

# **POLLARD** **banknote** limited

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**to be held virtually on MAY 12, 2022**

**and**

**MANAGEMENT INFORMATION CIRCULAR**

**APRIL 7, 2022**



April 7, 2022

Dear Shareholders:

You are invited to attend the annual meeting (the “**Meeting**”) of the holders (the “**Shareholders**”) of shares (the “**Shares**”) of Pollard Banknote Limited (the “**Company**”) on May 12, 2022, at 11:00 a.m. (Winnipeg time).

The Company is conducting an online only Shareholders’ Meeting. Registered Shareholders can attend the meeting online at <https://meetnow.global/MA4UMFJ> where they can participate, vote or submit questions during the Meeting’s live webcast. Immediately following the Meeting, Company management will provide an update of the business and discussion of the first quarter results.

At the Meeting, the Shareholders will be asked to consider and vote upon the matters outlined in the accompanying notice of the Meeting.

If you are unable to attend the Meeting, please complete and deliver the enclosed form of proxy in accordance with the instructions set out in the accompanying information circular so that your Shares can be voted at the Meeting.

On March 4, 2022, Garry Leach resigned as a Director due to health reasons. We would like to thank Garry for his many years of leadership and counsel provided to our company.

On behalf of the Directors, management and the employees of the Company and its subsidiaries, I would like to thank you for your continued support of Pollard Banknote Limited. We look forward to your attendance at the Meeting.

Yours very truly,

(signed) “*Douglas Pollard*”

Douglas Pollard  
Co–Chief Executive Officer,  
Pollard Banknote Limited



## POLLARD BANKNOTE LIMITED

### NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

This document provides formal notification of your invitation to attend the annual meeting (the “**Meeting**”) of shareholders (the “**Shareholders**”) of Pollard Banknote Limited (the “**Company**”) to be held virtually on May 12, 2022 at 11:00 a.m. (Winnipeg time). The Company is conducting an online only Shareholders’ Meeting. Registered Shareholders (as defined in this Circular under the heading “Voting at the Meeting”) and duly appointed proxyholders can attend the meeting online at <https://meetnow.global/MA4UMFJ> where they can participate, vote or submit questions during the Meeting’s live webcast. Immediately following the Meeting, Company management will provide an update of the business and discussion of the first quarter results.

As a Shareholder, you are entitled to attend the Meeting and to cast one vote for each share (“**Share**”) of the Company that you own. If you are a registered Shareholder and are unable to attend the Meeting, you will still be able to vote on the items of business set out below by completing the form of proxy (a “**Form of Proxy**”) included with the management information circular (the “**Information Circular**”). The Information Circular explains how to complete the Form of Proxy and how the voting process works. **To be valid, registered Shareholders must submit the Form of Proxy to the Company’s transfer agent, Computershare Investors Services Inc. (“Computershare”), Attention: Proxy Department: (i) by mail in the enclosed return envelope; (ii) by hand to the Toronto office of Computershare; or (iii) by facsimile to 1 (866) 249-7775, no later than 48 hours (excluding Saturdays, Sundays and statutory or civic holidays in the City of Toronto) before the time of the Meeting or any adjournments or postponements thereof.**

If you are a non-registered beneficial Shareholder, you must follow the instructions provided by your broker, securities dealer, bank, trust company or similar entity in order to vote your Shares.

The following business will be conducted at the Meeting:

- (i) receipt of the audited consolidated financial statements of the Company for the year ended December 31, 2021, and the auditors’ report;
- (ii) election of the directors of the Company (the “**Directors**”);
- (iii) re-appointment of the auditors of the Company and authorization of the Directors to fix the remuneration of the auditors; and
- (iv) transaction of any other business that is properly brought before the Meeting.

This notice is accompanied by a Form of Proxy and the Information Circular.

The Directors have, by resolution, fixed the close of business on March 17, 2022, as the record date for the determination of holders of Shares entitled to receive notice of and vote at the Meeting or any adjournments or postponements thereof.

#### BY ORDER OF THE DIRECTORS

(signed) “*Douglas Pollard*”  
Douglas Pollard  
Co-Chief Executive Officer,  
Pollard Banknote Limited

Winnipeg, Manitoba  
April 7, 2022

# MANAGEMENT INFORMATION CIRCULAR

## TABLE OF CONTENTS

<b>INTRODUCTION.....</b>	<b>1</b>
Advice to Beneficial Holders of Shares.....	1
Information for United States Securityholders.....	2
<b>DOCUMENTS INCORPORATED BY REFERENCE.....</b>	<b>3</b>
<b>GLOSSARY OF TERMS.....</b>	<b>4</b>
<b>MEETING.....</b>	<b>6</b>
Participating at the Meeting.....	6
Voting at the Meeting.....	7
Appointment of Proxies.....	8
Without an Invite Code, proxyholders will not be able to vote at the Meeting.....	8
<b>DESCRIPTION OF THE COMPANY.....</b>	<b>8</b>
<b>GENERAL PROXY MATTERS.....</b>	<b>9</b>
Appointment of Proxies.....	9
Voting of Proxies.....	9
Revocation.....	9
Quorum.....	10
Common Shares.....	10
Preference Shares.....	11
Additional Information.....	11
<b>ANNUAL BUSINESS OF THE MEETING.....</b>	<b>11</b>
Election of Directors.....	11
Skills Matrix.....	15
Diversity Policy.....	16
Retirement Age and Term Limit.....	16
Appointment of Auditors.....	16
<b>EXECUTIVE OFFICER AND DIRECTOR COMPENSATION.....</b>	<b>17</b>
Compensation Discussion and Analysis.....	17
Performance Graph.....	19
Summary Compensation Table.....	20
Stock Option Plan.....	21
Pension Plan Benefits.....	23
Employment Contracts.....	25
Compensation of Directors.....	25
Deferred Share Unit Plan.....	26
Compliance with Equity Ownership Guidelines.....	27
<b>INDEBTEDNESS.....</b>	<b>28</b>
<b>CORPORATE GOVERNANCE.....</b>	<b>28</b>
The Board.....	28
Other Directorships.....	29
The Compensation Committee.....	31
The Audit Committee.....	32
The Governance and Nominating Committee.....	32
<b>DIRECTORS AND OFFICERS' LIABILITY INSURANCE.....</b>	<b>33</b>

<b>INTERESTS OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON .....</b>	<b>33</b>
<b>INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS .....</b>	<b>33</b>
<b>PRINCIPAL SHAREHOLDERS .....</b>	<b>33</b>
<b>OTHER BUSINESS.....</b>	<b>33</b>
<b>ADDITIONAL INFORMATION.....</b>	<b>34</b>
<b>DIRECTORS' APPROVAL .....</b>	<b>34</b>
<b>APPENDIX A- CHARTER OF THE BOARD OF DIRECTORS .....</b>	<b>- 1 -</b>

## INTRODUCTION

This management information circular (the “**Information Circular**”) is furnished in connection with the solicitation of proxies by or on behalf of the directors (referred to as the “**Directors**”) of Pollard Banknote Limited (the “**Company**”) to all of the holders (the “**Shareholders**”) of shares (the “**Shares**”) of the Company, for use at the annual meeting (the “**Meeting**”) of Shareholders, together with a notice of Meeting, form of proxy (a “**Form of Proxy**”). References in this Information Circular to the Meeting include any adjournments or postponements thereof.

No person has been authorized to give any information or to make any representation in connection with any matters to be considered at the Meeting other than those contained in this Information Circular and, if given or made, any such information or representation must not be relied upon as having been authorized. Solicitation of proxies is being made by or on behalf of the Directors and will be undertaken primarily by mail, but may also be undertaken by way of telephone, facsimile, e-mail or oral communication by the Directors, officers or employees of the Company and its subsidiaries, for no additional compensation. All costs associated with the solicitation of proxies by the Company and its subsidiaries will be borne by the Company and its subsidiaries.

The Directors have by resolution fixed the close of business on March 17, 2022, as the record date, being the date for the determination of registered Shareholders entitled to receive notice of and vote at the Meeting. Duly completed and executed proxies must be received by the Company’s transfer agent at the address indicated on the enclosed envelope no later than 48 hours (excluding Saturdays, Sundays and statutory or civic holidays in the City of Toronto) before the time of the Meeting or any adjournments or postponements thereof.

All capitalized terms used in this Information Circular, but not otherwise defined herein, shall have the meanings set forth under “Glossary of Terms”. Unless otherwise stated, information contained in this Information Circular is given as of April 7, 2022.

### **Advice to Beneficial Holders of Shares**

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

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



Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of Shareholder meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Shares are voted at the Meeting. Often, the Form of Proxy supplied to a Beneficial Shareholder by its broker is identical to the Form of Proxy provided to registered Shareholders, however, its purpose is limited to instructing the registered Shareholder how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”). Broadridge typically mails a scannable voting instruction form in lieu of the Form of Proxy. The Beneficial Shareholder is requested to complete and return the voting instruction form to Broadridge by mail or facsimile. Alternatively, the Beneficial Shareholder can call a toll-free telephone number or access the internet to provide instructions regarding the voting of the Shares held by the Beneficial Shareholder. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at a meeting. A Beneficial Shareholder receiving a voting instruction form cannot use that voting instruction form to vote Shares directly at the Meeting as the voting instruction form must be returned, as directed by Broadridge, well in advance of the Meeting in order to have such Shares voted.

A beneficial holder who wants to attend and vote at the online meeting must complete and return their proxy or voting instruction form by inserting their name or the name of their proxy as you have outlined in the next sentence of this paragraph. They must then go to <http://www.computershare.com> and provide Computershare with their contact details or that of their proxy so that Computershare can send them an Invite Code.

See “General Proxy Matters” for additional information.

### **Information for United States Securityholders**

The solicitation of proxies hereby is not subject to the proxy requirements of Section 14(a) of the United States *Securities Exchange Act of 1934*, as amended (the “**1934 Act**”), by virtue of an exemption applicable to proxy solicitations by “foreign private issuers”, as defined in Rule 3b-4 under the 1934 Act. This Information Circular has been prepared in accordance with the applicable disclosure requirements in Canada. Securityholders in the United States should be aware that such requirements are different than those of the United States.

Financial statements and information included or incorporated by reference herein have been prepared in accordance with generally accepted accounting principles in Canada and are subject to auditing and auditor independence standards in Canada. These financial statements may not be comparable to financial statements of United States companies, and auditing and auditor independence standards may be different.

The enforcement by investors of civil liabilities under the United States federal securities laws may be affected adversely by the fact that the Company and its consolidated operations and a number of its subsidiaries and affiliates (the “**Group**”) are incorporated or organized outside the United States, that all of their officers and Directors and the experts named herein are residents of a foreign country and that a substantial portion of the assets of the members of the Group and all of said persons are located outside the United States. As a result, it may be difficult or impossible for U.S. securityholders to effect service of process within the United States upon any members of the Group, their officers, Directors and general partners or the experts named herein, or to realize, against them, upon judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States or “blue sky” laws of any state within the United States. In addition, U.S. securityholders should not assume that the courts of Canada: (a) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the federal securities laws of the United States or “blue sky”

laws of any state within the United States; or (b) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal securities laws of the United States or “blue sky” laws of any state within the United States.

### **DOCUMENTS INCORPORATED BY REFERENCE**

Information has been incorporated by reference in this Information Circular from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated by reference in this Information Circular may be obtained from SEDAR at [www.sedar.com](http://www.sedar.com) or on request without charge from the Chief Financial Officer of Pollard Banknote Limited at 140 Otter Street, Winnipeg, Manitoba, R3T 0M8, or at (204) 474-2323. The following documents are specifically incorporated by reference into, and form an integral part of, this Information Circular:

- a) the Company’s annual information form dated March 9, 2022;
- b) the Company’s audited consolidated financial statements, together with the accompanying report of the auditors, for the year ended December 31, 2021; and
- c) management’s discussion and analysis of results of operations and financial condition of the Company for the year ended December 31, 2021.

