



# **MANAGEMENT PROXY CIRCULAR**

Notice of Annual Meeting of Shareholders

To be held on May 3, 2022

# MAGELLAN AEROSPACE CORPORATION

## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that an annual meeting (the "Meeting") of the holders of common shares ("Common Shares") of MAGELLAN AEROSPACE CORPORATION (the "Corporation"), will be held at Sheraton Gateway Hotel, Toronto International Airport, 6320 Silver Dart Drive, Mississauga, Ontario, L5P 1C4 on Tuesday, the 3<sup>rd</sup> of May, 2022, at 2:00 p.m. (Eastern Time) for the following purposes:

1. to receive the consolidated financial statements of the Corporation for its financial year ended December 31, 2021, together with the report of the auditors thereon;
2. to elect the directors of the Corporation for the ensuing year;
3. to appoint Ernst & Young LLP as the auditors of the Corporation with remuneration to be fixed by the directors; and
4. to transact such further or other business as may properly come before the Meeting or any adjournment or postponement thereof.

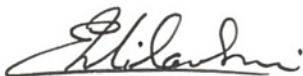
Particulars of the foregoing matters are set forth in the accompanying management proxy circular ("Proxy Circular") of the Corporation dated March 18, 2022. The financial statements for the year ended December 31, 2021 and the independent report of the auditors' of the Corporation thereon are available on SEDAR at [www.sedar.com](http://www.sedar.com) and will be made available at the Meeting.

**ANY SHAREHOLDER OF RECORD AT THE CLOSE OF BUSINESS ON MARCH 18, 2022 WILL BE ENTITLED TO RECEIVE NOTICE OF, AND VOTE AT THE MEETING, PROVIDED THAT TO THE EXTENT SUCH A SHAREHOLDER TRANSFERS THE OWNERSHIP OF ANY OF THEIR COMMON SHARES AFTER THE RECORD DATE AND THE TRANSFEREE OF THOSE COMMON SHARES PRODUCES A PROPERLY ENDORSED SHARE CERTIFICATE OR OTHERWISE ESTABLISHES THAT THEY OWN SUCH COMMON SHARES AND DEMANDS NOT LATER THAN 10 DAYS BEFORE THE MEETING THAT THEIR NAME BE INCLUDED ON THE SHAREHOLDERS' LIST, SUCH TRANSFEREE IS ENTITLED TO VOTE SUCH SHARES AT THE MEETING. IF YOU CANNOT ATTEND THE MEETING, PLEASE SIGN AND RETURN THE ENCLOSED PROXY FORM IN THE ADDRESSED ENVELOPE PROVIDED. IN ORDER FOR YOUR PROXY FORM TO BE EFFECTIVE, IT MUST BE DULY COMPLETED AND MUST REACH THE OFFICE OF COMPUTERSHARE TRUST COMPANY OF CANADA, 8<sup>TH</sup> FLOOR, 100 UNIVERSITY AVENUE, TORONTO, ONTARIO, CANADA M5J 2Y1 AT LEAST 48 HOURS BEFORE THE MEETING.**

**EVEN IF YOU PLAN TO ATTEND THE MEETING, PLEASE SUBMIT YOUR PROXY BY INTERNET, PHONE OR MAIL AS SOON AS POSSIBLE.** If you later choose to revoke your proxy or change your vote, you may do so by following the procedures described in the attached Proxy Circular.

Please read the proxy materials carefully. Your vote is important and the Corporation appreciates your cooperation in considering and acting on the matters presented.

By Order of the Board of Directors of the Corporation



Elena M. Milantoni  
Chief Financial Officer and Corporate Secretary  
**DATED** at Mississauga, Ontario, this 18<sup>th</sup> day of March, 2022.

# MANAGEMENT PROXY CIRCULAR

The purpose of this Proxy Circular is to provide shareholders with important information to make voting decisions at the annual meeting of holders of Common Shares of the Corporation (the "Meeting"). References to the "Corporation" or "Magellan" means Magellan Aerospace Corporation. References to "Common Shares" means common shares of the Corporation and references to "Shareholders" means holders of the Common Shares. References to the "Board" means Magellan's Board of Directors.

This Proxy Circular is dated March 18, 2022 and unless otherwise stated all information is current to this date and all dollar figures are in Canadian dollars.

## VOTING INFORMATION

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### ***Frequently asked questions***

**Q: What am I voting on?**

A: Shareholders are voting on the election of directors to the Board for 2022 and the appointment of auditors for the Corporation and authorizing the directors to fix the remuneration of the auditors.

**Q: Who is entitled to vote?**

A: Shareholders of record as at the close of business on March 18, 2022 (the "Record Date") are entitled to vote. Each Common Share is entitled to one vote on those items of business identified in the Notice of Annual Meeting of Shareholders.

