his employment within twelve months of such a sale of all of the shares of the Company, or if Mr. MacLean is terminated by the Company within six months prior to such a sale of all of the shares of the Company, Mr. MacLean is entitled to all of the benefits he would receive on a termination of his contract by the Company following a change of control.

*Other NEOs*

Tree Island has employment agreements with each of Ms. Davies and Mr. Stachowiak, (the "Employment Agreements") that include their base annual salary, participation in Board approved short term incentives

at a target rate of their annual salary based on achieving certain financial targets and other goals, and participation in Board approved long-term incentives and customary benefits and perquisites.

In the event of termination without cause, the Employment Agreements provide that Ms. Davies and Mr. Stachowiak are entitled to receive payment of 12 months of their base salary plus one month for each full year employed, to an aggregate maximum of 24 months. In addition, the Employment Agreements include provisions that the Ms. Davies and Mr. Stachowiak are also entitled to receive payment equal to their annual bonus entitlement in the year of termination, pro-rated for the period employed, plus the average annual short-term and long-term incentives awarded over the two most recently completed consecutive financial years, plus benefits and perquisites.

The Employment Agreements also stipulate that in the event of a change in control and if Ms. Davies or Mr. Stachowiak is terminated without cause or terminates their employment for good reason (as defined in the Employment Agreements) within one year after a change in control (as defined in the Employment Agreements), they are entitled to receive payment of their base monthly salary for an aggregate of 24 months. In addition they are entitled to receive their annual bonus entitlement, prorated for the period employed, plus twice the average short-term and long-term incentives STIP and LTIP awarded over the two most recently completed consecutive fiscal years, plus benefits and perquisites.

With respect to Ms. Waite, in the event of termination without cause, Ms. Waite is entitled to receive payment of 12 months of their base salary plus one month for each full year employed, to an aggregate maximum of 24 months. In addition, Ms. Waite is also entitled to receive payment equal to her annual bonus entitlement in the year of termination, pro-rated for the period employed, plus the average annual short-term incentives awarded over the two most recently completed consecutive financial years, plus benefits and perquisites.

With regards to Mr. Patterson, in the event of termination without cause, Mr. Patterson is entitled to receive payment of eighteen months of contractual base salary. The following table details the payments that each NEO would have been eligible to receive under the terms of their employment contract in the event of involuntary termination or termination following a change in control.

	<b>Involuntary Termination Without Cause <sup>(1)</sup></b>	<b>Termination Following Change of Control <sup>(1)</sup></b>
Dale MacLean	1,483,288	1,697,442
Remy Stachowiak	697,147	868,143
Nancy Davies	707,430	759,688
Janine Waite	389,812	389,812
Dean Patterson	240,000	240,000

Notes:

(1) Amounts are based on the assumption that the NEOs have been employed for the entire duration of the performance period.

## **BOARD COMPOSITION AND GOVERNANCE PRACTICES**

The affairs of the Company are supervised by the Board. The Board is committed to ensuring that it has identified and implemented effective corporate governance practices. National Policy 58-201 – *Corporate Governance Guidelines*, establishes corporate governance guidelines which apply to all reporting issuers, including the Company. The Company has reviewed its own corporate governance practices in view of those guidelines. The Board periodically reviews the corporate governance practices of the Company to ensure that they are sound practices for effective and efficient decision making.

### **Board of Directors and Committee Composition**

The Board reviews its composition and size on an ongoing basis. Directors are recruited when considered desirable with a view to achieving and maintaining a majority of independent directors while at the same time maintaining an adequate level of industry representation and experience.

If all of the proposed nominees are elected as Directors, the Board would consist of a majority of independent Directors with five independent Directors and three non-independent Directors. The Board considers that this is an appropriate composition for the Board at this time to ensure that Tree Island is able to sustainably grow its business and be governed in the best interests of Shareholders. The Board has determined that Futura has the direct or indirect power to direct or cause the direction of the management and policies of the Company. Therefore Mr. Doman and Mr. Rosenfeld, as representatives of Futura, are not considered to be independent. Mr. MacLean who is the President and Chief Executive Officer of Tree Island is not independent. Mr. Fitch, Mr. Fleiser, Mr. Bull, Mr. Downes and Mr. Leja are all considered to be independent.

Mr. Doman has served as Chairman of the Board since the Company's 2009 Annual Meeting and, for the reasons discussed above, is not presently considered independent. The Chairman of the Board is responsible for the management, development and effective performance of the Board and provides leadership to the Board for all aspects of its work. The Chairman acts in an advisory capacity to the CEO concerning the interests and management of Tree Island and, in co-ordination with the CEO, may play a role in Tree Island's external relationships. The Board considers that Mr. Doman's continued service as Chairman of the Board is in the best interest of Tree Island for the reasons discussed above. Mr. Doman is also not directly involved in managing the business of Tree Island on a day to day basis and therefore it is not considered that the appointment of a lead Director is necessary or appropriate at this time.