**Any document of the type referred to in the preceding paragraph and any material change report (excluding confidential material change reports) or press release filed by the Company with a securities commission or similar authority in Canada, after the date of this Information Circular and prior to the Meeting, that specifically states that it is intended to be incorporated by reference into this Information Circular will be deemed to be incorporated by reference into this Information Circular.**

**Any statement contained in a document incorporated, or deemed to be incorporated, by reference in this Information Circular or contained in this Information Circular is deemed to be modified or superseded, for purposes of this Information Circular, to the extent that a statement contained in this Information Circular or in any other document subsequently filed with a securities commission or other similar organization in Canada which also is or is deemed to be incorporated by reference in this Information Circular modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Information Circular.**

## GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Information Circular:

“**Affiliate**” has the meaning assigned to “affiliated companies” in the *Securities Act* (Ontario);

“**Agent**” means a person appointed to act on behalf of another;

“**Annual Information Form**” or “**AIF**” means the annual information form of the Company dated March 9, 2022;

“**Associate**” has the meaning specified in the *Securities Act* (Ontario);

“**Beneficial Shareholders**” means persons who do not hold their Shares in their own name;

“**Broadridge**” means Broadridge Financial Solutions, Inc.;

“**Business Day**” means a day, other than a Saturday, Sunday or statutory or civic holiday, when banks are generally open in the City of Toronto, in the Province of Ontario, for the transaction of banking business;

“**CBCA**” means the *Canada Business Corporations Act* R.S.C. 1985 c.C-44, as amended, including the regulations promulgated thereunder;

“**Common Shares**” means the common shares in the capital of the Company;

“**Company**” means Pollard Banknote Limited;

“**Company Group**” means, collectively, the Company, Nacako Sdn, Bhd, PBL of Puerto Rico Inc., Concuros y Promociones Pollard de Puerto Rico, Inc., Pollard Holdings Inc., Pollard (U.S.) Ltd., Pollard iLottery Inc., NeoPollard Interactive LLC, Integrity Bingo, LLC, Diamond Game Enterprises, Diamond Game Enterprises Canada ULC, Schafer Systems (2018) Inc, Pollard Games, Inc., Schafer Systems (UK) Limited, mkodo Limited, Compliant Gaming LLC and Next Generation Lotteries AS;

“**Computershare**” means Computershare Investor Services Inc.;

“**Consolidation**” means the reorganization whereby Pollard Banknote Limited simplified its corporate structure through the consolidation of its wholly-owned Canadian subsidiaries, Pollard Holdings Limited Partnership, Pollard Banknote Limited Partnership, Pollard (Canada) Inc. and Pollard Banknote GP Limited effective January 1, 2015;

“**Conversion**” means the reorganization whereby Pollard Banknote Income Fund was converted into a publicly traded share corporation, Pollard Banknote Limited, which occurred on May 14, 2010;

“**Director**” means the director appointed under Section 260 of the CBCA;

“**Equities**” means Pollard Equities Limited, a corporation continued under the CBCA;

“**Form of Proxy**” means the form of proxy distributed by the Company in connection with the Meeting;

“**Gaming Regulatory Authority**” means any governmental authority which exercises gaming regulatory jurisdiction over the business of the Company and/or its subsidiaries, as such business is constituted from time to time;

“**General Partner**” means Pollard Banknote GP Limited, a corporation incorporated under the CBCA;

“**GP Board**” means the board of directors of the General Partner;

“**Information Circular**” means this management information circular distributed by the Company in connection with the Meeting;

“**Intermediary**” means securities held on behalf, or for the account, of a beneficial holder, by a broker, securities dealer, bank, trust company or similar entity;

“**Management**” means management of the Company Group;

“**Meeting**” means the annual meeting of Shareholders to be held on May 12, 2022, and any adjournments or postponements thereof, to consider and to vote on the matters set out in the Notice of Meeting;

“**Named Executive Officers**” or “**NEO’s**” means the Co-Chief Executive Officers, the Chief Financial Officer and the three other most highly compensated executive officers of the Company, as prescribed by National Instrument 51-102F6– *Statement of Executive Compensation*;

“**Notice of Meeting**” means the notice of the Meeting that accompanies this Information Circular;

“**Pension Plan**” means the pension plan for executive employees of Pollard Banknote Limited;

“**Person**” includes an individual, partnership, association, body corporate, executor, administrator, legal representative, any government or government entity, or any other entity, whether or not having legal status;

“**Pollard Banknote**” means Company Group;

“**Pollard LP**” means Pollard Holdings Limited Partnership, a limited partnership established under the laws of the Province of Manitoba;

“**Record Date**” means March 17, 2022;

“**Reorganization**” means the reorganization whereby Pollard Banknote Limited simplified its corporate structure through the consolidation of its wholly-owned Canadian subsidiaries, 10188557 Canada Inc. and INNOVA Gaming Group Inc., and the amalgamation of Pollard Games, Inc. and International Gamco, Inc. to reflect the business management structure effective December 31, 2019;

“**Securities Depository**” means CDS Clearing and Depository Services Inc. or any other person acting as an intermediary for the payment or delivery of securities in respect of securities transactions and providing centralized services for securities transactions or providing centralized services as a depository in respect of securities transactions;

“**Shareholders**” means the holders of the Common Shares of the Company from time to time;

“**Shares**” means collectively, the Common Shares of the Company;

“**Tax Act**” means the *Income Tax Act* (Canada), including the regulations promulgated thereunder, in each case as amended;

“**TSX**” means the Toronto Stock Exchange.

Words importing the singular include the plural and vice versa and words importing any gender include all genders.

## MEETING

The Company is conducting an online only Shareholders' Meeting on Thursday, May 12, 2022, commencing at 11:00 a.m. (Winnipeg time) for the purposes set forth in the accompanying Notice of Meeting. The business of the Meeting will be to: (1) receive the audited consolidated financial statements of the Company for the year ended December 31, 2021, and the auditors' report; (2) elect the Directors of the Company; (3) re-appoint the auditors of the Company and authorize the Directors to fix the remuneration of the auditors; and (4) transact any other business that is properly brought before the Meeting. Immediately following the Meeting, Company management will provide an update of the business and discussion of the first quarter results.

Shareholders and duly appointed proxyholders can attend the Meeting online by going to <https://meetnow.global/MA4UMFJ>.

- Registered Shareholders and duly appointed proxyholders can participate in the Meeting by clicking “Shareholder” or “Invitation” and entering a Control Number or an Invite Code before the start of the Meeting.
  - Registered Shareholders – The 15 digit Control Number located on the form of proxy or in the email notification you received. Duly appointed proxyholders – Computershare will provide the proxyholder with an Invite Code after the voting deadline has passed.
- Voting at the Meeting will only be available for registered Shareholders and duly appointed proxyholders. Non-registered Shareholders who have not appointed themselves may attend the Meeting by clicking “guest” and completing the online form.

Shareholders who wish to appoint a third-party proxyholder to represent them at the online Meeting **must submit their proxy or voting instruction form (as applicable) prior to registering their proxyholder. Registering the proxyholder is an additional step once a Shareholder has submitted their proxy/voting instruction form. Failure to register a duly appointed proxyholder will result in the proxyholder not receiving an Invite Code to participate in the Meeting.** To register a proxyholder, Shareholders MUST visit <http://www.computershare.com/Pollard> by 11:00 a.m. (Winnipeg time) May 10, 2022 and provide Computershare with their proxyholder's contact information, so that Computershare may provide the proxyholder with an Invite Code via email.

**It is important that you are connected to the internet at all times during the Meeting in order to vote when balloting commences.**

In order to participate online, Shareholders must have a valid 15 digit Control Number and proxyholders must have received an email from Computershare containing an Invite Code.

### **Participating at the Meeting**

The Meeting will be hosted online by way of a live webcast. Shareholders will not be able to attend the Meeting in person. A summary of the information Shareholders will need to attend the online Meeting is provided below. The Meeting will begin at 11:00 a.m. (Winnipeg time) on May 12, 2022.

- Registered Shareholders (as defined in this Circular under the heading “Voting at the Meeting”) that have a 15 digit Control Number, along with duly appointed proxyholders who were assigned an Invite Code by Computershare (see details under the heading “Appointment of Proxies”), will be able to vote and submit questions during the Meeting. To do so, please go to <https://meetnow.global/MA4UMFJ> prior to the start of the Meeting to login. Click on “Shareholder” and enter your 15 digit Control Number or click on “Invitation” and enter you Invite Code. Non–registered Shareholders who have not appointed themselves to vote at the Meeting, may login as a guest, by clicking on “guest” and complete the online form.
- United States Beneficial holders: To attend and vote at the virtual Meeting, you must first obtain a valid legal proxy from your broker, bank or other agent and then register in advance to attend the Meeting. Follow the instructions from your broker or bank included with these proxy materials, or contact your broker or bank to request a legal proxy form. After first obtaining a valid legal proxy from your broker, bank or other agent, to then register to attend the Meeting, you must submit a copy of your legal proxy to Computershare. Requests for registration should be directed to:

Computershare  
100 University Avenue  
8<sup>th</sup> Floor  
Toronto, Ontario  
M5J 2Y1  
OR  
Email at [uslegalproxy@computershare.com](mailto:uslegalproxy@computershare.com)

Requests for registration must be labeled as “Legal Proxy” and be received no later than 11:00 a.m. (Winnipeg time) May 10, 2022. You may attend the Meeting and vote your shares at <https://meetnow.global/MA4UMFJ> during the Meeting.

- Non–registered Shareholders who do not have a 15 digit Control Number or Invite Code will only be able to attend as a guest which allows them to listen to the Meeting, however, will not be able to vote or submit questions.
- If a Shareholder who has submitted a Proxy attends the meeting via the webcast and has accepted the terms and conditions when entering the meeting online, any votes cast by such Shareholder on a ballot will be counted and the submitted Proxy will be disregarded.
- If you are eligible to vote at the Meeting, it is important that you are connected to the internet at all times during the Meeting in order to vote when balloting commences. It is your responsibility to ensure connectivity for the duration of the Meeting.

### **Voting at the Meeting**

A registered Shareholder or a non–registered Shareholder who has appointed themselves or a third-party proxyholder to represent them at the Meeting, will appear on a list of Shareholders prepared by Computershare, the transfer agent and registrar for the Meeting. To have their Shares voted at the Meeting, each registered Shareholder or proxyholder will be required to enter their Control Number or Invite Code provided by Computershare at <https://meetnow.global/MA4UMFJ> prior to the start of the Meeting. In order to vote, non–registered Shareholders who appoint themselves as a proxyholder **MUST** register with Computershare at <http://www.computershare.com/Pollard> after submitting their voting instruction form in order to receive an Invite Code (please see the information under the headings “Appointment of Proxies” below for details).

## Appointment of Proxies

Shareholders who wish to appoint a third-party proxyholder to represent them at the online Meeting **must submit their proxy or voting instruction form (if applicable) prior to registering your proxyholder. Registering your proxyholder is an additional step once you have submitted your proxy or voting instruction form. Failure to register the proxyholder will result in the proxyholder not receiving an Invite Code to participate in the Meeting.** To register a proxyholder, Shareholders MUST visit <http://www.computershare.com/Pollard> by 11:00 a.m. (Winnipeg time) May 10, 2022 and provide Computershare with their proxyholder's contact information, so that Computershare may provide the proxyholder with an Invite Code via email.

A proxy can be submitted to Computershare either in person, or by mail or courier, to 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, or via the internet at [www.investorvote.com](http://www.investorvote.com). The proxy must be deposited with Computershare by no later than 11:00 a.m. (Winnipeg time) on May 10, 2022, or if the Meeting is adjourned or postponed, not less than 48 hours, excluding Saturdays, Sundays and statutory holidays, before the commencement of such adjourned or postponed Meeting. If a Shareholder who has submitted a proxy attends the Meeting via the webcast and has accepted the terms and conditions when entering the Meeting online, any votes cast by such Shareholder on a ballot will be counted and the submitted proxy will be disregarded.

### **Without an Invite Code, proxyholders will not be able to vote at the Meeting**

As of the date of this Information Circular, the Directors are not aware of any changes to these items and do not expect any other items to be brought forward at the Meeting. If there are changes or new items, your proxyholder can vote your Shares on these items as he or she sees fit. See "General Proxy Matters" for additional information.