If you acquired your shares after March 18, 2022, please refer to the answer to the question "*What if ownership of shares has been transferred after March 18, 2022?*"

**Q: How do I vote?**

A: If you are a registered Shareholder you may vote either in advance of the Meeting or at the Meeting. Prior to the Meeting, you may vote by telephone or on the internet or you may sign the enclosed form of proxy (the "Form of Proxy") appointing the named persons or some other person you choose, who need not be a Shareholder, to represent you as proxyholder and vote your shares at the Meeting.

If you are not a registered Shareholder, please follow the voting instructions provided by your nominee and also refer to the answer to the question "*If my shares are not registered in my name but are held in the name of a nominee (a bank, trust company, securities broker, trustee or other), how do I vote my shares?*"

If you are a non-registered shareholder located in the United States, in addition to the steps described in the foregoing paragraph, you must obtain a valid legal proxy from your nominee. Follow the instructions from your nominee included with the legal proxy form and the voting information form sent to you, or contact your nominee to request a legal proxy form if you have not received one. After obtaining a valid legal proxy from your nominee, you must then submit such legal proxy to Computershare. Requests for registration from non-registered shareholders located in the United States that wish to vote at the Meeting or, if permitted, appoint a third party as their proxyholder must be sent by e-mail to: [uslegalproxy@computershare.com](mailto:uslegalproxy@computershare.com) or by courier to:

Computershare Investor Services Inc.  
100 University Avenue  
8th Floor  
Toronto, Ontario  
M5J 2Y1

and in both cases, must be labeled "Legal Proxy" and received no later than the voting deadline of by 2:00 p.m. (Eastern Time) on April 29, 2022.

Non-registered (beneficial) shareholders who have not duly appointed themselves as proxyholder will not be able to vote at the Meeting but will be able to participate as a guest. This is because the Corporation and Computershare, do not have a record of the non-registered shareholders of the Corporation, and, as a result, will have no knowledge of your shareholdings or entitlement to vote unless you appoint yourself as proxyholder. If you are a non-registered shareholder and wish to vote at the Meeting, you have to appoint yourself as proxyholder by inserting your own name in the space provided on the voting instruction form sent to you and must follow all of the applicable instructions, including the deadline, provided by your nominee. See *"Can I appoint someone other than these named officers to vote my shares?"*

**Q: If my shares are not registered in my name but are held in the name of a nominee (a bank, trust company, securities broker, trustee or other), how do I vote my shares?**

A: There are two ways you can vote your shares held by your nominee. As required by Canadian securities legislation, you will have received from your nominee either a request for voting instructions or a Form of Proxy for the number of shares you hold. For your shares to be voted for you, please follow the voting instructions provided by your nominee. If you wish to vote at the Meeting, insert your own name in the space provided on the request for voting instructions or Form of Proxy and return same by following the instructions provided.

**Q: Who is soliciting my proxy?**

A: **The enclosed Form of Proxy is being solicited by management of the Corporation.** The costs incurred in the preparation and mailing of the Form of Proxy, Notice of Annual Meeting of Shareholders and this Proxy Circular will be borne by the Corporation. The solicitation will be made primarily by mail but may also be made by telephone, in writing or in person by employees of the Corporation.

**Q: What if I sign the Form of Proxy enclosed with this Proxy Circular?**

A: Signing the enclosed Form of Proxy gives authority to Phillip C. Underwood, President and Chief Executive Officer of the Corporation, or failing him, Elena M. Milantoni, Chief Financial Officer and Corporate Secretary of the Corporation, or to another person you have appointed, to vote your shares at the Meeting.

**Q: Can I appoint someone other than these named officers to vote my shares?**

A: Yes, you have the right to appoint a person or company to represent you at the Meeting. **Shareholders who wish to appoint someone other than the named officers as their proxyholder to attend and participate at the Meeting as their proxy and vote their shares MUST submit their Form of Proxy or voting instruction form, as applicable, appointing that person, who need not be a Shareholder, as proxyholder.**

To appoint someone other than the named officers as proxyholder, insert that person's name in the blank space provided in the Form of Proxy or voting instruction form (if permitted) and follow the instructions for submitting such Form of Proxy or voting instruction form. This must be completed before registering such proxyholder, which is an additional step to be completed once you have submitted your Form of Proxy or voting instruction form.

If you are a non-registered shareholder and wish to vote at the Meeting, you have to insert your own name in the space provided on the voting instruction form sent to you by your nominee, and follow all of the

applicable instructions provided by your nominee. By doing so, you are instructing your nominee to appoint you as proxyholder. It is important that you comply with the signature and return instructions provided by your nominee.

**Q: What do I do with my completed proxy?**

A: If you are a registered Shareholder, return the proxy to the Corporation's transfer agent, Computershare Investor Services Inc., in the envelope provided so that it arrives no later than 2:00 p.m. (Eastern Time) on Friday, April 29, 2022. This will ensure that your vote is recorded.