To facilitate the exercise of independent judgment, the Audit Committee is composed of a majority of independent Directors and the EHSCG Committee is composed of independent Directors. Both the Chair of the Audit Committee and the EHSCG Committee are independent. In addition, in-camera sessions of the Directors are held at almost all meetings of Directors without members of management. In-camera sessions with the auditors without members of management present are also held when the auditors are present at meetings of the Audit Committee. In-camera sessions without members of management present are also held as considered necessary at meetings of the EHSGC Committee. There is no indication that open and candid discussion among independent Directors is inhibited by the presence of non-independent Directors and the Board believes that their exclusion from meetings or in-camera sessions is not needed in the present circumstances.

No Board nominee is a director of another public issuer other than Mr. Doman, Mr. Rosenfeld and Mr. Sam Fleiser who are directors of CanWel and Mr. Bull who is a director at Hardwoods.

## Board Mandate

The text of the terms of reference for the Board of Directors is attached as Schedule "A" to this Circular.

## Board and Committee Attendance

The attendance record for each director during the fiscal year ended December 31, 2018 and for Committee meetings of which they are or were a member during such period is set out below:

Number of Board and Committee Meetings Held	Attendance of Directors			
	Director	Board	Audit Committee	EHSCG Committee
Board Meetings: 5 Audit Committee Meetings <sup>(1)</sup> : 4 EHSCG Committee Meetings <sup>(2)</sup> : 6	Amar Doman	5	--	--
	Michael Fitch	5	1	6
	Sam Fleiser	5	5	6
	Ted Leja	5	--	6
	Harry Rosenfeld	5	5	--
	Peter Bull	5	--	--
	Joe Downes	5	4	--
	Dale MacLean	5	--	--

Notes:

- (1) The members of the Audit Committee for fiscal 2018 were Mr. Fleiser (chair), Mr. Downes and Mr. Rosenfeld. Mr. Fitch resigned from the Audit Committee, effective February 22, 2018, and Mr. Downes joined as member of the Audit Committee attending the remaining four meetings in fiscal 2018.
- (2) The members of the EHSCG Committee are Mr. Fitch (chair), Mr. Fleiser and Mr. Leja.

## Compensation of Directors

The compensation of Directors is intended to attract and retain highly qualified, experienced and committed individuals to act as Directors of the Company and promote the long-term interests of Tree Island. The Board seeks to ensure that Directors are competitively compensated, having consideration to the size and nature of Tree Island's business and the expected contribution of Directors.

The Board has approved the following amounts to be paid as compensation for services rendered to the Company by Directors:

Compensation Item	Amount
Annual retainer	40,000
Board meeting fees	1,500
Committee meeting fees	1,500
Board Chair retainer	65,000
Audit Committee Chair retainer	20,000
EHS, Compensation and Governance Committee Chair retainer	10,000

The Directors are also entitled to be reimbursed for reasonable travel and other expenses properly incurred by them in attending meetings of the Board or any committee thereof, or in connection with their services as Directors. Mr. MacLean, as President and Chief Executive Officer does not receive compensation for acting as a Director.

The following table sets out the compensation of Directors of the Company for services rendered during the fiscal year ended December 31, 2018:

Name	Fees Earned <sup>(2)</sup>	Share-Based Awards	Option-Based Awards	Non-Equity Incentive Plan Compensation	Pension Value	All Other Compensation	Total Compensation
Amar Doman	112,500	-	-	-	-	-	112,500
Sam Fleiser	82,500	-	-	-	-	-	82,500
Michael Fitch	68,000	-	-	-	-	-	68,000
Harry Rosenfeld	53,500	-	-	-	-	-	53,500
Peter Bull	47,500	-	-	-	-	-	47,500
Joe Downes <sup>(1)</sup>	74,993	-	-	-	-	-	74,993
Theodore Leja <sup>(1)</sup>	69,017	-	-	-	-	-	69,017

Notes:

- (1) Fees paid to Mr. Leja and Mr. Downes are denominated in US currency and have been translated into Canadian dollars.
- (2) Director's fees are paid as cash compensation.

### Position Descriptions

The Board has developed written position descriptions for the Chairman of the Board and the chairs of the committees of the Board (the "Committee Chairs"). The Chairman of the Board is responsible for the management, the development and the effective performance of the Board and provides leadership to the Board for all aspects of its work. The Committee Chairs are responsible to lead and oversee the applicable Committee to ensure it fulfills its mandate as set out in its terms of reference.

The Board has approved a written position description for the CEO which states that the CEO is the leader of an effective and cohesive management team for Tree Island; sets the tone for Tree Island by exemplifying consistent values of high ethical standards, integrity and fairness; leads Tree Island in defining its strategic direction and vision; is the main spokesperson for Tree Island; and bears the chief responsibility to ensure Tree Island meets its short-term operational and long-term strategic goals and objectives.