## DESCRIPTION OF THE COMPANY

The Company was incorporated on March 26, 2010, pursuant to the provisions of the CBCA, for purposes of effecting the Conversion. The principal and head office of the Company is located at 140 Otter Street, Winnipeg, Manitoba, R3T 0M8. Together with its principal subsidiaries, the Company Group is one of the leading providers of products and solutions to the lottery and charitable gaming industries in the world. Management believes that the Company Group is the largest provider of instant tickets based in Canada, the second largest producer of instant tickets in the world, the second largest provider of charitable gaming products in North America and, through its 50% owned joint venture, the largest provider of iLottery solutions in the United States.

The Company is a leading lottery partner to more than 60 lotteries worldwide, providing high quality instant ticket products, licensed games, and a full suite of digital offerings ranging from mkodo game apps to comprehensive player engagement and iLottery solutions, including Schafer branded dispensing systems, strategic marketing and management services. The Company Group is a proven innovator and has decades of experience helping lotteries to maximize player engagement, sales, and proceeds for good causes and also plays a major role in providing pull-tab tickets, bingo paper and its Diamond Game and Compliant electronic gaming machines to charitable and other gaming markets. The Company Group's lottery products are offered for sale in North America and throughout the world, while the Company Group's charitable gaming products are principally sold in the United States.

On January 1, 2015, Pollard Banknote Limited simplified its corporate structure through (i) the dissolution of Pollard Holdings Limited Partnership and Pollard Banknote Limited Partnership and (ii) the vertical short-form amalgamation of Pollard (Canada) Inc. and Pollard Banknote GP Limited with Pollard Banknote Limited. Effective January 1, 2020, the corporate structure was further simplified through (i) the consolidation of 10188557 Canada Inc. and INNOVA Gaming Group Inc. with Pollard Banknote Limited,

(ii) the transfer of direct ownership of Diamond Game Enterprises from Pollard Banknote Limited to Pollard Holdings, Inc. and (iii) the amalgamation of International Gamco, Inc. with Pollard Games, Inc. On December 30, 2020, Pollard, through an indirect subsidiary, acquired 100% of the equity of Compliant Gaming LLC, a provider of electronic pull-tabs in the charitable gaming market. On January 14, 2021, Pollard completed the acquisition of 100% of the equity of Next Generation Lotteries AS, a provider of omni-channel lottery solutions including a complete iLottery platform.

## GENERAL PROXY MATTERS

### Appointment of Proxies

The persons named in the enclosed Form of Proxy are Directors or officers of the Company. Only Shareholders are entitled to vote at the Meeting. **Shareholders who wish to appoint some other person to represent such Shareholders at the Meeting may do so by inserting such person's name in the blank space provided in the relevant Form of Proxy.** Such other person need not be a Shareholder of the Company.

### Voting of Proxies

The persons named in the accompanying Form of Proxy will vote, withhold from voting or vote against any matter to be acted upon at the Meeting on any ballot that may be called for in accordance with the instructions of the Shareholder as indicated on the proxy and, if the Shareholder specifies a choice with respect to any matter to be acted upon, the Shares will be voted accordingly. In the absence of such direction, such Shares will be voted by the persons named in the accompanying Form of Proxy FOR each matter to be acted upon at the Meeting.

The enclosed Form of Proxy confers discretionary authority upon the persons named in the proxy with respect to amendments to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting. At the date of this Information Circular, the Directors know of no such amendments or other matters.

### Revocation

A Shareholder who has submitted a proxy (other than a Shareholder who completed a voting instruction form) may revoke the proxy at any time prior to the exercise thereof:

- (a) by depositing an instrument of revocation in writing executed by the Shareholder or by the Shareholder's attorney authorized in writing:
  - (i) at the registered office of the Company or at the offices of Computershare at any time up to and including the last Business Day preceding the day of the Meeting, or any adjournments or postponements thereof, at which the proxy is to be used, or
  - (ii) with the chairman of the Meeting prior to the commencement of the Meeting on the day of the Meeting or any adjournments or postponements thereof; or
- (b) in any other manner permitted by law.

A Shareholder may revoke a voting instruction form or a waiver of the right to receive meeting materials and to vote given to an Intermediary at any time by written notice to the Intermediary, except that an Intermediary may not act on a revocation of a voting instruction form or of a waiver of the right to receive materials and to vote that is not received by the Intermediary in sufficient time prior to the Meeting.



## Quorum

Unless otherwise required by law, at any meeting of Shareholders, a quorum shall consist of two or more individuals present in person either holding personally or representing as proxies in aggregate not less than 10% of the votes attached to all outstanding Shares.

## Common Shares

Holders of Common Shares are entitled to receive notice of any meetings of Shareholders of the Company and to attend and to cast one vote per Common Shares at all such meetings. Holders of Common Shares do not have cumulative voting rights with respect to the election of Directors and, accordingly, holders of a majority of the Common Shares entitled to vote in any election of Directors may elect all Directors standing for election. Holders of Common Shares are entitled to receive on a *pro-rata* basis such dividends, if any, as and when declared by the Company's Board of Directors at its discretion from funds legally available therefore and upon the liquidation, dissolution or winding up of the Company are entitled to receive on a pro-rata basis the net assets of the Company after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro-rata basis with the holders of Common Shares with respect to dividends or liquidation. The Common Shares do not carry any preemptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

The Articles of Incorporation of the Company provide that if, in the opinion of the Board of Directors of the Company, a person, or group of persons acting in concert acquires, agrees to acquire, holds, beneficially owns or controls, either directly or indirectly, a number of Common Shares that is prohibited by any Gaming Regulatory Authority, the Board of Directors of the Company are entitled to take any of the following actions (each a "**Constraint Action**"):

- (a) place a stop transfer on all or any of the Common Shares of the person, or group of persons, the Board of Directors of the Company reasonably believes is violating such prohibitions;
- (b) suspend all voting and dividend rights on all or any of the Common Shares held by the person, or group of persons, the Board of Directors of the Company believes is violating such prohibitions;
- (c) apply to a court of competent jurisdiction seeking an injunction to prevent a breach or continuing breach of such prohibitions; or
- (d) make application to the relevant securities commission, its successors or assigns or such other governmental regulatory agency having jurisdiction over the affairs of the Company, to effect a cease trading order or such similar restriction against such person or group of persons until such time as the person or group of persons ceases to be in violation of such prohibitions.

In addition, if a Gaming Regulatory Authority has determined that ownership by a holder of Common Shares is inconsistent with its declared policies, the Board of Directors of the Company are also entitled to take a Constraint Action against such Shareholder. In addition, any Shareholder, regardless of the number of Common Shares held by such Shareholder, may be required to file an application, be investigated and have suitability as a Shareholder determined by a Gaming Regulatory Authority, if such Gaming Regulatory Authority has reason to believe such ownership would otherwise be inconsistent with its declared policies. The Shareholder must pay all of the costs of the investigation incurred by any such Gaming Regulatory Authority.

## **Preference Shares**

The Board of Directors of the Company may issue preference shares (the “**Preference Shares**”) at any time in one or more series and shall fix the number of shares in each series. Before any shares of a particular series are issued, the Board of Directors of the Company is required to fix the number of shares in such series and to determine, subject to the limitations set out in the articles, the designation, rights, privileges, restrictions and conditions to be attached to the shares of such series, including, but without in any way limiting or restricting the generality of the foregoing, voting rights, the rate or rates, amount or method of calculation of any dividends thereon and whether such rate(s), amount or method(s) of calculation shall be subject to change or adjustment in the future, the consideration and the terms and conditions of any purchase for cancellation, retraction or redemption rights (if any), the conversion or exchange rights attached thereto (if any) and the terms and conditions of any purchase obligation or sinking fund or other provisions attaching thereto. No rights, privileges, restrictions or conditions attached to a series of Preference Shares will confer upon a series a priority in respect of dividends or return of capital over any other series of Preference Shares then outstanding. The Preference Shares are entitled to priority over the Common Shares and over any other share ranking prior to the Common Shares and over any other shares ranking junior to the Preference Shares. As of the date of this circular the Company has not issued any Preference Shares.

## **Additional Information**

Additional information relating to the Company is available in the AIF which is incorporated by reference in this Information Circular and is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information concerning the Company is provided in the respective audited consolidated financial statement for the year ended December 31, 2021 and the accompanying annual management’s discussion and analysis, which are incorporated by reference in this Information Circular and can be accessed on SEDAR.

## **ANNUAL BUSINESS OF THE MEETING**

### **Election of Directors**

The number of Directors to be elected at the Meeting is five. Unless otherwise directed, it is the intention of the persons named in the enclosed Form of Proxy to vote in favour of electing as Directors the proposed nominees whose names are set out in the table below. John Pollard, Douglas Pollard and Gordon Pollard have been Directors since inception of the Company in 2010. Dave Brown was elected a Director in May of 2017 and Lee Meagher was elected a Director in May of 2021. Prior to the Conversion, three of the Directors had been Directors of the General Partner of Pollard LP since its inception in 2005. The Directors do not contemplate that any of the proposed nominees will be unable to serve as Director but, if that should occur for any reason prior to the Meeting, the persons named in the enclosed Form of Proxy reserve the right to vote for another nominee at their discretion. Each Director elected at the Meeting will hold office (unless the office is vacated earlier due to death, removal, resignation or ceasing to be duly qualified) until the close of the next annual meeting of Shareholders or until his or her successor is elected or appointed.

On March 4, 2022, Garry Leach resigned as a Director due to health reasons. Currently five directors are standing for re-election. The Governance and Nominating Committee are currently identifying suitable candidates and an additional independent Director will be appointed by the Board of Directors when an appropriate candidate is selected.

### *Proposed Directors of the Company*

<b>Name</b>	<b>Offices Held</b>	<b>Principal Occupation</b>	<b>Director Since<sup>(5)</sup></b>	<b>No. of Common Shares Beneficially Owned, Controlled or Directed</b>
Lee Meagher <sup>(1)(2)(3)</sup> Winnipeg, Manitoba, Canada	Director	Director	2021	2,980
Gordon Pollard <sup>(1)(3)(4)(6)</sup> Winnipeg, Manitoba, Canada	Executive Chair and Director	Executive Chair	2005	See note 4
Dave Brown <sup>(1)(2)(3)</sup> Winnipeg, Manitoba, Canada	Director	Executive Vice President, Richardson Financial Group Limited	2017	5,400
John Pollard <sup>(2)(4)</sup> Winnipeg, Manitoba, Canada	Co–Chief Executive Officer and Director	Co–Chief Executive Officer	2005	See note 4
Douglas Pollard <sup>(4)(6)</sup> Winnipeg, Manitoba, Canada	Co–Chief Executive Officer and Director	Co–Chief Executive Officer	2005	See note 4

Notes:

- (1) Member of the Governance and Nominating Committee. Mrs. Meagher is the Chair of the Governance and Nominating Committee. On March 9, 2022, Gordon Pollard was appointed a member of the Governance and Nominating Committee on an interim basis until such time as an additional independent director is appointed.
- (2) Member of the Audit Committee. Mr. Brown is the Chair of the Audit Committee. With Mr. Leach’s resignation, John Pollard has been appointed to the Audit Committee effective March 4, 2022, to serve as the third member, until a new independent director is appointed to the Board and to the Audit Committee. The Board of Directors, upon the recommendation of the Companies’ Governance and Nominating Committee, determined in accordance with Section 3.9 of National Instrument 52-110, Audit Committees, that the appointment of John Pollard as an interim member of the Audit Committee and the reliance on the exemption in Section 3.5 from the independence requirements will not materially adversely affect the ability of the Audit Committee to act independently and to satisfy the requirements of National Instrument 52-110. The Company is entitled to rely on this exemption for up to six months.
- (3) Member of the Compensation Committee. Mrs. Meagher is the interim Chair of the Compensation Committee. Prior to his resignation on March 4, 2022, Mr. Leach was the Chair of the Compensation Committee. On March 9, 2022, Gordon Pollard was appointed a member of the Compensation Committee on an interim basis until such time as an additional independent director is appointed.
- (4) As at April 7, 2022, the Directors of the Company, as a group, beneficially owned, or exercised control or direction over, directly or indirectly, 8,380 Shares representing less than 1% of the Common Shares. In addition, Messrs. John Pollard, Gordon Pollard and Douglas Pollard are members of a control group that controls Equities which owns 17,305,158 Shares representing an approximate 64.3% controlling interest in the voting securities of the Company.
- (5) Includes directorships held in the general partner of Pollard LP prior to the Conversion.
- (6) Effective May 1, 2011, Douglas Pollard was appointed Co–Chief Executive Officer of the Company and Gordon Pollard was appointed Executive Chair of the Board of Directors.