**Q: If I change my mind, can I take back my proxy once I have given it?**

A: Yes. If you change your mind and wish to revoke your proxy, prepare a written statement to this effect or you may revoke the proxy in any other manner permitted by law. The statement must be signed by you or your attorney as authorized in writing or, if you are a corporation, under its corporate seal or by an officer or attorney of the corporation duly authorized. This statement must be delivered to the Chief Financial Officer and Corporate Secretary of the Corporation at the following address no later than 5:00 p.m. (Eastern Time) on the day preceding the Meeting (Monday, May 2, 2022) or any adjournment or postponement thereof.

Magellan Aerospace Corporation  
Attention: Elena Milantoni, Chief Financial Officer and Corporate Secretary  
3160 Derry Road East  
Mississauga, Ontario L4T 1A9  
Fax: (905) 677-5658

**Q: How will my shares be voted if I give my proxy?**

A: The persons named on the Form of Proxy must vote for or against or withhold from voting your shares in accordance with your directions on any ballot that may be called for. In the absence of such directions, proxies received by management will be voted in favour of the election of directors to the Board, the appointment of auditors, and authorization of the Board to fix the auditors' remuneration.

**Q: What if amendments are made to these matters or if other matters are brought before the Meeting?**

A: The persons named in the Form of Proxy will have discretionary authority with respect to amendments or variations to matters identified in the Notice of Annual Meeting of Shareholders and with respect to other matters which may properly come before the Meeting.

As of the time of printing of this Proxy Circular, management of the Corporation knows of no such amendment, variation or other matter expected to come before the Meeting. If any other matters properly come before the Meeting, the persons named in the Form of Proxy will vote on them in accordance with their best judgment.

**Q: How many shares are entitled to vote?**

A: As of the Record Date, there were 57,729,106 Common Shares of the Corporation outstanding. Each Shareholder has one vote for each Common Share held at the close of business on the Record Date.

To the knowledge of the directors and officers of the Corporation, as of the Record Date, no one person or entity beneficially owned, directly or indirectly, or exercised control or direction over, more than 10% of the outstanding Common Shares of the Corporation except as set out under the heading "*Voting Shares And Principal Holders Thereof*".

**Q: What if ownership of shares has been transferred after March 18, 2022?**

A: The person who acquired such shares after March 18, 2022 must produce properly endorsed share certificates or otherwise establish that he or she owns the shares and must ask the Corporation no later than ten days prior to the date of the Meeting that his or her name be included in the list of Shareholders before the Meeting in order to be entitled to vote those shares at the Meeting.

**Q: How will the votes be counted?**

A: Except as otherwise provided in the Ontario *Business Corporations Act*, each question brought before the Meeting is determined by the votes cast on the question. Votes on the election of directors will be on an individual basis for each director and will be conducted by ballot.

**Q: Who counts the votes?**

A: The Corporation's transfer agent, Computershare Investor Services Inc., counts and tabulates the proxies. This is done independently of the Corporation to preserve the confidentiality of individual Shareholder votes. Proxies are referred to the Corporation only in cases where a Shareholder clearly intends to communicate with management or when it is necessary to do so to meet the requirements of applicable law.

**Q: If I need to contact the transfer agent, how do I reach them?**

A: For general shareholder enquiries, you can contact the transfer agent by mail, email or telephone:

Computershare Investor Services Inc.  
100 University Avenue  
8<sup>th</sup> Floor,  
Toronto, Ontario M5J 2Y1  
Email: [ir@magellan.aero](mailto:ir@magellan.aero)  
1-800-564-6253

## BUSINESS OF MEETING

### *Financial Statements*

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The consolidated financial statements for the year ended December 31, 2021 and the report of the auditors thereon were included in the Corporation's 2021 annual report (the "2021 Annual Report"). Copies of the 2021 Annual Report may be obtained from the Chief Financial Officer and Corporate Secretary upon request. The full text of the 2021 Annual Report is available on the Corporation's website at [www.magellan.aero](http://www.magellan.aero) and has been filed on SEDAR at [www.sedar.com](http://www.sedar.com). No formal action is required or proposed to be taken at the Meeting with respect to these financial statements.

### *Election of Directors*

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The mandate of the Governance and Nominating Committee ("Governance Committee") is to assemble a Board with the appropriate background, knowledge, skills and diversity to effectively carry out its duties, including overseeing the Corporation's strategy and business affairs. For the Governance Committee to recommend an individual for Board membership, candidates are assessed on their individual qualifications, diversity, experience and expertise and must exhibit the highest degree of integrity, professionalism, values and independent judgement.