### Orientation and Continuing Education

All Directors receive a Board manual containing the terms of reference and timetables for the Board and the committees, position descriptions for the Chairman of the Board of Directors, Committee Chairs and individual Directors and other relevant corporate and business information. The Chairman of the Board also meets with new members to provide an overview of the operations of the Board and its committees.

New Board members meet with senior management to be briefed on operational matters and visit Tree Island's facilities. In addition, new members spend time with the CEO and the CFO to understand Tree Island's strategic objectives, operational structure and financial and compliance matters.

The senior management team makes presentations to the Board on matters with significant impact on Tree Island's business and on relevant legal developments as they arise. Periodically, the Board meets in California, USA to provide the Directors the opportunity to tour Tree Island's US facilities. Directors meet when considered advisable over dinner prior to the Board meetings to discuss current issues facing Tree Island. The Board also receives periodic circulation by the Company's professional advisors and/or corporate secretary of legal opinions and briefings, informational publications and other materials describing new developments in the law, industry trends and best practices guidelines. Tree Island also funds attendance by new and existing Board members at education courses as considered appropriate.

## **Ethical Business Conduct**

The Board has adopted a written code of business ethics (the “Code”) for its Directors, officers and employees. The Code is available on its website at [www.treeisland.com](http://www.treeisland.com) and at [www.sedar.com](http://www.sedar.com).

The Code is reviewed annually by the EHSCG Committee. The Code has been disseminated to employees and every salaried employee is required to certify that he/she has read the Code and understands it. In addition, Tree Island has advised employees that violations of the Code can be reported to the chair of the Audit Committee and has provided contact information for the chair. Any violations would be communicated to the Audit Committee.

There have been no material change reports filed since the beginning of the Company’s most recently completed financial year that pertain to any conduct of any Directors or executive officer that constitutes a departure from the Code.

Directors are required to disclose any actual or potential conflicts of interest. Directors having an interest in a matter coming before the Board declare that interest and abstain from voting on the matter. In addition, the Directors are able to request in-camera sessions to discuss such matters without the presence of the interested Director or executive officer and, if necessary, the Board is able to convene a special committee composed of disinterested Directors to consider the applicable issue. The Board is also able to engage outside advisors at Tree Island’s expense to assist Directors in discharging their responsibility to exercise independent judgment. In addition, materials provided to Directors relating to a matter that gives rise to the actual or potential conflict of interest are not provided to the conflicted director. The Board has approved a conflict of interest policy that sets out these requirements.

The Board has approved the Code, a whistleblower policy, a communications policy, a conflicts of interest policy and an insider trading policy. These policies have been disseminated throughout the organization and certain employees are required to certify their receipt and understanding of the Code and the insider trading policy. Management clearly demonstrates ethical behavior and sets the tone from the top for a culture of ethical business conduct.

## **Nomination of Directors**

The Board, either on its own or through the EHSCG Committee, considers the skills and experience of the existing Board and the skills and experience that would be required of a new Director. Current Directors and senior management are requested to advise both the Chairman of the Board and Chair of the EHSCG Committee of potential candidates. Once candidates are identified, the Chairman of the Board, alone or with other Directors, interviews the individuals and advises the Chair of the EHSCG Committee of the results of the interviews. The EHSCG Committee considers the report of the Chairman of the Board of Directors together with the resumes of the candidates and the requirements of the Board and makes a recommendation on a candidate to the Board for its approval.

The EHSCG Committee of the Board has the duties and responsibilities of a nominating committee and is composed of a majority of independent Directors. The EHSCG Committee has primary responsibility for the search for and recommendation of candidates for election to the Board and seeks to select well qualified candidates with a diversity of background, experience and geographic location to maintain a well-balanced and highly competent group of Directors with the ability to act together effectively. In particular, the Committee’s nominating duties are:

- (a) to consider the appropriate size of the Board, the competencies and skills the Board should have (taking into consideration the opportunities, risks and strategic direction of Tree Island), the competencies and skills that the existing Directors have and the competencies and skills required

- for nominees to the Board and establish criteria for Board membership and recommend Board composition;
- (b) to review, monitor and make recommendations regarding the initial orientation and education of new Board members, and the ongoing education of Board members;
  - (c) upon a significant change in a Board member's principal occupation or upon a member assuming any significant outside commitments, to review the continued Board membership of such individual;
  - (d) to identify and recommend to the Board individual Directors to serve as members and chairs of Board Committees;
  - (e) to identify and recommend to the Board nominees for election or re-election to the Board or for appointment to fill any vacancy that is anticipated or has arisen on the Board; and
  - (f) to identify and recommend to the Board individual Directors to serve as members and Committee Chairs.

### **Assessments**

The overall effectiveness of the Board and its committees is assessed through the discussions at meetings of the EHSCG Committee in connection with the review of Board composition. In addition, the Chairman of the Board reviews the activities of the Board and the committees over the prior year, including the attendance record of each Board member, and discusses pertinent issues with each Board member as deemed appropriate.