Each of the Directors and executive officers has held the same office, or in the case of the executive officers, other executive offices, with the Company Group or its predecessors, for the five preceding years except for Dave Brown who was elected a Director May 11, 2017 and Lee Meagher who was elected a Director May 14, 2021. See “Annual Business of the Meeting – Election of Directors – Biographies of Directors” in this Information Circular.

The individuals named in the above table and their Associates, as a group, beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of approximately 17,313,538 Common Shares, representing approximately 64.3% of the issued and outstanding Common Shares.

Each Director of the Company will hold office until he or she resigns or is replaced at a meeting of Shareholders of the Company.

### ***Corporate Cease Trade Orders or Bankruptcies***

To the knowledge of the Company, except as disclosed below, none of the proposed Directors (a) are, as at the date hereof, or have been, within the 10 years before the date of the Information Circular, a director, chief executive officer or chief financial officer of any company that, (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days (an “**Order**”) that was issued while the person was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an Order that was issued after the person ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, (b) are, as at the date of the Information Circular, or have been within 10 years before the date of the Information Circular, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (c) have, within the 10 years before the date of the Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the person.

Dave Brown, a Director, resigned as a director of each of 2154331 Canada Inc. (formerly Mechtronix Systems Inc.) and 6941249 Canada Inc. (formerly Mechtronix World Corporation) on March 26, 2012. Those companies were each a petitioner/debtor in a proposal made under the Bankruptcy and Insolvency Act (Canada) on or about the 16<sup>th</sup> day of May, 2012.

### ***Penalties or Sanctions***

To the knowledge of the Company, none of the proposed Directors, nor any personal holding company thereof owned or controlled by them, (i) 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 (ii) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### ***Biographies of Directors***

The following are brief profiles of the Directors.

**Dave Brown, Director, (62)** (2021 votes for: 95.41%) is an Executive Vice-President of Richardson Financial Group Limited and a Managing Director of RBM Capital Limited (a private investment firm). Previously, he was Chief Executive Officer of Richardson Capital Limited, the private equity arm of James Richardson & Sons, Limited, the Corporate Secretary of James Richardson & Sons, Limited, and a partner in the independent law and accounting firm of Gray & Brown. He also serves as

Independent Chair of the Board of Directors of Boyd Group Services Inc. and as a Director of RF Capital Group Inc. He has served various Manitoba charities including acting as director of the Misericordia Hospital and Pavilion Gallery Museum Inc. and as Co-chair of Major Donors for the Children's Hospital Foundation Capital Campaign. He graduated from the University of Manitoba law school and is a Chartered Professional Accountant.

**Lee Meagher, Director, (63)** (99.46%) is a Founding Director of CAPWER Inc. In 1997, she founded and served as the Chief Executive Officer of Scootaround Inc, an international mobility services company, until it was sold in 2018. She remained Chair of the North American operations until September 2020. Mrs. Meagher is the past Chair of the St Boniface Hospital Research Foundation and currently serves on the Board of Directors of Cancer Care Manitoba Foundation and the Pan Am Clinic Foundation. She has a B.A. from the University of Manitoba.

**Gordon Pollard, Director and Executive Chair, (62)** (95.82%) joined Pollard Banknote in 1989 as Vice President, Marketing. He became Co-Chief Executive Officer in 1997 and on May 1, 2011, was appointed Executive Chair of the Board of Directors. Prior to 1989, he practiced law with a major Manitoba firm specializing in corporate and securities law. Mr. Pollard has an LL.B. from the University of Manitoba and a B.A. from the University of Winnipeg.

**Douglas Pollard, Director and Co-Chief Executive Officer, (51)** (95.82%) joined Pollard Banknote in 1997 as Vice President, Lottery Management Services and on May 1, 2011, was appointed Co-Chief Executive Officer. From 1997 to 1999 he was a director and the General Manager of Imprimerie Spéciale de Banque, a subsidiary of Pollard Banknote based in Paris, France. Prior to 1997 Mr. Pollard was a Senior Consultant with PricewaterhouseCoopers. Mr. Pollard has an M.B.A. from The Richard Ivey School of Business at the University of Western Ontario and a B.A. from the University of Manitoba.

**John Pollard, Director and Co-Chief Executive Officer, (60)** (95.82%) joined Pollard Banknote in 1986 as Vice President, Finance. He became Co-Chief Executive Officer in 1997. Prior to 1986, he was an associate with the accounting firm Deloitte & Touche LLP. Mr. Pollard has a B.Comm. (Honours) from the University of Manitoba and is a former member of the Institute of Chartered Accountants of Manitoba.

## Skills Matrix

Non–employee Directors identify their skills and experience annually. The information is used to assess the Board strength and diversity shown below:

	Meagher	Brown
<b>Executive Leadership</b> Broad business experience as a senior officer or chair of the Board of a major organization (public, private, non–profit)	X	X
<b>Other Board Experience</b> Director of a major organization	X	X
<b>Accounting and Finance</b> Expertise is based on the definition of “financial expert” for members of the Audit Committee under securities law	X	X
<b>Manufacturing</b> Experience at a senior level in a manufacturing industry or similar industrial setting	X	X
<b>Lottery and Gaming</b> Experience at a senior level within the lottery or gaming industry		
<b>Mergers and Acquisitions</b> Experience with mergers or acquisitions, including due diligence	X	X
<b>Risk Management</b> Knowledge of, and experience with, internal controls, risk assessments and reporting	X	X
<b>Risk Governance</b> An understanding of the Board’s role in the oversight of risk management principles and practices	X	X
<b>Human Resources</b> Experience with benefit, pension and compensation programs (in particular executive compensation programs)	X	X
<b>Marketing</b> Experience in a major retail, consumer products, services or distribution company	X	
<b>Public Sector</b> Including Crown Corporation, educational institution, government department or other non–government organizations (NGO)	X	X
<b>Corporate Responsibility/Sustainability</b> Understanding and experience with corporate responsibility practices and the constituents involved in sustainable development practices	X	X
<b>Legal/Regulatory/Compliance</b> Training and experience in compliance for complex regulatory regimes	X	X
<b>Strategic Planning</b> Experience in the development and implementation of a strategic direction of a large organization	X	X

## **Diversity Policy**

It is the responsibility of the Board of Directors to enhance the Company's long-term value for its Shareholders.

Pollard Banknote believes that increasing the diversity of the Board of Directors to reflect the communities and customers it serves is essential to its success. Each year the Board of Directors proposes Director nominees to Shareholders, who can vote for each Director nominee at the annual meeting. Director nominees are recommended to the Board of Directors by the Governance and Nominating Committee. The Governance and Nominating Committee examines annually the size and composition of the Board of Directors and its committees by considering factors such as the skills, experience, professional and industry representation, as well as factors that promote diversity on the Board, including age and gender with a view to ensuring that the Board of Directors benefits from a broad range of perspectives and relevant experience. The Company believes that fostering a diverse and inclusive culture both within its Management team and among its Directors represents a strategic business priority for the Company and contributes to its continued commitment to sound corporate governance, market innovation and growth.

When recruiting new Directors, the Governance and Nominating Committee considers candidates on merit taking into account the vision and business strategy of the Company; the skills and competencies of the current Directors; the existence of any gaps in Board skills; and the attributes, knowledge and experience new Directors should have in order to best enhance the Company's business plan and strategies. In this process, the Governance and Nominating Committee will also take into account factors that promote diversity, such as age and gender, with a view to ensuring that the Board of Directors benefits from the broader exchange of perspectives brought by diversity of thought, background, skills and experience.

As of April 7, 2022, the Company's senior management team is comprised of 175 men and 80 women (31%). Of these, 8 men and 3 women (27%) sit on the Company's executive management committee. 4 men and 1 woman currently serve on the Board of Directors of the Company.

## **Retirement Age and Term Limit**

The Board believes that it should reflect a balance between expertise, skills, experience and learning on the one hand, and the need for renewal and fresh perspectives on the other. The Board has a term limit policy providing that non-employee Directors are expected to serve up to a maximum of 10 years, assuming they are annually re-elected by the Shareholders. For current non-employee Directors, term limits start from March 10, 2015, when the ten-year limit was first introduced, or their respective first election date, whichever came later. In all cases, no Director will serve beyond the annual meeting of Shareholders following his or her 78<sup>th</sup> birthday.

## **Appointment of Auditors**

It is the intention of the persons named in the enclosed Form of Proxy for use at the Meeting to vote in favour of the reappointment of KPMG LLP, Chartered Professional Accountants, as the auditors of the Company to hold office until the next annual meeting of Shareholders, at a remuneration to be fixed by the Directors. KPMG LLP have been the auditors of the Company since it was created in 2010 and prior to the Conversion of the Fund from its inception until the Conversion.

## EXECUTIVE OFFICER AND DIRECTOR COMPENSATION

### Compensation Discussion and Analysis

The objectives of the Compensation Committee regarding executive compensation are guided by its philosophy to assist the Co-Chief Executive Officers to attract and retain high quality executives critical to the success of the Company and the enhancement of Shareholder value. The Company's compensation benefits program consists of base salary, health benefits, annual incentive plans consisting of the executive bonus plan and the employees' profit-sharing plan, and stock option plans.

The remuneration of the Co-Chief Executive Officers of the Company includes base salary and benefits, eligibility for participation in: (i) the executive bonus plan and (ii) the employee profit sharing plan. Under the incentive plans, the remuneration is tied directly to the performance of the Company. The Compensation Committee reviews the Co-Chief Executive Officers compensation on an annual basis. The Co-Chief Executive Officers determine the compensation of the other Named Executive Officers.

#### *Base Salaries*

Base salaries for executive officers of the Company are reviewed annually in view of corporate and personal performance objectives, based on individual levels of responsibility, with the intention of attracting and retaining individuals with the appropriate skill sets. Salaries of the executive officers of the Company are not determined based on benchmarks or a specific formula.

#### *Annual Incentive Plans*

The executive bonus plan component of the executive compensation could comprise a significant portion of the total remuneration of the executive group. For the executive to receive the maximum bonus under the executive bonus plan, the Company must meet a certain base threshold of earnings. Under the incentive plan the remuneration is tied directly to the performance of the Company as reflected in levels of pre-tax income. Under the executive incentive plan executives can earn up to 30% of their base pay if the highest target levels of pre-tax consolidated income are exceeded. In 2021 the highest level of the incentive plan was achieved. In addition, individual executives also have available bonus plans tied to individual objectives such as revenue growth or achievement of certain manufacturing operational metrics. Executives also share in the overall Company profit sharing plan, 10% of pre-tax income is distributed equally among all employees each quarter. Pay for performance is an important underlying principle of the Company's executive compensation philosophy, with the result that variable compensation can represent a substantial proportion of total compensation.

The Co-Chief Executive Officers have historically not received any bonuses under the executive bonus plan and as such there are no "claw-back" provision whereby certain incentives are required to be repaid should historical financial results be changed, nor is there any disclosure required for a look back comparing the historic trend of bonus payouts or peer group comparison disclosures. In light of the ongoing impact of COVID-19 during 2021, the Co-Chief Executive Officers declined to receive any bonuses available under the executive bonus plan.



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

The Board of Directors considers a number of factors to assess the Company's long-term incentive strategy. Since the Conversion, the Company has put in place the Pollard Banknote Limited Stock Option Plan ("**Option Plan**"). Under the Option Plan the Board has the authority: (i) to grant Options to purchase Shares to Eligible Persons; (ii) to determine the terms, including the limitations, restrictions and conditions, if any, upon such grants; (iii) to interpret the Option Plan and to adopt, amend and rescind such administrative guidelines and other rules and regulations relating to the Option Plan as it may from time to time deem advisable, subject to required prior approval by any applicable regulatory authority; and (iv) to make all other determinations and to take all other actions in connection with the implementation and administration of the Option Plan as it may deem necessary or advisable.

The aggregate maximum number of Common Shares available for issuance from the Company's treasury under the Option Plan is 2,354,315 Common Shares, representing approximately 9% of the aggregate issued and outstanding Common Shares of the Company. As at December 31, 2021, 312,500 options remain outstanding at a weighted average exercise price of \$19.98. There remains 1,879,315 Common Shares available for issuance under the Option Plan. During 2021, 25,000 options were granted, and 43,750 options were exercised.