The present term of office of each director of the Corporation will expire immediately prior to the election of directors at the Meeting. Each of the persons whose name appears below is proposed to be elected as a director of the Corporation to serve until the next annual meeting of the Shareholders or until their successor is elected or appointed. The Board has determined that the Board will be comprised of six (6) members to be elected at the Meeting. Management does not contemplate that any of the persons proposed to be nominated will be unable to serve as a director. If, for any reason, at the time of the Meeting any of the nominees are unable to serve, it is intended that the persons designated in the Form of Proxy will vote in their discretion for a substitute nominee or nominees.

The rules of the Toronto Stock Exchange ("TSX") require all TSX-listed companies (other than majority controlled corporations) to adopt a majority voting policy with respect to uncontested director elections. The policy generally requires that any nominee director of a corporation who receives more "withheld" votes than votes cast "for" their election tender their resignation for consideration by the board of directors. The accompanying Form of Proxy provides for individual voting on each director nominee, however, as at the date of this Proxy Circular, the Corporation has not adopted a majority voting policy. As the majority of the Corporation's Common Shares are beneficially owned, directly or indirectly, or controlled or directed by one person, the Corporation is considered majority controlled pursuant to the rules of the TSX and is thereby exempt from the requirements for adopting a majority voting policy. The Corporation has chosen to avail itself of the exemption from the requirements to adopt a majority voting policy because as the Corporation is majority controlled, the adoption of a majority voting policy would not result in any meaningful change to the outcome of director elections. The Corporation will disclose voting results as part of its report on voting results for the Meeting.

Each of the proposed directors, except for Larry G. Moeller who was not a director for the period from August 14, 1999 to March 3, 2000, as of the date of this Proxy Circular, has served continuously as a director since the date they were first elected or appointed, which date is indicated below such director's name. Each of the proposed directors has been engaged in their principal occupation or in other capacities with the same firm or organization for the past five years, except as disclosed in the notes to the following table. The information outlined in the following table concerning each of the Corporation's proposed directors has been provided by the individual.

To the knowledge of the Corporation, except as disclosed in the notes to the following table, no proposed director of the Corporation is, or has been in the last ten years, a director, chief executive officer or chief financial officer of an issuer (including the Corporation) that: while that person was acting in that capacity, (a) was the subject of a cease trade order or similar order or an order that denied the issuer access to any exemptions under Canadian securities legislation, for a period of more than 30 consecutive days and (b) was subject to an event that resulted, after that person ceased to be a director, chief executive officer or chief financial officer, in the issuer

being the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under Canadian securities legislation, for a period of more than 30 consecutive days.

To the knowledge of the Corporation, except as disclosed in the notes to the following table, no proposed director of the Corporation is, or has been within the last ten years, a director or executive officer of any issuer (including the Corporation) 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.

To the knowledge of the Corporation, no proposed director of the Corporation has been subject to: (a) 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 (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director of the Corporation.

Name, province/state and country of residence and year first became director	Principal occupation	Position with the Corporation	Number of Common Shares beneficially owned, directly or indirectly, or controlled or directed on March 18, 2022
N. Murray Edwards <sup>(4)</sup> St. Moritz, Switzerland (1995)	Corporate Director / Investor	Chairman and Director	43,056,979
Phillip C. Underwood Ontario, Canada (2015)	President and Chief Executive Officer, Magellan Aerospace Corporation	President, Chief Executive Officer and Director	1,900
Beth M. Budd Bandler <sup>(2)(3)(5)</sup> Ontario, Canada (2014)	President, Beth Bandler Professional Corporation (private legal and business practice)	Director	3,000
Larry G. Moeller <sup>(5)(7)</sup> Alberta, Canada (1995)	President, Kimball Capital Corporation (private consulting and management company)	Director	2,246,766
Steven Somerville <sup>(1)(2)(3)(4)(6)</sup> Ontario, Canada (2013)	President, Kerr Industries Limited (private vehicle equipment installation company)	Director	5,200
James P. Veitch <sup>(1)(4)(5)(7)</sup> Alberta, Canada (2021)	Director, Secretary/Treasurer of a private consultancy company	Director	Nil

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Governance and Nominating Committee.
- (3) Member of the Human Resources and Compensation Committee.
- (4) Member of the Pension Committee.
- (5) Member of the Environmental and Health & Safety Committee.
- (6) Mr. Somerville was a director of CanAm Coal Corporation and resigned effective June 30, 2014. The company and its subsidiaries filed on May 28, 2015 voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Alabama. On May 7, 2015 and on May 8, 2015, the Alberta Securities Commission and British Columbia Securities Commission, respectively, issued cease trade orders in connection with the CanAm Coal Corporation's failure to file its audited consolidated financial statements for the year-ended December 31, 2014 and its related management discussion and analysis and management certifications. On May 7, 2015 the shares of CanAm Coal Corporation were suspended from trading on the TSX Venture Exchange for failure to meet continued listing requirements.
- (7) Mr. Moeller and Mr. Veitch are currently directors of Imperial Metals Corporation.