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

The Board believes that the need to have experienced directors who are familiar with the business of the Company must be balanced with the need for renewal, fresh perspectives and a healthy skepticism when assessing management and its recommendations. As such, no term limits have been implemented and effective in 2018, the Board has eliminated the retirement policy under which directors were required to retire by age 70 unless otherwise agreed by the Board. In addition, the Board undertakes an assessment process that evaluates the performance, skills and contribution of each director on an annual basis.

While term limits can help ensure the Board gains fresh perspective, imposing this restriction means the Board would lose the contributions of longer serving directors who have developed a deeper knowledge and understanding of the Company over time. The Board believes that term limits have the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and thereby provide an increasing contribution to the Board as a whole. There is also little empirical evidence that a director's ability to act independently of management declines after any specific period of service.

## **Committees of the Board**

### **EHSCG Committee**

The EHSCG Committee has the duties and responsibilities of a compensation committee and is composed entirely of independent Directors. The EHSCG Committee is generally responsible for recommending to the Board human resources and compensation policies and guidelines for application to Tree Island and for implementing and overseeing human resources and compensation policies approved by the Board. The EHSCG Committee's specific responsibilities are described above under "*Compensation Governance – Responsibilities of the Committee*".

The EHSCG Committee is also responsible for reviewing and monitoring the policies and activities of Tree Island relating to environment, health and safety matters on behalf of the Board.

#### Officer Compensation

Base salary, benefits and perquisites are targeted to the median level of comparable programs in companies of similar size and complexity in North America, with the potential to exceed the median level based on short-term and long-term incentive plans.

Each position is assigned a salary range and a benefit and perquisite program which is adjusted to maintain the desired competitive position in the market place. Salaries, benefits and perquisites are generally reviewed annually and adjustments are made when appropriate.

The EHSCG Committee reviews recommendations made by the CEO for executive compensation on an annual basis and reports to the Board accordingly.

#### Director Compensation

Directors are compensated through annual retainer fees and a fee per meeting attended, as well as reimbursement for expenses. The EHSCG Committee periodically reviews the adequacy and form of compensation of Directors to ensure that the compensation realistically reflects the responsibilities and risks involved in being an effective Director of the Company and reports and makes recommendations to the Board accordingly.

No compensation consultant or advisor has been engaged since the beginning of Tree Island's most recently completed financial year.

### **Audit Committee**

For fiscal 2018, the Audit Committee of the Company is composed of Messrs. Fleiser (chair), Downes, and Rosenfeld. Each member of the Audit Committee is considered to be financially literate under NI 52-110. Messrs. Fleiser and Downes are considered to be independent and, for the reasons discussed above, Mr. Rosenfeld is not considered to be independent. The Company has relied on an exemption in NI 52-110 to retain Mr. Rosenfeld as a member of the Audit Committee.

The Audit Committee is responsible for overseeing the conduct of the Company's accounting and financial reporting process and systems of internal accounting and financial control. This responsibility includes the review of financial statements, management discussion and analysis, annual information forms and financial press releases.

For information regarding the Company's Audit Committee, please refer to Schedule A – "Terms of Reference of the Audit Committee" of the Company's Annual Information Form for the year ended December 31, 2018. The Annual Information Form is available on SEDAR at [www.sedar.com](http://www.sedar.com).

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

The Company has not adopted a policy, written or otherwise, relating to the identification and nomination of women directors to the Board because the Board generally considers diversity of race, ethnicity, gender, age, cultural background and professional experience in evaluating candidates for Board membership.

### *Consideration of the Representation of Women in the Director Identification and Selection Process and in Executive Officer Appointments*

In identifying and nominating candidates for election or re-election to the Board, the EHSCG Committee and the Board do not specifically consider the level of representation of women on the Board. Moreover, in appointing executive officers to the management team, the Company does not specifically consider the level of representation of women in executive officer positions. Rather, in considering individuals as potential directors or members of senior management, the Company at all times seeks the most qualified persons, regardless of gender. The Company believes that this approach enables it to make decisions regarding the composition of the Board and senior management team based on what is in the best interests of the Company and its Shareholders.

### *Targets Regarding the Representation of Women on the Board and in Executive Officer Positions*

The Company has not adopted targets regarding the representation of women on the Board or in executive officer positions. The Company does not believe that any director nominee or candidate for an executive officer position should be chosen nor excluded solely or largely because of gender. Rather, directors and executive officers are recruited based on their ability and contributions. Moreover, in selecting a director nominee or a candidate for an executive officer position, the Company considers the skills, expertise and background that would complement the existing Board or management team, as applicable.

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

As of the date of this Circular there are no women on the Board and one of the Company's executive officers is a woman, representing 33% of the Company's executive officers. In addition, one of the executive officers of the Company's major subsidiaries (as that term is defined in National Instrument 55-104 - Insider Reporting Requirements and Exemptions) is a woman, representing 33% of the executive officers of the Company's major subsidiaries.