The granting of stock options to Named Executive Officers and other employees is reviewed and approved at the meetings of the Compensation Committee and the Board of Directors. Factors that are considered include the balance between long-term value creation and shareholder wealth, executive stock ownership and executive retention risk. The Co-Chief Executive Officers are not eligible for stock options under the Option Plan. Named Executive Officers and employees do not utilize any hedging policies (through derivatives or other financial instruments) relating to stock options or direct holding of Common Shares to retain legal ownership of their shares and options while reducing their exposure to changes to share price.

The first award of stock options under the Option Plan became effective March 10, 2014 (See description below under Stock Option Plan).

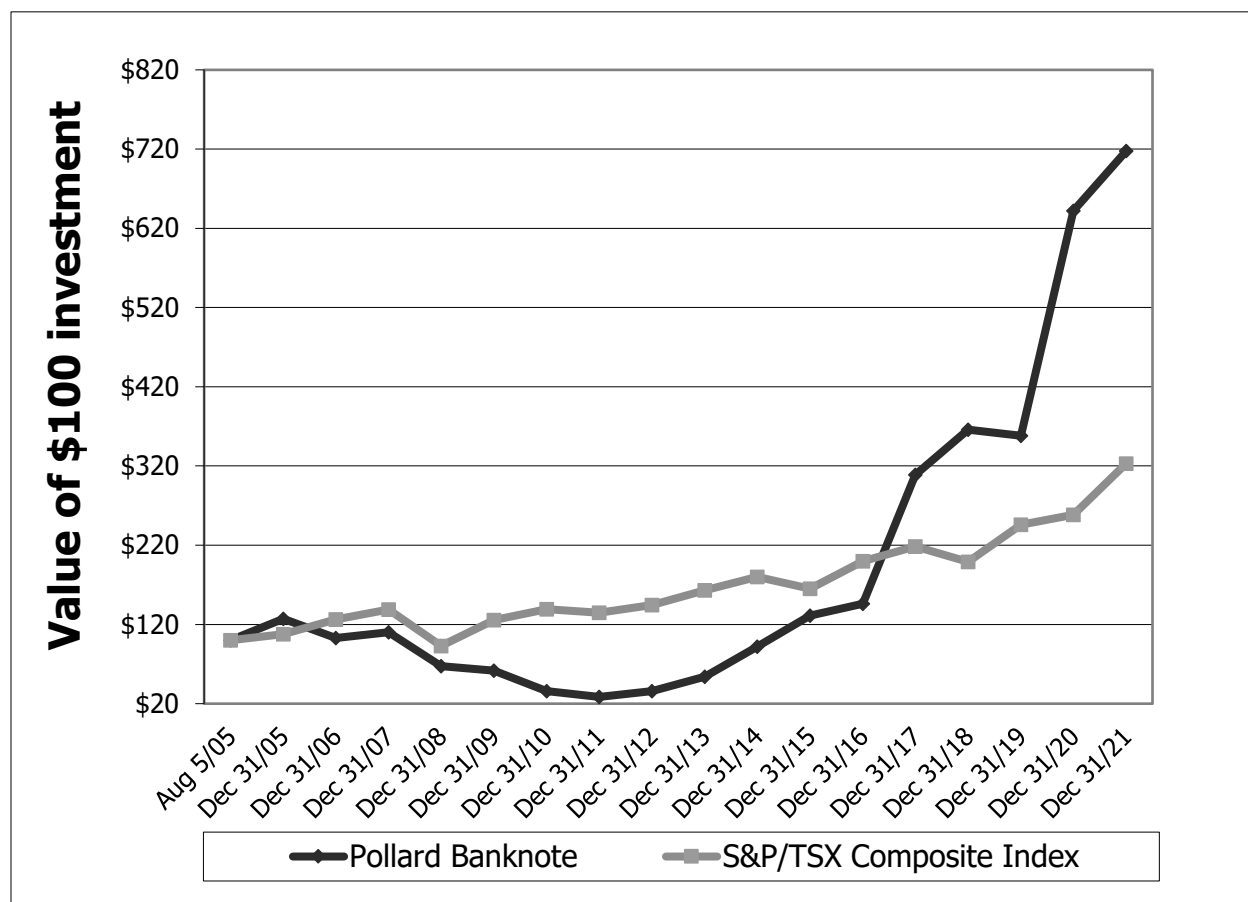
### ***Compensation Committee***

Prior to May 14, 2021, the Compensation Committee was comprised of Garry Leach, Dave Brown and Jerry Gray. Subsequent to his retirement as Director on May 14, 2021, Jerry Gray was replaced by Lee Meagher. Each member is "independent", as such term is defined in applicable securities legislation, of the Company. As of March 4, 2022, Garry Leach resigned from the Board of Directors due to health reasons and ceased to be a member of the Compensation Committee at that time and Lee Meagher was appointed interim Chair. On March 9, 2022, Gordon Pollard was appointed a member of the Compensation Committee on an interim basis until such time as an additional independent director is appointed.

The Compensation Committee is responsible for assisting the Board in discharging its responsibilities relating to executive hiring, assessment, compensation and succession planning. Among its duties are: (i) to recommend to the Board the appointment of the Co-Chief Executive Officers and to approve the terms and conditions of their appointment and retirement or termination; and (ii) to assess annually the performance of the Co-Chief Executive Officers against specific performance criteria and to report annually to the Board on the foregoing. The Compensation Committee also annually reviews the compensation of the Directors of the Company.

## Performance Graph

The following graph compares the percentage change in the cumulative Shareholder return for \$100 invested in Shares with the total cumulative return of the S&P/TSX Composite Index for the period from August 5, 2005, the date when the Pollard Banknote Income Fund completed its initial public offering, until December 31, 2021. The cumulative Shareholder return reflects the return generated by the Pollard Banknote Income Fund units prior to the Conversion on May 14, 2010 and the return generated by the Pollard Banknote Limited Shares subsequent to the Conversion on May 14, 2010. On December 31, 2021, the closing price per Share on the TSX was \$39.85.



	Aug 5/05	Dec 31/05	Dec 31/06	Dec 31/07	Dec 31/08	Dec 31/09	Dec 31/10	Dec 31/11	Dec 31/12
Pollard Banknote	100	127	103	110	68	62	36	29	36
S&P/TSX Composite Index (Total Return)	100	108	126	139	93	125	139	135	144

	Dec 31/13	Dec 31/14	Dec 31/15	Dec 31/16	Dec 31/17	Dec 31/18	Dec 31/19	Dec 31/20	Dec 31/21
Pollard Banknote	54	92	131	146	309	366	358	642	717
S&P/TSX Composite Index (Total Return)	163	180	165	200	218	199	246	258	323

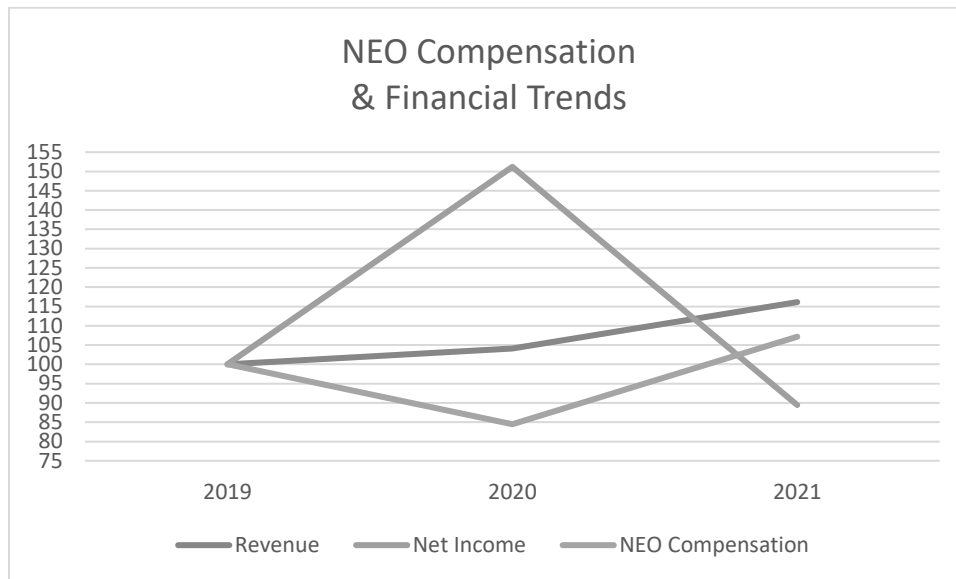
## Summary Compensation Table

The following table provides a summary of all compensation paid to the Named Executive Officers. Securities legislation provides that the Named Executive Officers must include the Chief Executive Officer, Chief Financial Officer and each of the Company's three most highly compensated executive officers determined on the basis of the total compensation paid in the year ended December 31, 2021.

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards <sup>(1) (2)</sup> (\$)	Non-equity incentive plan compensation (\$)		Pension value <sup>(4)</sup> (\$)	All other compensation <sup>(5)</sup> (\$)	Total compensation (\$)
					Annual incentive plans <sup>(3)</sup> (\$)	LTIP pay-outs (\$)			
Douglas Pollard, Co-Chief Executive Officer	2021	289,205	Nil	Nil	4,071	Nil	19,000	Nil	312,276
	2020	289,205	Nil	Nil	4,297	Nil	18,000	Nil	311,502
	2019	289,205	Nil	Nil	1,225	Nil	16,000	Nil	306,430
John Pollard, Co-Chief Executive Officer	2021	289,205	Nil	Nil	4,071	Nil	76,000	Nil	369,276
	2020	289,205	Nil	Nil	4,297	Nil	57,000	Nil	350,502
	2019	289,205	Nil	Nil	1,225	Nil	50,000	Nil	340,430
Rob Rose, Chief Financial Officer, Executive VP, Finance	2021	334,773	Nil	Nil	138,871	Nil	118,000	Nil	591,644
	2020	314,965	Nil	Nil	92,497	Nil	90,000	Nil	497,462
	2019	293,194	Nil	138,196	64,225	Nil	66,000	Nil	561,615
Jennifer Westbury, Executive VP, Sales & Customer Development	2021	378,652	Nil	Nil	173,071	Nil	66,000	Nil	617,723
	2020	358,845	Nil	Nil	129,997	Nil	59,000	Nil	547,842
	2019	337,074	Nil	138,196	123,750	Nil	54,000	Nil	653,020
Robert Young, Executive VP, Operations <sup>(6)</sup>	2021	201,370	Nil	492,397	969	Nil	36,000	Nil	730,736
	2020	210,023	Nil	Nil	112,334	Nil	Nil	Nil	322,357
	2019	337,074	Nil	138,196	73,125	Nil	48,000	Nil	596,395
Riva Richard, General Counsel, Executive VP, Legal Affairs	2021	334,773	Nil	Nil	138,871	Nil	90,000	Nil	563,644
	2020	314,965	Nil	Nil	92,497	Nil	74,000	Nil	481,462
	2019	293,194	Nil	138,196	64,225	Nil	46,000	Nil	541,615

Notes:

- (1) Reflects the estimated fair value of the stock options granted on November 8, 2019, on which the closing price was \$20.70. For the fair value of the stock options the Black-Scholes pricing model was used for compensation purposes as it is consistent with the valuation approach used for accounting purposes.
- (2) Reflects the estimated fair value of the stock options granted on May 31, 2021, on which the closing price was \$61.13. For the fair value of the stock options the Black-Scholes pricing model was used for compensation purposes as it is consistent with the valuation approach used for accounting purposes.
- (3) Represents payments under the Executive Bonus Plan and the Employee Profit Sharing Plan.
- (4) Pension value represents the value of the current service cost earned for the year of service credited for 2021, 2020 and 2019.
- (5) The value of perquisites and benefits for each Named Executive Officer did not exceed the lesser of \$50,000 and 10% of the total annual salary and bonus of such office.
- (6) Mr. Young left Pollard Banknote in 2020 and was re-appointed Executive VP, Operations on May 31, 2021.