## Board of Directors Attendance

The attendance records for directors at meetings of the Board or its committees for the year ended December 31, 2021 are set out below:

Number of Meetings Attended / Held						
Director	Board	Audit	Governance & Nominating	Human Resources & Compensation	Pension Committee	Environmental and Health & Safety
N. Murray Edwards (Board Chairman)	5/5				1/1	
Phillip C. Underwood <sup>(1)</sup>	5/5					
Beth M. Budd Bandler <sup>(3)</sup> (Environmental and Health & Safety Committee Chair)	5/5	2/2	1/1	2/2		1/1
Bruce W. Gowan <sup>(2)</sup> (Audit Committee Chair & Governance & Nominating Committee Chair)	5/5	4/4	1/1	2/2		
Larry G. Moeller	5/5					1/1
Steven Somerville (Human Resources and Compensation Committee Chair & Pension Committee Chair)	5/5	4/4	1/1	2/2	1/1	
James P. Veitch <sup>(3)</sup>	3/3	2/2			1/1	1/1

Notes:

- (1) As a member of management Mr. Underwood did not serve on any of the standing committees of the Board.
- (2) Mr. Gowan has chosen to retire and will not stand for re-election as a director of the Corporation at the Meeting.
- (3) Beth M. Budd Bandler ceased to be a member of the Audit Committee on May 4, 2021 when James P. Veitch joined the Board as a director on May 4, 2021.

### **Directors' Summary Compensation Table**

The following table sets forth for the year ended December 31, 2021, information concerning the compensation paid to directors of the Corporation other than directors who are also Named Executive Officers. See "Statement of Executive Compensation – Summary Compensation Table" for compensation paid to Named Executive Officers.

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<b>Name</b>	<b>Total fees earned (\$)</b>
N. Murray Edwards <sup>(1)</sup>	Nil
Beth M. Budd Bandler	80,000
Bruce W. Gowan <sup>(2)</sup>	95,000
Larry G. Moeller	72,000
Steven Somerville	88,000
James P. Veitch	29,419

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Note:

- (1) In 2021, the Corporation paid Edco Financial Holdings Ltd. (a corporation wholly-owned by Mr. Edwards) \$200,000 for consulting and cost recovery fees.
- (2) Mr. Gowan will serve as a director of the Corporation until the day of the Meeting but will not stand for re-election.

Non-executive directors are paid an annual fee of \$72,000, the Audit Committee Chairman receives an additional \$15,000 per annum, and each Chairman of the other committees of the Board other than the Audit Committee, receives an additional \$8,000 per annum. The remuneration is paid quarterly in arrears. Directors are also entitled to reimbursement of their expenses incurred in attending Board and Committee meetings. Other than the fees paid to directors as noted in the above table, no other form of compensation is awarded or paid, or was awarded or paid in 2021, to the directors of the Corporation.

Directors are not permitted to purchase financial instruments that are designed to hedge the value of the Corporation's securities they hold.

### **Directors' Outstanding Option-Based Awards and Share-Based Awards**

For each of the Corporation's directors, other than the one director who was also a Named Executive Officer, there were no outstanding option-based or share-based awards as at December 31, 2021.

### **Incentive Plan Awards – Value Vested or Earned During the Year**

For each of the Corporation's directors, other than the one director who was also a Named Executive Officer during the year ended December 31, 2021, no option-based or share-based awards or non-equity incentive plan compensation vested during the year ended December 31, 2021.

## ***Appointment of Auditors***

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The Board proposes that the firm of Ernst & Young LLP, Chartered Accountants, of Toronto, Ontario be appointed as the auditors of the Corporation to hold office until the close of the next annual meeting of Shareholders and that the Board be authorized to fix the remuneration of the auditors. Ernst & Young LLP have been the auditors of the Corporation for more than five years.

Reference is made to the information under the heading "Audit Committee", and the text of the Charter of the Audit Committee attached as Appendix A to the Corporation's Annual Information Form that contains the information required by section 5.1 and Form 52-110F1 of National Instrument 52-110 – *Audit Committees*, which is hereby incorporated herein by reference. The Corporation's Annual Information Form is available on SEDAR at [www.sedar.com](http://www.sedar.com) and a copy is available free of charge, upon request by any Shareholder to the Chief Financial Officer and Corporate Secretary of the Corporation.

## ***Other Matters***

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Management of the Corporation does not know of any amendment, variation or other matter to be presented to the Meeting. If other matters should be properly presented at the Meeting, the persons named in the accompanying Form of Proxy will vote the Common Shares represented by such proxy with respect to such matters in accordance with their best judgement.