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

To the knowledge of the Directors of the Company, no individual who is or was a Director, executive officer or employee of the Company or any of its subsidiaries, any proposed nominee for election as a Director of the Company or any associate of such Director or officer, is currently or was, at any time during the financial year ended December 31, 2018, indebted to the Company or to any of its subsidiaries, or is or has been indebted to another entity that is or has been the subject of a guarantee, support agreement, letter of credit or other similar agreement or understanding provided by the Company or any of its subsidiaries during that period.

### **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

Except as otherwise disclosed herein, no Director or officer of the Company, or any associate or affiliate of such Director or officer, has any material interest, direct or indirect, by way of beneficial ownership of Shares of the Company or otherwise, in any matter to be acted upon at the Meeting.

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

Other than as discussed below, no informed person of the Company, nominee for Director, or any associate or affiliate of an informed person or nominee, had any material interest, direct or indirect, in any transaction or any proposed transaction since the beginning of the last financial year of the Company which has materially affected or will materially affect the Company or any of its subsidiaries.

Futura, a private corporation with offices located at 2970 – 700 West Georgia Street, Vancouver, Canada, is considered to be a related party to the Company because of its ownership interest and because of the Director positions held by Mr. Doman and Mr. Rosenfeld on the Board.

In addition, Tree Island sells products to subsidiaries of a company of which Mr. Doman is Chairman and CEO, CanWel a public company with offices located at Suite 1100 – 1055 West Georgia Street, Vancouver, Canada, which amounted to, net of rebates, approximately \$3.6 million during the year ended December 31, 2018 (2017 - \$2.9 million) and trade accounts receivable owing from CanWel is approximately \$0.1 million (2017 - \$0.1 million). These transactions are in the normal course and are recorded at terms equivalent to an arm's length transaction. Outstanding trade accounts receivable from CanWel at period end are unsecured, interest free and settlement occurs in cash.

### **MANAGEMENT CONTRACTS**

All management functions of the Company or any of its subsidiaries are performed by the directors and executive officers of the Company and its subsidiaries.

### **ADDITIONAL INFORMATION**

Financial information concerning Tree Island is contained in its comparative financial statements and Management's Discussion and Analysis for the year ended December 31, 2018 and can be found at [www.sedar.com](http://www.sedar.com). Additional information concerning the Company, including the most recent Annual Information Form filed with the provincial securities commissions in Canada, can also be found at [www.sedar.com](http://www.sedar.com).

The Company will provide to any person or company, upon request to the Chief Financial Officer of Tree Island, one copy of the following documents:

- a) the Company's most recent Annual Information Form, together with any document, or the pertinent pages of any document, incorporated therein by reference, filed with the applicable securities regulatory authorities;
- b) the comparative consolidated financial statements of the Company filed with the applicable securities regulatory authorities for the Company's most recently completed fiscal period in respect of which such financial statements have been issued, together with the report of the Auditor thereon, Management's Discussion and Analysis and any interim financial statements of

the Company filed with the applicable securities regulatory authorities subsequent to the filing of the annual financial statements; and

- c) the Circular of the Company filed with the applicable securities regulatory authorities in respect of the most recent annual meeting of Shareholders of the Company which involved the appointment of Directors.

Copies of the above documents will be provided, upon request to the Chief Financial Officer of Tree Island, free of charge to security holders of the Company. The Company may require the payment of a reasonable charge by any person or company who is not a security holder of the Company, and who requests a copy of such document. These documents are also available electronically on SEDAR at [www.sedar.com](http://www.sedar.com).

### **DIRECTOR'S APPROVAL**

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

*(signed)* "Dale R. MacLean"

Director

On behalf of the Board

## **SCHEDULE "A"**

### **TREE ISLAND STEEL BOARD OF DIRECTORS TERMS OF REFERENCE**

#### **1. Introduction**

These terms of reference are intended to identify the specific responsibilities of the Board of Directors (the "Board") of Tree Island Steel Ltd. (the "Company" and, with its subsidiaries, "Tree Island"). The Board has a fiduciary responsibility to uphold the best interests of the Company, to work towards the enhancement of shareholder value and to oversee the conduct of the business of Tree Island and the activities of management. Management is responsible for the day-to-day conduct of the business. The Board's fundamental objectives are to enhance and preserve long-term shareholder value, to ensure Tree Island meets its obligations on an ongoing basis and to ensure that Tree Island operates in a reliable and safe manner. In performing its functions, the Board should also consider the legitimate interests of its other stakeholders such as employees, customers and communities.

#### **2. Organization and Procedure**

The Board operates by delegating certain of its authority to management and by reserving certain powers to itself. Certain of the duties and responsibilities of the Board may be carried out by committees of the Board, provided that such committees shall report to the Board on matters for which the Board has responsibility.