### Stock Option Plan

On March 5, 2014, the Board of Directors approved the first issuance of stock options under the Pollard Banknote Limited Stock Option Plan. An aggregate of 100,000 options to purchase Common Shares from the Company’s Treasury were awarded to certain Named Executive Officers of the Company effective March 10, 2014. The stock options have an exercise price of \$3.63, being equal to the closing price of the Common Shares on the TSX on March 7, 2014. The stock options vest over four years at the rate of 25% per year at each anniversary date and have a seven–year term. The following NEO’s were awarded 25,000 stock options each: Rob Rose, Jennifer Westbury, Riva Richard and Robert Young.

On September 7, 2016, the Board of Directors approved the issuance of stock options under the Pollard Banknote Limited Stock Option Plan for a senior executive. An aggregate of 25,000 options to purchase Common Shares from the Company’s Treasury were awarded effective October 3, 2016. The stock options have an exercise price of \$8.12, being equal to the closing price of the Common Shares on the TSX on September 30, 2016. The stock options vest over four years at the rate of 25% per year at each anniversary date and have a seven–year term.

On March 13, 2017, the Board of Directors approved the issuance of 125,000 options to purchase Common Shares of Pollard Banknote Limited Stock to certain Named Executive Officers and another executive. The effective date of the grant was April 24, 2017. The stock options have an exercise price of \$10.00, being equal to the closing price of the Common Shares on the TSX on April 21, 2017. The stock options vest over four years at the rate of 25% per year at each anniversary date and have a seven–year term. The following NEO’s were awarded 25,000 stock options each: Rob Rose, Jennifer Westbury, Riva Richard and Robert Young.

On November 5, 2019, the Board of Directors approved the issuance of 150,000 options to purchase Common Shares of Pollard Banknote Limited Stock to certain Named Executive Officers and 2 other executives. The effective date of the grant was November 8, 2019. The stock options have an exercise price of \$20.70, being equal to the closing price of the Common Shares on the TSX on November 7, 2019. The stock options vest over four years at the rate of 25% per year at each anniversary date and have a seven–year term. The following NEO’s were awarded 25,000 stock options each: Rob Rose, Jennifer Westbury,

Riva Richard and Robert Young. The fair market value of the options granted are included in the compensation table for the year ended 2019.

On March 11, 2020, the Board of Directors approved the issuance of 25,000 options to purchase Common Shares of Pollard Banknote Limited Stock to an executive. The effective date of the grant was March 16, 2020. The stock options have an exercise price of \$18.31, being equal to the closing price of the Common Shares on the TSX on March 13, 2020. The stock options vest over four years at the rate of 25% per year at each anniversary date and have a seven-year term.

On November 9, 2020, the Board of Directors approved the issuance of 25,000 options to purchase Common Shares of Pollard Banknote Limited Stock to an executive. The effective date of the grant was November 11, 2020. The stock options have an exercise price of \$23.65, being equal to the closing price of the Common Shares on the TSX on November 11, 2020. The stock options vest over four years at the rate of 25% per year at each anniversary date and have a seven-year term.

On May 13, 2021, the Board of Directors approved the issuance of 25,000 options to purchase Common Shares of Pollard Banknote Limited Stock to Robert Young, a Named Executive Officer. The effective date of the grant was May 31, 2021. The stock options have an exercise price of \$61.13, being equal to the closing price of the Common Shares on the TSX on May 13, 2021. The stock options vest over four years at the rate of 25% per year at each anniversary date and have a seven-year term. The fair market value of the options granted are included in the compensation table for the year ended 2021.

During 2018, 12,500 share options were exercised, during 2019, 10,000 share options were exercised, during 2020, 71,250 options were exercised and during 2021, 43,750 options were exercised. In 2021 Named Executive Officers earned gains of \$772,613 (2020 - \$936,363) from exercising options.

Name and principal position	Option-based Awards		Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)
	Number of securities underlying unexercised options (#)	Option exercise price (\$)		
Douglas Pollard, Co-Chief Executive Officer	N/A	N/A	N/A	N/A
John Pollard, Co-Chief Executive Officer	N/A	N/A	N/A	N/A
Rob Rose, Chief Financial Officer, Executive VP, Finance	25,000	10.00	April 24, 2024	746,250
	25,000	20.70	November 8, 2026	478,750
Jennifer Westbury, Executive VP, Sales & Customer Development	12,500	10.00	April 24, 2024	373,125
	25,000	20.70	November 8, 2026	478,750
Robert Young, Executive VP, Operations	25,000	10.00	April 24, 2024	746,250
	25,000	61.13	May 31, 2028	Nil
Riva Richard, General Counsel, Executive VP, Legal Affairs	15,000	10.00	April 24, 2024	447,750
	25,000	20.70	November 8, 2026	478,750

Notes:

- (1) The value of unexercised in-the-money options as at December 31, 2021, is the difference between the closing price and the exercise price of the underlying shares at that date. These options have not been, and may never be, exercised, and actual gains, if any, on exercise will depend on the value of shares on the date of exercise. The closing price of the underlying stock as at December 31, 2021, was \$39.85.

### ***Overhang, dilution and burn rate***

<b>As at December 31</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Overhang</b> the total number of Common Shares reserved for issue to employees less the number of options redeemed, expressed as a % of the weighted average number of Common Shares outstanding in the year	8.2%	7.4%	9.0%
<b>Dilution</b> the total number of stock options outstanding, expressed as a % of the weighted average number of Common Shares outstanding in the year	1.2%	1.3%	1.5%
<b>Burn Rate</b> the number of stock options granted annually, expressed as a % of the weighted average number of Common Shares outstanding in the year	0.1%	0.2%	0.6%

### **Pension Plan Benefits**

The Company (and prior to the Consolidation, Pollard Banknote Limited Partnership) maintains the Pension Plan for Executive Employees including certain Named Executive Officers. The Pension Plan pays a pension of 1% of final average earnings per year of pensionable service (maximum 35 years of service) with the exception that pre-1990 accrual rate is 2% rather than 1% for John Pollard and Gordon Pollard. The final average earnings are calculated as the total earnings during the 36 consecutive months prior to retirement. Total earnings include salary but excludes bonuses and profit-sharing payments. Pension payments are made over the life of the executive. In the event of death, 66 ⅔% of the pension is continued for the life of the executive's spouse. Other optional forms of payments are available on an actuarially equivalent basis.

### ***Defined Benefit Plan Table***

<b>Name and principal position</b>	<b>Number of years credited service (#)</b>	<b>Annual benefits payable (\$)</b>		<b>Accrued obligation at start of year<sup>(1)</sup> (\$)</b>	<b>Compensatory change<sup>(2)</sup> (\$)</b>	<b>Non-compensatory change<sup>(3)</sup> (\$)</b>	<b>Accrued obligation at year end (\$)</b>
		<b>At year end</b>	<b>At age 65</b>				
Douglas Pollard, Co-Chief Executive Officer	24.6	71,000	111,000	1,550,000	19,000	(134,000)	1,435,000
John Pollard, Co-Chief Executive Officer	35.6	105,000	117,000	2,324,000	76,000	(192,000)	2,208,000

Name and principal position	Number of years credited service (#)	Annual benefits payable (\$)		Accrued obligation at start of year <sup>(1)</sup> (\$)	Compensatory change <sup>(2)</sup> (\$)	Non-compensatory change <sup>(3)</sup> (\$)	Accrued obligation at year end (\$)
		At year end	At age 65				
Rob Rose, Chief Financial Officer, Executive VP, Finance	27.0	85,000	96,000	1,676,000	118,000	(95,000)	1,699,000
Jennifer Westbury, Executive VP, Sales & Customer Development	31.0	101,000	106,000	1,982,000	66,000	(107,000)	1,941,000
Rob Young, Executive VP, Operations	0.7 <sup>(4)</sup>	2,000	3,000	Nil	36,000	Nil	36,000
Riva Richard, General Counsel, Executive VP, Legal Affairs	10.1	32,000	82,000	612,000	90,000	(71,000)	631,000

Notes:

- (1) Key elements of the actuarial basis for determining the accrued obligation are salary increases of 3% per annum and mortality table CPM14 Private Sector with improvement Scale MI-2017 for December 31, 2021 and 2020. Interest rate assumed at December 31, 2021, is 3.0% per annum and for December 31, 2020, is 2.5% per annum.
- (2) Compensatory change is the value of the current service cost earned for the year of service credited for 2021.
- (3) The non-compensatory change refers to the impact on the accrued obligation of changing the interest rate from 2.5% to 3.0%.
- (4) Mr. Young left Pollard Banknote in 2020 and was re-appointed Executive VP, Operations on May 31, 2021.

**Expected Pension Benefits**

Final Average Earnings (\$)	Years of Service				
	15	20	25	30	35
125,000	\$18,750	\$25,000	\$31,250	\$37,500	\$43,750
150,000	\$22,500	\$30,000	\$37,500	\$45,000	\$52,500
175,000	\$26,250	\$35,000	\$43,750	\$52,500	\$61,250
200,000	\$30,000	\$40,000	\$50,000	\$60,000	\$70,000
225,000	\$33,750	\$45,000	\$56,250	\$67,500	\$78,750
250,000	\$37,500	\$50,000	\$62,500	\$75,000	\$87,500
275,000	\$41,250	\$55,000	\$68,750	\$82,500	\$96,250
300,000	\$45,000	\$60,000	\$75,000	\$90,000	\$105,000
325,000	\$48,750	\$65,000	\$81,250	\$97,500	\$113,750
350,000	\$51,300	\$68,400	\$85,500	\$102,600	\$119,700
375,000	\$51,300	\$68,400	\$85,500	\$102,600	\$119,700

Currently, the *Income Tax Act* (Canada) limits the maximum pension to \$3,420.00 per year of service for 2022. The maximum pension benefit is currently attained at a final average earning level of \$342,000. This maximum level is expected to increase annually based on certain indexes.

## Employment Contracts

The Company (and prior to the Consolidation, Pollard Banknote Limited Partnership), maintains employment agreements with Gordon Pollard, John Pollard and Douglas Pollard. The agreements were for an initial two-year term ended August 5, 2007 and are renewable for successive one-year terms. The agreements have been renewed annually and were most recently renewed for the one-year term ending August 5, 2022. The agreements provide for, among other things, confidentiality obligations and non-solicitation and non-competition covenants in favour of the Company and its subsidiaries that will apply during the term of each executive's employment and for 18 months thereafter. The employment agreements for Douglas Pollard and John Pollard provide that each will serve as the Co-Chief Executive Officer, and each will be: (i) paid an annual salary of \$390,000, plus annual adjustments, (ii) eligible to receive an annual bonus of up to 30% of his base salary, and (iii) eligible to receive payments under the profit-sharing plan. In light of the ongoing impacts of COVID-19 during 2021, the Co-Chief Executive Officers chose to maintain their annual salary at the \$290,000 level for 2021 and declined to receive any available bonus under the executive bonus plan. The \$390,000 annual salary will be reinstated beginning July 1, 2022. The employment agreement for Gordon Pollard provides that he will serve as the Executive Chair of the Board, and he will be paid an annual base salary of \$100,000, plus annual adjustments, and be eligible to receive: (i) an annual bonus of up to 30% of his base salary, and (ii) payments under the profit-sharing plan. The Executive Chair of the Board also declined to receive any available bonus under the executive Bonus plan due to the impacts of COVID-19.

## Compensation of Directors

The following table provides a summary of all compensation paid to the Directors for the year ended December 31, 2021.

Name <sup>(1)</sup>	Fees earned (\$)	Value of DSU's granted (\$)	Total compensation (\$)
Dave Brown <sup>(2)(3)(4)</sup> Winnipeg, Manitoba, Canada	79,500	19,068	98,568
Jerry Gray <sup>(5)</sup> Winnipeg, Manitoba, Canada	34,826	nil	34,826
Lee Meagher <sup>(2)(3)(4)(5)</sup> Winnipeg, Manitoba, Canada	33,500	19,068	52,568
Garry Leach <sup>(2)(3)(4)(5)</sup> Victoria, British Columbia, Canada	78,567	19,068	97,635

Notes:

- (1) Compensation paid to Douglas Pollard and John Pollard, Named Executive Officers, is disclosed in "Executive Officer and Director Compensation – Summary Compensation Table". No additional compensation was paid to such Named Executive Officers in their capacity as Directors of the Company. Compensation paid to Gordon Pollard, Executive Chair, for the year ended December 31, 2021, totaled \$103,797, including \$4,071 in profit share. No additional compensation was paid to the Executive Chair in his capacity as a Director of the Company.
- (2) Member of the Governance and Nominating Committee. Mrs. Meagher is the Chair of the Governance and Nominating Committee.
- (3) Member of the Audit Committee. Mr. Brown is the Chair of the Audit Committee.
- (4) Member of the Compensation Committee. Mr. Leach was the Chair of the Compensation Committee and lead Director prior to his resignation due to health reasons on March 4, 2022 and Mrs. Meagher was appointed interim Chair of the Compensation Committee.