# STATEMENT OF EXECUTIVE COMPENSATION

## Compensation Discussion and Analysis

### *Human Resources and Compensation Committee*

The Corporation's executive compensation program is administered by the Human Resources and Compensation Committee of the Board (the "Compensation Committee"). All members of the Compensation Committee are independent directors. The Compensation Committee is currently comprised of the following members: Bruce Gowan, Steven Somerville, and Beth M. Budd Bandler.

The Compensation Committee members have experience in top leadership roles, as well as tenure as directors of various companies. This background provides the Compensation Committee with the collective experience, skills and qualities to effectively support the Board in carrying out their mandate. The specific experience and education of each member of the Compensation Committee are as follows:

Name	Relevant experience and education
Bruce W. Gowan <sup>(1)</sup>	<p>Mr. Gowan, a Chartered Professional Accountant, was Chief Financial Officer of Magellan from 1983 until his retirement in 1999. Prior to this, he held senior financial officer positions at various public companies. He has been a director of the Corporation since 1990 and a member of the Audit Committee of the Corporation since 2000. Mr. Gowan has served as a director of a number of public and private companies.</p> <p>Mr. Gowan completed his academic requirements for his Chartered Professional Accountancy designation, Ontario, through Queen's University.</p>
Steven Somerville	<p>Mr. Somerville was appointed President of Kerr Industries Limited on February 22, 2016, a private vehicle equipment installation company. He was Co-President at Spectrum Capital Partners Inc., a private equity investment company from 2012 to 2016. Prior to establishing Spectrum Capital Partners Inc., he was President of Bank of Montreal Capital Corporation ("BMOC") from 2001 to 2012 where he was responsible for leading a team of professionals in providing junior capital, including subordinated debenture, mezzanine financing and minority equity investments to mid-market companies across Canada. Mr. Somerville chaired BMOC's Management Committee and Investment Committee. He also led Bank of Montreal's Mergers and Acquisitions team from 2001 to 2012. Prior to Bank of Montreal, he was a managing director at Canadian Imperial Bank of Commerce's Mergers and Acquisitions group from 1996 to 2001.</p> <p>Mr. Somerville holds both a Bachelor of Arts (Economics) and MBA with distinction from the Ivey School of Business, University of Western Ontario. He is also an ICD.D.</p>
Beth M. Budd Bandler	<p>Mrs. Bandler is the President of Beth Bandler Professional Corporation, a private business law practice providing a variety of legal services and business advice to international companies including corporate governance and implementation of multi-jurisdictional acquisitions. She was Senior Vice President and General Counsel, Legal and Human Resources at Dominion Diamond Corporation (previously Aber Diamond Corporation) from 2006 to 2010 where she was responsible for international legal and HR matters, including, executive compensation and metrics, global human resources strategy, legal strategy, risk assessments for international branding and trademark portfolios, retail and marketing issues, shareholder proposals, corporate social responsibility, and international business agreements. Prior to Dominion Diamond Corporation, Mrs. Bandler worked in private practice from 1997 to 2006 and as Vice-President, General Counsel and Secretary at Hawker Siddeley Canada Inc. from 1994 to 1997.</p> <p>Mrs. Bandler holds a Bachelor of Science and Master of Science (Applied) from McGill University and a LL.B., J.D., from Osgoode Hall Law School, York University. She is Chartered Director (C.Dir.).</p>

Notes:

(1) Mr. Gowan has chosen to retire and will not stand for re-election as a director of the Corporation at the Meeting.

As part of its mandate, the Compensation Committee has primary responsibility for reviewing compensation and human resource issues and providing reports to the Board with respect to the appointment and remuneration of executive officers of the Corporation. The Compensation Committee has the responsibility of reviewing and assessing: (i) executive management's performance; (ii) executive and senior management succession planning; (iii) the Corporation's compensation and human resources issues; and (iv) the performance of the President and Chief Executive Officer (the "CEO"). The Compensation Committee reviews and approves, subject to board oversight, the CEO's recommendation for all corporate compensation and benefits plans including

proposed salary ranges, bonuses, and any other forms of compensation. The Compensation Committee also reviews the design and competitiveness of the Corporation's compensation plan.

During the financial year ended December 31, 2021, the Compensation Committee held two meetings. The Compensation Committee reviewed the CEO's recommendations for corporate compensation and benefit plans including proposed salary ranges, bonuses and mid-term incentive plan; reviewed the performance and compensation of the executive officers; and reviewed and approved the consulting agreement between Edco Financial Holdings Ltd. (a company controlled by N. Murray Edwards, the Chairman of the Board) and the Corporation.

### ***Risk Considerations of Executive Compensation***

The Board has overall responsibility for risk oversight with a focus on the most significant risks facing the Corporation, including strategic, operational, financial and reputational risk. As part of the Compensation Committee's responsibilities in assisting the Board's risk oversight mandate, the Compensation Committee reviews all components of the Corporation's compensation program including risk implications. The purpose of the review is to ensure the Corporation's compensation program is reasonable, fair to its employees, competitive, and overall, in the best interests of the Corporation.