##### Number of Directors

The Board has determined the appropriate size for the Board to be between 3 and 10 members. The number of directors shall be determined by an ordinary resolution of the Board. The Board shall periodically review its size in light of its duties and responsibilities from time to time.

##### Retirement

The Board believes that the need to have experienced directors who are familiar with the business of the Company must be balanced with the need for renewal, fresh perspectives and a healthy skepticism when assessing management and its recommendations. As such, no term limits have been implemented nor are there requirements for a Director to retire from the Board once the individual reaches a particular age. Directors who retire from or otherwise change their concurrent position responsibilities do not necessarily need to retire from the Board. However, the Board should, through the EHS, Compensation and Governance Committee, review the appropriateness of continued Board membership.

##### Independence from Management

The Board must be able to function independently of management and shall meet regularly without management present.

##### Meetings

The Board will meet at least four times per year. Directors will receive meeting materials on a timely basis in advance of meetings. Presentations on specific subjects at Board meetings will only briefly summarize

the material sent to Directors so that discussion can be focused on issues relevant to the material. The Board may meet at such location as may be considered appropriate. The Chair is encouraged to invite individuals with insight into issues under discussion to participate in Board meetings

### **3. Duties and Responsibilities**

#### Policies, Procedures and Compliance

The Board has the responsibility to:

- (a) (i) manage the business and affairs of the Company; (ii) act honestly and in good faith with a view to the best interests of the Company; (iii) exercise the care, diligence and skill that reasonable, prudent people would exercise in comparable circumstances; and (iv) act in accordance with its obligations contained in all applicable legislation and regulations;
- (b) ensure that legal requirements applicable to the Company have been met and documents and records have been properly prepared, approved and maintained;
- (c) to ensure that the Company operates at all times within applicable laws and regulations and to the highest ethical and moral standards; and
- (d) to approve and monitor compliance with significant policies and procedures by which the Company is operated.

#### Reporting and Communication

The Board has the responsibility to:

- (a) adopt a communication or disclosure policy for the Company and ensure that the Company has in place effective communication processes with shareholders and other stakeholders (including measures to enable stakeholders to communicate with the independent directors of the Board) and with financial, regulatory and other institutions and agencies;
- (b) approve the content of the Company's major communications to shareholders and the investing public, including the Annual Report, the Management Information Circular, the Annual Information Form, any prospectuses that may be issued, and any significant information respecting the Company contained in any documents incorporated by reference in any such prospectuses;
- (c) ensure that the financial performance of the Company is adequately reported to shareholders, other security holders and regulators on a timely and regular basis;
- (d) ensure that the financial results are reported fairly and in accordance with generally accepted accounting standards;
- (e) ensure the timely reporting of any other developments that have a significant and material impact on the value of the Company and its securities; and
- (f) report annually to shareholders on its stewardship of the affairs of the Company for the preceding year.

## Management and Human Resources

The Board has the responsibility, with the assistance of the EHS, Compensation and Governance Committee, to:

(a) appoint the Chief Executive Officer and provide advice and counsel to the Chief Executive Officer in the execution of the Chief Executive Officer's duties;

(b) evaluate the Chief Executive Officer's performance at least annually against agreed upon written objectives and determine and approve the Chief Executive Officer's compensation level based on this evaluation, taking into account the views and recommendations of the EHS, Compensation and Governance Committee;

(c) approve a comprehensive statement of compensation philosophy, strategy, and principles for the Company's senior management;

(d) satisfy itself as to the integrity of the Chief Executive Officer and other senior officers and satisfy itself that the Chief Executive Officer and other senior officers are creating a culture of integrity throughout Tree Island;

(e) approve certain decisions relating to senior management, including the:

(i) appointment and discharge of senior officers;

(ii) compensation and benefits for senior officers;

(iii) acceptance by the Chief Executive Officer of any outside directorships on public companies (other than non-profit organizations) or any significant public service commitments; and

(iv) employment, consulting, retirement and severance agreements, and other special arrangements proposed for senior officers;

(f) ensure that appropriate succession planning and management development programs are in place, including:

(i) the succession plan for the Chief Executive Officer;

(ii) in the case of other senior officers, ensuring that plans are in place for management succession and development; and

(iii) ensuring that criteria and processes for recognition, promotion, training, development, and appointment of senior management are consistent with the future leadership requirements of Tree Island;

(g) create opportunities to become acquainted with employees within Tree Island who have the potential to become members of senior management, including presentations to the Board by these employees, visits to their workplace, or interaction with them at social occasions; and

(h) approve certain matters relating to all employees, including incentive policies/programs for employees.