(5) Mr. Gray retired from the Board of Directors effective May 14, 2021 and Lee Meagher was elected to the Board of Directors effective May 14, 2021.

During 2021 the base annual retainer was \$50,000 cash plus \$30,000 in value of Deferred Share Units (“DSUs”). For 2021 only, the \$30,000 annual value of DSUs was prorated for the portion of time from May 14<sup>th</sup>, the date the plan was approved, until the end of the year. In 2021, the Executive Chair of the Board received annual compensation of \$100,000 plus profit share. None of the Executive Chair nor any other Director who is employed by the Company receives additional compensation in his or her capacity as a Director of the Company.

In 2021, prior to May 14, 2021, the Chairs of the Audit Committee, Compensation Committee and Governance and Nominating Committee received additional annual retainers of \$10,000, \$3,750 and \$3,750, respectively, and the Lead Director received an additional retainer of \$7,500. Also prior to May 14, 2021, each Director received \$1,500 for each meeting attended in person and \$500 for each meeting attended by telephone. Effective May 14, 2021, meeting fees were eliminated in conjunction with the introduction of a Deferred Share Unit Plan (“DSU Plan”), the annual retainer for the Lead Director became \$5,000 and the Chairs of the Compensation Committee and Governance and Nominating Committee annual retainers were changed to \$5,000 each.

A total of 14 meetings were held during 2021. Directors of the Company are also reimbursed for out of pocket expenses for attending meetings of the Board and its committees, as applicable. From time to time, the Board may find it necessary or appropriate to strike special committees to deal with specific matters that arise. Terms of reference and compensation arrangements for each special committee are established when the committees are struck. During 2021 no such committee was struck.

During the year ended December 31, 2021, \$nil (2020 \$nil) in travel expenses were reimbursed to the independent Directors of the Company.

### **Deferred Share Unit Plan**

On March 10, 2021, on recommendation of the Compensation Committee, the Board approved the implementation of a cash-settled Deferred Share Unit Plan (“DSU Plan”) for non–employee Directors providing for the issuance of Deferred Share Units (“DSUs”). The DSU Plan came into effect on May 14, 2021 and was established to allow non–employee Directors of the Company to participate in the long–term success of the Company and to promote a greater alignment of their interests with those of the Shareholders of the Company.

Under the terms of the DSU Plan, Directors annual retainer compensation will be increased to \$50,000 cash and \$30,000 DSUs for a total annual retainer of \$80,000. Directors may elect to receive up to 50% of their cash compensation in DSUs if they have not yet attained the recommended level of DSU and Common Share ownership of 3x their annual cash retainer, being \$240,000. Once the 3x level is achieved Director’s will no longer be allowed to take any portion of their cash compensation in the form of DSUs. The number of DSUs awarded to a Director is determined by dividing the applicable amount of the Director’s fee by the closing price of the Company’s Common Shares on the TSX on the business day immediately preceding the date of the award.

In addition, each Director’s DSU account is credited with dividend equivalents in the form of additional DSUs on any dividend payment date in respect of which cash dividends are paid on the Common Shares of the Company. The DSUs are redeemed by the Company for cash at the time a Director ceases to be a Director of the Company. The cash settlement amount will equal the number of DSUs held by the Director, multiplied by the closing price of the Company’s Common Shares on the TSX on the last business day immediately preceding the date of settlement. Each DSU is an unfunded and unsecured obligation of the

Company. The DSU Plan is only available to non–employee Directors. Directors who are employees of the Company do not participate in the DSU Plan or any other form of Director compensation.

The table below shows details of the number and value of DSUs held by directors at December 31, 2021.

Name	Number of Units That Have Not Vested <sup>(1)</sup> #	Market or Payout Value of Units That Have Not Vested <sup>(1)</sup> \$	Market value of vested Unit Awards Not Paid Out or Distributed <sup>(2)</sup> \$	Unit Based Awards That Vested During the Year <sup>(3)</sup> #	Unit Based Awards That Vested During the Year <sup>(3)</sup> \$
Dave Brown	n/a	n/a	14,176	356	19,068
Garry Leach <sup>(4)</sup>	n/a	n/a	14,176	356	19,068
Lee Meagher	n/a	n/a	14,176	356	19,068

Notes:

- (1) Units credited under the DSU Plan vest at the time of being credited to the plan.
- (2) The Market value is based on the closing share price of the Company’s shares on the TSX on December 31, 2021 (\$39.85) and the number of units under the DSU Plan credited the participant for director’s fees earned and dividends up to December 31, 2021.
- (3) The “Unit Based Awards That Vested During the Year” represent all DSUs credited to the directors’ accounts (excluding dividend reinvestment) in respect of 2021.
- (4) On March 4, 2022, Garry Leach resigned as Director due to health reasons.

### Compliance with Equity Ownership Guidelines

The Board requires directors who are not officers or employees of the Company to own and hold a minimum number of shares of the Company or equivalent DSUs equal to three times the annual retainer for directors. With the annual retainer being \$80,000 (\$50,000 cash and \$30,000 in DSUs), the holding requirement in dollars is \$240,000. Ownership may take the form of actual shares or equivalent units acquired under the DSU Plan. The value of any actual shares for this purpose is the market value of the shares. The guideline holdings are to be acquired within five years of the director’s appointment or any increase in the amount of the annual retainer, whichever is later. The table below shows each non-executive director’s compliance with the equity ownership guidelines.

Name	Date Joined Board	Number of Shares and Units held <sup>(1)</sup> #	Value of Equity Holdings \$	Multiple of Current Retainer	Meets Ownership Requirements <sup>(2)</sup> Yes/No
Required Holding				3.0X	
Dave Brown	2017	5,756	229,377	2.9X	Yes
Lee Meagher	2021	3,336	132,940	1.7X	Yes

Notes:

- (1) The information given is as at December 31, 2021, using the closing price of the Company's stock of \$39.85.
- (2) Mr. Brown and Mrs. Meagher are within the permitted grace period due to the increase in annual retainer in 2021. A director has five years from his or her appointment or an increase to the required holdings (such as the increase of the annual retainer) to comply with the equity ownership guidelines. Mr. Brown and Mrs. Meagher have until 2026 to acquire sufficient shares or DSUs to fulfill the equity ownership guidelines.

Although the Company's executive compensation program is designed primarily around pay for performance, Director compensation is based on annual retainers which help ensure the Company's Directors are unbiased when making decisions.

## INDEBTEDNESS

No Director or senior officer of the Company, or any of their associates is, or has at any time since the establishment of the Company been, indebted to the Company or its subsidiaries, or had indebtedness which was the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Company or its subsidiaries.

## CORPORATE GOVERNANCE

### The Board

During 2021 the Board consisted of six members, three of whom are considered independent. Prior to May 14, 2021, the three independent Directors were: Jerry Gray, Dave Brown and Garry Leach. Beginning May 14, 2021, the three independent Directors were: Lee Meagher, Dave Brown, and Garry Leach. The three Directors who are not independent are Douglas Pollard, John Pollard and Gordon Pollard. John Pollard, Douglas Pollard and Gordon Pollard are part of a control group that controls approximately 64.3% of the Company and each of them work in an executive capacity.

As the Board does not have a majority of independent Directors, and the Executive Chair is considered not to be independent, there are steps the Board takes to ensure it exercises independent judgment in carrying out its responsibilities. Jerry Gray served as Lead Director prior to his retirement from the board on May 14, 2021, when Garry Leach was appointed Lead Director. The responsibilities are to assist and lead the independent Directors in fulfilling their responsibilities and duties as independent members of the Board of Directors. On March 4, 2022, Garry Leach resigned as Director due to health reasons. It is anticipated that a new Lead Director will be appointed upon appointment of a third independent director. In addition, during 2021 each of the Audit Committee, the Compensation Committee and the Governance and Nominating Committee consisted exclusively of the independent Directors of the Board of Directors. In their capacities as members of the Audit Committee, the Compensation Committee and the Governance and Nominating Committee, the independent Directors of the Board of Directors have extensive opportunities to meet without the presence of non-independent Directors. The Company believes that these opportunities enable the independent Directors of the Board to have open and candid discussions, without holding regularly scheduled meetings with only the independent Directors of the Board of Directors in attendance.

The following table sets out the Board and committee meeting attendance of the Directors of the Company during 2021.

	Meetings of the Board	Meetings of the Audit Committee	Meetings of the Compensation Committee	Meetings of the Governance and Nominating Committee
Jerry Gray <sup>(1)</sup>	3 of 3	3 of 3	2 of 2	2 of 2
Dave Brown	5 of 5	5 of 5	2 of 2	2 of 2

	Meetings of the Board	Meetings of the Audit Committee	Meetings of the Compensation Committee	Meetings of the Governance and Nominating Committee
Garry Leach	4 of 5	4 of 5	2 of 2	2 of 2
Lee Meagher <sup>(2)</sup>	2 of 2	2 of 2	N/A	N/A
Douglas Pollard	5 of 5	N/A	N/A	N/A
John Pollard	5 of 5	N/A	N/A	N/A
Gordon Pollard	5 of 5	N/A	N/A	N/A

<sup>(1)</sup> Jerry Gray did not stand for re-election to the Board on May 14, 2021.

<sup>(2)</sup> Lee Meagher was elected to the Board of Directors on May 14, 2021.

### Other Directorships

Directors involved as directors/trustees of other reporting issuers are listed below:

Dave Brown	–	Boyd Group Services Inc. RF Capital Group Inc.
------------	---	---------------------------------------------------

### Board Mandate

The charter of the Board of Directors is attached to this circular as Appendix “A”.

### Position Descriptions

The Board has developed detailed written position descriptions for the Chair of the Board and the Chair of each committee of the Board. The role of each committee Chair and the Chair of the Board is to ensure the responsibilities documented in the charters or mandates of each committee and the Board are carried out and achieved and these are reviewed annually.

The Board has also developed a written position description for the Co-Chief Executive Officers. In addition, the Board and the Co-Chief Executive Officers meet on a regular basis to discuss the roles of the Co-Chief Executive Officers and responsibilities in relation to the objectives and goals of the Company.

### Orientation and Continuing Education

The Company undertakes a day-long orientation and education session for all new Directors of the Board. The orientation includes a detailed review of the operations of the business as well as the roles of the Board of Directors and its committees. Directors meet regularly at the Company’s different operating facilities where extensive plant tours and interaction with local management provide greater understanding of the business. Site visits are an important part of the education process, however in light of COVID-19 and restrictions on travel, none were conducted during 2020 or 2021. In addition, formal management presentations on different aspects of the Company’s operations are reviewed at least quarterly. Some of the presentations and learning opportunities are set out below:

Quarter	Topic
Ongoing programs	Regular deep dive presentations by management

Quarter	Topic
	Regular meetings with Directors and senior executives and managers
	Extensive involvement in Director regulatory reporting requirements
	Provision of various articles and reading material relating to governance and regulatory requirements
Fiscal Q1, 2021	<i>Corporate Development Activity</i> , presentation by management
Fiscal Q2, 2021	<i>Update on COVID-19 impact and risk assessment</i> , presentation by management
	<i>Update on 2021 operational and capital budgets</i> , presentation by management
Fiscal Q3, 2021	<i>Presentation on Cyber Security</i> , presentation by management
	<i>ESG overview</i> , presentation by management
Fiscal Q4, 2021	<i>Corporate Development Activity</i> , presentation by management
	<i>Presentation on the Insurance Markets</i> , presentation by management
	<i>Review of 2022 operating and financial projections</i> , presentation by management
Fiscal Q1, 2022	<i>Strategic Plan update</i> , presentation by management

All of the Directors present at the Board meeting attended virtually in 2021 except for the November 10, 2021 meeting which was held in person, and actively participated in the above education sessions. As required, Directors of the Board avail themselves of any ongoing or additional education required to maintain the skill and knowledge necessary to meet their obligations as Directors of the Board.