In designing the executive compensation program, a key objective is to ensure that compensation philosophy, products and ranges are aligned with the Corporation's risk appetite. This consideration of risk resulted in the development of short-term and mid-term compensation elements. The short-term compensation element consists of the annual incentive award which encourages employees to focus on achieving the Corporation's annual business objectives. To discourage behaviours that would reward actions that could produce short term success at the cost of long term results, the Corporation has a Deferred Share Unit ("DSU") plan (the "DSU Plan"). The DSU awards are linked to the fair market value of the Common Shares and is vested over a three year period.

The recommendations of the Compensation Committee for the base salary levels, annual bonus and DSU awards are presented to the Board for review concurrent with implementation, having taken into consideration the risk implications. The Compensation Committee does not believe that the Corporation's current executive compensation policies and practices encourage its executive officers to take inappropriate or excessive risks as the Corporation's compensation structure provides a mix of short-term and mid-term rewards. The Compensation Committee believes the level of payments related to base salary, annual bonus, DSU awards and other benefits and perquisites is necessary to attract and retain top level senior executives. The Corporation does not anticipate making any significant changes to the compensation policies and practices in the next financial year.

## The Review Process at a Glance

Management Process	Board Process
<p><b>Human Resources</b></p> <ul style="list-style-type: none"><li>• Prepares a summary of competitive market data</li><li>• Develops compensation guidelines for senior management team based on the Corporation's performance and compensation philosophy</li><li>• Reviews data and guidelines with the CEO</li><li>• Manages the performance review process</li></ul> <p><b>Executive Management Team</b></p> <ul style="list-style-type: none"><li>• Composed of senior leaders from human resources, finance and operations</li><li>• Ensures individual compensation provides appropriate performance recognition and alignment with the Corporation's risk appetite</li><li>• Reviews incentive plan targets and design, and business performance underlying the annual bonus plan</li></ul> <p><b>CEO</b></p> <ul style="list-style-type: none"><li>• Assesses senior management performance against objectives and future potential</li><li>• Recommends appropriate salary, annual bonus and DSUs for senior team – taking into account past performance, future potential and market research</li></ul>	<p><b>The Compensation Committee</b></p> <ul style="list-style-type: none"><li>• Reviews and finalizes recommendation of appointment and remuneration of CEO and executive officers</li><li>• Evaluates the performance of the senior executive officers and reviews the design and competitiveness of their compensation plan</li></ul> <p><b>Board of Directors</b></p> <ul style="list-style-type: none"><li>• Appoints CEO and executive officers</li><li>• Oversees CEO and executive officers' compensation</li><li>• Monitors the CEO's performance</li></ul>

### Executive Compensation Philosophy & Program

The Corporation's executive compensation reflects the Corporation's desire to attract and retain top level executives required to ensure the success of the Corporation's short-term and long-term goals, to motivate the executive officers in achieving and exceeding the goals of the Corporation, and to remunerate its executives at a level commensurate with other executives with similar levels of responsibility in the industry. The basis for compensation to be paid to each Named Executive Officer ("NEO"), including the CEO, consists of a base amount and performance-oriented incentive compensation. Incentive compensation is contingent upon both the short-term and the long-term performance of the Corporation and the Named Executive Officer's contribution towards that performance. Each year, the Compensation Committee reviews the total annual compensation payable to each NEO, including the CEO, with respect to all elements of their compensation. The review includes a competitive analysis of the elements of the compensation, including base salary, annual bonus, long-term incentive program, retirement and pension benefits and other compensation, along with the objectives and principles used to design the compensation philosophy and program, and the alignment to compensation and performance of peer groups. Based on market studies performed, adjustments were made in January 2020 to the annual bonus and DSU components of the total annual compensation to reflect market realignment. The CEO's annual bonus and DSU's payout percentages increased from 50% to 80%, and all other NEO's annual bonus percentages increased from 35% to 50%.

The CEO's annual compensation is determined by the Compensation Committee and detailed to the Board for oversight and is comprised of the components described below. The individual performance of the CEO is measured against the goals, objectives and standards set by the Compensation Committee. The goals include both financial and non-financial dimensions, covering performance in the following areas: financial performance; business development; operations; human resources management; technology and information infrastructure management; strategic planning; and corporate governance. Based on a review of the foregoing, the Compensation Committee rates the performance of the CEO as part of his performance review and determines his compensation based on his and the Corporation's performance.