#### Strategy and Plans

The Board has the responsibility to:

- (a) at least annually, participate with management, in the development of, and ultimately approve, long-term strategic objectives of the Company, taking into account, among other things, the opportunities and risks of the Company's business;
- (b) approve the annual business plans that implement the strategic objectives;
- (c) approve annual capital and operating budgets that support the Company's ability to meet its strategic objectives;
- (d) approve the entering into, or withdrawing from, lines of business that are, or are likely to be, material to the Company;
- (e) approve financial and operating objectives used in determining compensation if they are different from the strategic, capital or operating plans referred to above;
- (f) approve material divestitures and acquisitions;
- (g) monitor the Company's progress towards its strategic objectives, and revise and alter its direction through management in light of changing circumstances;
- (h) conduct periodic reviews of human, technological and capital resources required to implement the Company's strategy and the regulatory, cultural or governmental constraints on the business;
- (i) review recent developments that may affect the Company's strategy, and advise management on emerging trends and issues; and
- (j) evaluate management's analysis of the strategies of competitors or quasi-competitors.

#### Financial and Corporate Issues

The Board has the responsibility to:

- (a) take reasonable steps to ensure the integrity and effectiveness of Tree Island's internal control and management information systems, including the evaluation and assessment of information provided by management and others about the integrity and effectiveness of Tree Island's internal control and management information systems;
- (b) review operating and financial performance relative to budgets and objectives;
- (c) approve the financial statements and notes;
- (d) declare dividends;

(e) approve financings, changes in authorized capital, issue and repurchase of shares, and issue of debt securities;

(f) approve banking resolutions and significant changes in banking relationships;

(g) approve significant contracts, transactions, and other arrangements or commitments that may be expected to have a material impact on the Company; and

(h) approve the commencement or settlement of litigation that may be expected to have a material impact on the Company.

#### Business and Risk Management

The Board has the responsibility to:

(a) ensure that management identifies the principal risks of the Company's business and implements appropriate systems to manage these risks;

(b) review coverage, deductibles and key issues regarding corporate insurance policies;

(c) receive reports from management on matters relating to, among others, ethical conduct, environmental management, and employee health and safety; and

(d) understand the principal risks associated with the Company's business and review whether it achieves a proper balance between risk and returns.

#### **4. Responsibilities of Individual Directors**

Each Director (i) shall act honestly and in good faith in the best interests of the Company and its shareholders and (ii) must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In addition, each Director shall have the following responsibilities:

##### Corporate Stewardship

Each Director has the responsibility to:

(a) advance the interests of the Company and the effectiveness of the Board by bringing his or her knowledge and experience to bear on the strategic and operational issues facing the Company;

(b) provide constructive counsel to and oversight of management;

(c) respect the confidentiality of information and matters pertaining to the Company;

(d) maintain his or her independence, generally and, if applicable as defined under applicable securities laws, and objectivity; and

(e) be available as a resource to the Board.

### Integrity and Loyalty

Each Director has the responsibility to:

- (a) comply with the Company's Code of Business Ethics and other governance policies applicable to the Company's Directors;
- (b) disclose to the Secretary to the Board, prior to the beginning of his or her service on the Board, and thereafter as they arise, all actual and potential conflicts of interest; and
- (c) disclose to the Chair of the Board, in advance of any Board vote or discussion, if the Board or a committee of the Board is deliberating on a matter that may affect the Director's interests or relationships outside the Company and abstain from discussion and/or voting on such matter as determined to be appropriate.

### Diligence

Each Director has the responsibility to:

- (a) prepare for each Board and committee meeting by reading the reports, minutes and background materials provided for the meeting;
- (b) attend in person the annual meeting of the Company and attend all meetings of the Board and all meetings of committees of the Board of which the Director is a member, in person or by telephone, video conference, or other communication facilities that permit all persons participating in the meeting to communicate with each other; and
- (c) as necessary and appropriate, communicate with the Chair and with the President and Chief Executive Officer between meetings, including to provide advance notice of the Director's intention to introduce significant and previously unknown information at a Board meeting.

### Effective Communication

Each Director has the responsibility to:

- (a) participate fully and frankly in the deliberations and discussions of the Board;
- (b) encourage free and open discussion of the Company's affairs by the Board;
- (c) establish an effective, independent and respected presence and a collegial relationship with other Directors;
- (d) focus inquiries on issues related to strategy, policy, and results; and
- (e) respect the President and Chief Executive Officer's role as the chief spokesperson for the Company and participate in external communications only at the request of, with the approval of, and in coordination with, the Chair and the President and Chief Executive Officer.

### Committee Work

Each Director has the responsibility to:

- (a) participate on committees and become knowledgeable about the purpose and goals of each committee; and

- (b) understand the process of committee work, and the role of management and staff supporting the committee.

#### Knowledge Acquisition

Each Director has the responsibility to:

- (a) become generally knowledgeable about the Company's business and its industry;
- (b) participate in Director orientation and education programs developed by the Company from time to time;
- (c) maintain an understanding of the regulatory, legislative, business, social and political environments within which the Company operates;
- (d) become acquainted with the senior officers and key management personnel; and
- (e) gain and update his or her knowledge about the Company's facilities and visit these facilities when appropriate.