### ***Ethical Business Conduct***

The Board has adopted a written code of ethical business conduct for Directors, officers and employees. A copy of the code is available on SEDAR at [www.sedar.com](http://www.sedar.com), or a copy can be obtained by writing the Chief Financial Officer at 140 Otter Street, Winnipeg, Manitoba R3T 0M8. The Board regularly reviews compliance with the code of ethical business conduct with management as part of its overall responsibilities.

### ***Assessments***

The Governance and Nominating Committee of the Board has the responsibility to assess, on an annual basis, the performance of the Board, the committees of the Board and the individual Directors of the Board. A formal Board Evaluation and self-assessment occurs every two years.

## ***Diversity***

The Governance and Nominating Committee examines annually the size and composition of the Board of Directors and its committees by considering factors such as the skills, experience, professional and industry representation, as well as factors that promote diversity on the Board, including age and gender with a view to ensuring that the Board of Directors benefits from a broad range of perspectives and relevant experience. Although the Company has not adopted a formal written policy relating to the identification and nomination of female Directors, the Governance and Nominating Committee does consider diversity and specifically the need to nominate qualified female Directors a significant factor to take into account. The Company is committed to fostering a diverse and inclusive culture both within its Management team and among its Directors, this represents a strategic business priority for the Company and contributes to its continued commitment to sound corporate governance, market innovation and growth. Although the Company has not adopted a formal written policy with specific targets regarding the representation of women executive and management positions, the Company believes that diversity, including gender diversity, is a critical factor in ensuring a varied, experienced, creative and skilled work force and actively ensures diversity factors, including gender, are considered. This commitment is reflected in the current representation of female members of our executive and management team.

## ***Shareholder Engagement***

Pollard continues to believe that directly engaging with Shareholders and other stakeholders is critical because it allows management to hear issues directly from the source. Management engages with Shareholders throughout the year through formal visits, presentations as well as frequent interactions with the Co-Chief Executive Officers and Chief Financial Officer. We encourage our Shareholders to express their views on governance matters directly to the Board. If you have questions about our governance practices you can address them to our lead director at the following:

Lead Director, Pollard Banknote Limited, 140 Otter Street, Winnipeg, Manitoba, R3T 0M8 Canada Email: [Leaddirector@pbl.ca](mailto:Leaddirector@pbl.ca)

## ***Management Succession Planning***

The Governance and Nominating Committee works with the Co-Chief Executive Officers to assist in appropriate senior management succession planning. While no Co-Chief Executive Officer succession plans are formally documented, the nature of the Company's structure utilizing a dual Co-Chief Executive role allows the Company to effectively have a built-in succession plan with two experienced senior executives providing security and back up in a succession situation. Our current Co-Chief Executives are part of a control group that currently owns approximately 64.3% of the outstanding Common Shares and with this dual Co-Chief Executive structure, provides the Company security relating to succession planning.

## ***The Compensation Committee***

The Company has a Compensation Committee consisting solely of the independent Directors, other than for certain appointments covering a short term interim period. For a description of the governance policies related to the Compensation Committee, see "Executive Officer and Director Compensation – Compensation Discussion and Analysis – Compensation Committee." Prior to May 14, 2021, Garry Leach was the Chair of the Compensation Committee and the other members were Dave Brown and Jerry Gray. Beginning May 14, 2021, Lee Meagher became a member of the Compensation Committee replacing Jerry Gray on his retirement. On March 4, 2022, Garry Leach resigned as Director due to health reasons and Lee Meagher was appointed interim Chair of the Compensation Committee. On March 9, 2022, Gordon Pollard

was appointed a member of the Governance and Nominating Committee on an interim basis until such time as an additional independent director is appointed.

### **The Audit Committee**

The Company has an Audit Committee consisting solely of the independent Directors, other than for certain appointments covering a short term interim period. For description of the governance policies related to the Audit Committee, see the AIF, which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

With Garry Leach's resignation, John Pollard has been appointed to the Audit Committee effective March 4, 2022, to serve as the third member, until a new independent director is appointed to the Board and to the Audit Committee. The Board of Directors, upon the recommendation of the Companies' Governance and Nominating Committee, determined in accordance with Section 3.9 of National Instrument 52-110, Audit Committees, that the appointment of John Pollard as an interim member of the Audit Committee and the reliance on the exemption in Section 3.5 from the independence requirements will not materially adversely affect the ability of the Audit Committee to act independently and to satisfy the requirements of National Instrument 52-110. The Company is entitled to rely on this exemption for up to six months.

### **The Governance and Nominating Committee**

The Company has a Governance and Nominating Committee consisting of the independent Directors, other than for certain appointments covering a short term interim period. Prior to May 14, 2021, Garry Leach was the Chair of the Governance and Nominating Committee and the other members were Dave Brown and Jerry Gray. Beginning May 14, 2021, Lee Meagher is the Chair of the Governance and Nominating Committee and the other members are Dave Brown and Garry Leach. On March 4, 2022, Garry Leach resigned as Director due to health reasons. On March 9, 2022, Gordon Pollard was appointed a member of the Governance and Nominating Committee on an interim basis until such time as an additional independent director is appointed.

The Governance and Nominating Committee develops and reviews criteria as well as establishes procedures for selecting Directors by regularly assessing the competencies, skills, personal qualities, business background and diversified experience of the Board and the Company's circumstances and needs. The Governance and Nominating Committee identifies candidates qualified to become Board members and recommends nominees for election.

The Governance and Nominating Committee assists the Board in: (i) developing the Company's approach to corporate governance issues, (ii) proposing new Board nominees and Director nominees for each committee of the Board, (iii) assessing the effectiveness of the Board and its committees as a whole and the contribution of individual members, and (iv) orienting new Directors upon appointment or election to the Board.

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

The Directors and officers of the Company are covered under a liability insurance policy. The aggregate premium for such insurance for the period from November 1, 2021, to October 31, 2022, is \$77,410. The aggregate limit of liability applicable to the insured Directors and officers under the policies is \$20 million, inclusive of defense costs. Under the policy, each entity has reimbursement coverage to the extent that it has indemnified the Directors and officers. The policy includes securities claims coverage, insuring against any legal obligation to pay on account of any securities claims brought against the Company or its subsidiaries. There is a \$100,000 deductible provision for all other claims made by the Company but no such provision for claims made by any of their respective Directors or officers. The total limit of liability is shared between the Company and its subsidiaries and their respective Directors and officers so that the limit of liability is not exclusive to any one of the entities or their respective Directors and officers.

## **INTERESTS OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

The Directors and Named Executive Officers of the Company Group and their associates, as a group, beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of approximately 17,364,588 Shares, representing approximately 64.5% of the outstanding Shares.

## **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Other than as disclosed under "Related Party Transactions" of the Company's audited consolidated financial statements for the year ended December 31, 2021, incorporated by reference herein, no informed person of the Company, proposed nominee for election as a Director, or any associate or affiliate of such persons, has or has had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

## **PRINCIPAL SHAREHOLDERS**

To the knowledge of the Directors and senior officers of the Company, as of April 7, 2022, there is no beneficial owner of, nor any person or company who exercises control or direction over, Common Shares carrying more than 10% of the votes attached to the outstanding Common Shares, other than Equities which, by virtue of its ownership of 17,305,158 Common Shares, controls approximately 64.3% of the votes attached to the outstanding Common Shares. As at the date hereof, the Company has outstanding 26,917,669 Common Shares.

## **OTHER BUSINESS**

As of the date hereof, Management does not know of any matters to be brought before the Meeting other than those set forth in the Notice of Meeting accompanying this Information Circular.



## **ADDITIONAL INFORMATION**

Current financial information for the Company is provided in the audited consolidated financial statements and management's discussion and analysis for the most recently completed financial year. This information and additional information relating to the Company can be found on the SEDAR website at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.pollardbanknote.com](http://www.pollardbanknote.com).

Copies of the Company's AIF, annual report (including management's discussion and analysis), audited consolidated financial statements and this Information Circular may be obtained upon request to the Company's Chief Financial Officer at 140 Otter Street, Winnipeg, Manitoba R3T 0M8. The Company may require payment of a reasonable charge if the request is made by a person who is not a Shareholder of the Company.

## **DIRECTORS' APPROVAL**

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

DATED at Winnipeg, Manitoba, on April 7, 2022.

(signed) "*Douglas Pollard*"

Douglas Pollard  
Co-Chief Executive Officer,  
Pollard Banknote Limited

**Appendix A– CHARTER OF THE BOARD OF DIRECTORS  
OF  
POLLARD BANKNOTE LIMITED**

**Authority**

The Board of Directors (the “Board”) establishes the overall policies for Pollard Banknote Limited (the “Corporation”), monitors and evaluates the Corporation’s strategic direction, and retains plenary power for those functions not specifically delegated by it to its Committees or to management. Accordingly, in addition to the duties of Directors pursuant to the Canada Business Corporations Act, the mandate of the Board is to supervise the management of the business and affairs of the Corporation with a view to the best interests of the Corporation. Management’s role is to conduct the day–to–day operations in a way that will meet this objective.

The Board may assign to Board committees the prior review of any issues it is responsible for.

The Board may engage outside advisors at the expense of the Corporation in order to assist the Board in the performance of its duties and set and pay the compensation for such advisors.

Nothing contained in this mandate is intended to expand applicable standards of liability under statutory or regulatory requirements for the Directors of the Corporation.

**Structure**

- Directors are elected annually by the shareholders of the Corporation and together with those appointed to fill vacancies or appointed as additional Directors throughout the year, collectively constitute the Board of Directors of the Corporation.
- The composition of the Board, including the qualification of its members, shall comply with the constituting law and charter of the Corporation as well as other applicable legislation, rules and regulations.
- The Chairman of the Board shall be appointed by resolution of the Board to hold office from the time of his/her appointment until the next annual general meeting of shareholders or until his/her successors are so appointed.
- The Board shall appoint an independent director to act as ‘lead director’, to act as the effective leader of the Board and ensure that the Board’s agenda will enable it to successfully carry out its duties.
- The Board shall meet at least four times per year and may meet more often if required.
- The Board shall meet separately without non–Board management present, as it shall determine, but at least annually.
- The provisions of the Articles and By–laws of the Corporation that regulate meetings and proceedings shall govern Board meetings.
- The Chairman shall approve the agenda for the meetings and ensure that properly prepared agenda materials are circulated to members with sufficient time for study prior to the meeting.
- The Board may invite from time to time such persons as it may see fit to attend its meetings and to take part in discussions and considerations of the affairs of the Board.

- The minutes of the Board meetings shall accurately record the significant discussions of and decisions made by the Board and shall be distributed to the Board members, with copies to the Co-Chief Executive Officers of the Corporation.

## **Responsibilities**

As part of its stewardship responsibility, the Board advises management on significant business issues and has the following responsibilities:

- Reviewing and approving, at the beginning of each fiscal year, the operating and capital budget and financial goals of the Corporation as well as longer term strategic plans prepared and elaborated by management and, throughout the year, monitoring the achievement of the objectives set.
- Reviewing and approving all securities continuous disclosure filings such as the Annual Report, Proxy Circular, and Annual Information Form.
- Ensuring that it is properly informed, on a timely basis, of all important issues (including environmental, cash management and business development issues) and developments involving the Corporation and its business environment.
- Identifying, with management, the principal risks of the Corporation's business and the systems put in place to manage these risks as well as monitoring, on a regular basis, the adequacy of such systems.
- Satisfying itself as to the integrity of the Co-Chief Executive Officers and other senior officers and that the Co-Chief Executive Officers and other senior officers create a culture of integrity throughout the Corporation.
- Ensuring proper succession planning (including appointing, training and monitoring senior executives).
- Reviewing and ratifying the Compensation Committee's assessment of the performance of the Co-Chief Executive Officers.
- Adopting a communication and disclosure policy for the Corporation and monitoring investor relations programs.
- Adopting and enforcing good corporate governance practices and processes.
- Ensuring the integrity of the Corporation's internal control, management information systems and financial disclosure.
- Reviewing the Board's mandate annually and recommending and implementing changes as appropriate. The Board shall ensure that processes are in place to annually evaluate the performance of the Board and of its Directors.