#### Personal and Professional Development

Each Director has the responsibility to enhance the competencies and qualities that led to the Director's election to the Board, including:

- (a) demonstrated integrity and high ethical standards and an established reputation for honesty and ethical conduct;
- (b) career experience, business knowledge, and sound judgment relevant to the Company's business purpose, financial responsibilities, and risk profile;
- (c) financial literacy or accreditation; and
- (d) experience and abilities that complement those of other Board members so as to enhance the Board's effectiveness and performance.

### **5. Board Chair**

#### Appointment of Chair

The Chair shall be appointed annually by the Board and shall have such skills and abilities appropriate to the appointment of Chair as shall be determined by the Board. The Chair shall be a duly elected member of the Board and shall, unless otherwise considered desirable and approved by the Board, be independent as defined under applicable securities laws, rules and regulations and the requirements of any applicable stock exchange.

Where a vacancy occurs at any time in the position of Chair, it shall be filled by the Board. The Board may remove and replace the Chair at any time.

#### Outside Consultants or Advisors

The Chair, when he or she considers it necessary or desirable, may retain, at the Company's expense, outside consultants or advisors to advise the Chair or the Board independently on any matter. The Chair

shall have the authority to retain and terminate any such consultants or advisors, including authority to review the fees and other retention terms of such persons.

### Duties

The Chair is accountable to the Board and shall have the duties of a member of the Board as set out in applicable corporate law and in the Company's constituting documents. The Chair is responsible for the management, development and effective performance of the Board and leads the Board to ensure that it fulfills its duties as required by law and as set out in these terms of reference. In particular, the Chair shall:

- (a) organize the Board to function independently of management;
- (b) promote ethical and responsible decision making, appropriate oversight of management and best practices in corporate governance;
- (c) ensure the Board has the opportunity to meet without members of management present on a regular basis;
- (d) determine, in consultation with the Board and management, the time and places of the meetings of the Board and of the annual general meeting;
- (e) manage the affairs of the Board, including ensuring that the Board is organized properly, functions effectively and meets its obligations and responsibilities;
- (f) co-ordinate with management and the Secretary to the Board to ensure that matters to be considered by the Board are properly presented and given the appropriate opportunity for discussion;
- (g) provide advice, counsel and mentorship to other members of the Board, the President and Chief Executive Officer and other senior members of management;
- (h) preside as chair of each meeting of the Board;
- (i) preside as chair of each meeting of the shareholders of the Company;
- (j) ensure that the duties and responsibilities of the committees of the Board are carried out in accordance with the charters of such committees;
- (k) assist the committees of the Board in bringing their recommendations forward to the Board for consideration;
- (l) communicate with all members of the Board to co-ordinate their input, ensure their accountability and provide for the effectiveness of the Board and its committees as well as to keep members up to date on all major developments concerning the Company; and
- (m) ensure the Company, and where appropriate the Board, is adequately represented at official functions and meetings with major shareholder groups, other stakeholders, financial analysts, media and the investment community.

## **6. Committee Chairs**

### Appointment

The Chair of each Committee shall be appointed annually by the Board. Each Committee Chair shall be a duly elected member of the Board and independent as determined pursuant to applicable securities law, rules and the requirements of any applicable stock exchange.

Where a vacancy occurs at any time in the position of a Committee Chair, it shall be filled by the Board. The Board may remove and replace a Committee Chair at any time.

### Duties

The Chair of a Committee shall lead and oversee the Committee to ensure it fulfills its mandate as set out in its terms of reference. In particular, the Chair shall:

- (a) organize the Committee to function independently of management;
- (b) ensure that the Committee has an opportunity to meet without members of management present at regular intervals;
- (c) determine, in consultation with the Committee and management, the time and places of the meetings of the Committee;
- (d) manage the affairs of the Committee, including ensuring that the Committee is organized properly, functions effectively and meets its obligations and responsibilities;
- (e) co-ordinate with management and the secretary to the Committee to ensure that matters to be considered by the Committee are properly presented and given the appropriate opportunity for discussion;
- (f) provide advice and counsel to the President and Chief Executive Officer and other senior members of management in the areas covered by the Committee's mandate;
- (g) preside as chair of each meeting of the Committee; and
- (h) communicate with all members of the Committee to co-ordinate their input, ensure their accountability and provide for the effectiveness of the Committee.

## **7. Secretary of the Board**

The Board shall appoint a Secretary who need not be a director of the Company.

## **8. Outside Consultants or Advisors**

At the Company's expense, the Board may retain, when it considers it necessary or desirable, outside consultants or advisors to advise the Board independently on any matter. The Board shall have the sole authority to retain and terminate any such consultants or advisors, including sole authority to review a consultant's or advisor's fees and other retention terms.

## **9. Review of Board Terms of Reference**

The Board shall assess the adequacy of these terms of reference and its calendar annually and shall make any changes deemed necessary or appropriate.

August 2, 2018