The table below shows the key elements of compensation and their respective form and performance period:

Program	Total Direct Compensation			Indirect Compensation
	Base Salary	Annual Bonus	Mid-Term Incentives	Group Benefit, Pension, and Perquisite Programs
<b>Purpose</b>	Compensation based on responsibilities, performance, management skills and leadership	Rewards for achievement and surpassing of specific financial and non-financial key performance indicators	Rewards for creating sustained shareholder value and achieving specific performance objectives	Investment in employee health and well-being and providing an important source of income at retirement
<b>Performance Period</b>	-	1 year	3 years	-
<b>Vesting</b>	-	-	One-third of the DSUs vest on each of the first, second and third anniversaries of the date of grant and are paid out on those dates	-
<b>Payout</b>	Cash	Cash	Cash	-
<b>Pay At Risk</b>	-	Moderate	High	-

**Base Salary:** Salary is compensation for discharging job responsibilities and reflects the level of skills and capabilities demonstrated by the executives. Annual salary adjustments take into account the market value of the role and the executive's demonstration of capability during the year. Salary is reported under the column "Salary" in the Summary Compensation Table.

**Annual Bonus:** Certain employees, including Named Executive Officers, are eligible for annual incentive awards which are determined and reviewed by the Compensation Committee, with reference to the performance of their business unit as well as the Corporation as a whole. Performance is measured by comparing actual results against the budget. The Corporation pays annual bonus amounts to encourage superior performance from its Named Executive Officers. In order for an employee to receive a payout under the annual incentive awards, the individual (i) must be on the payroll on December 31<sup>st</sup> of the year in which the incentive award has been earned, and (ii) must remain on the payroll until March 15<sup>th</sup> of the following year when the audit of the Corporation's financial statements is completed and the incentive award is payable. The bonus awards for the Named Executive Officers are primarily based on the following defined criteria and weight:

- 30% is weighted on actual group wide corporate profit before interest and taxes ("PBIT") versus budgeted group wide corporate PBIT;
- 60% is weighted on actual business unit PBIT and cash generation versus budgeted business unit PBIT and cash generation; and
- 10% is weighted on achievement of agreed upon performance goals.

Payout of the group wide corporate PBIT portion of the annual bonus is based on a percentage of the Board pre-approved budgeted group wide PBIT target that is achieved within a fiscal year. In 2021, the incentive award payout percentages were amended. If group wide corporate PBIT is below 75% of budgeted group wide corporate PBIT, no incentive award payout will be made related to that criterion. If group wide corporate PBIT is 150% or more of budgeted group wide corporate PBIT, the incentive award payout for that criterion in 2021 was limited to 100% of the criterion's defined weight (In 2020 the payout was twice the criterion's defined weight (i.e. 60%)). If group wide corporate PBIT as a percentage of budgeted group wide PBIT is between 75% and 150%, the incentive award payout for that criterion in 2021 was between 40% and 100% of the criterion's defined weight (In 2020, the payout was 40% to 200% of the criterion's defined weight (i.e. 12% to 59.9%)). This measurement is also similar for the calculation of the business unit PBIT and cash generation versus budgeted business unit PBIT and cash generation. Each individual business unit's PBIT and cash generation incentive award payout is prorated based on the percentage of total actual revenue represented by that business unit's actual revenue. Achievement of

agreed upon performance goals is a subjective measure and awarded based on the success of reaching those goals. The annual bonus amount is reported under the column "Annual Incentive Plans" under the Summary Compensation Table.

**Deferred Share Unit Plan:** Certain employees who are participants in the annual incentive awards and have been designated by the Board are eligible to participate in the DSU Plan. The purposes of the DSU Plan are to (a) retain and attract qualified executive officers that the Corporation requires, (b) promote a proprietary interest in the Corporation by those executive officers and to encourage those individuals to remain in the employ of the Corporation and put forth maximum efforts for the success of the business of the Corporation, and (c) focus management of the Corporation on long-term shareholder returns. The DSU Plan is administered by the Compensation Committee. The Corporation retains the right to amend the DSU Plan from time to time subject to existing rights or terminate the DSU Plan on payment of the fair market value of the DSUs.

DSU awards are reported under the column "Share-based awards" under the Summary Compensation Table. Each DSU is a right to a cash payment that is equivalent to the value of one Common Share on the award payment date of May 1 of any year, determined in accordance with, and subject to any adjustment provided under, the DSU Plan. If during any applicable year May 1 occurs during a blackout period when employees are restricted from trading in securities of the Corporation, then the award payment date is extended to the date which is seven trading days following the end of the blackout period.

The number of DSUs is determined by dividing the award remuneration calculated under the DSU Plan by the weighted average of the closing market prices of the Common Shares on the TSX for the 5 trading days preceding the award date. The award remuneration under the DSU Plan is determined as the amount equal to 80% of the annual incentive awarded to the CEO for the financial year preceding the award date. The award remuneration under the DSU Plan for all other Named Executive Officers is determined as the amount equal to 50% of the annual incentive awarded for the financial year preceding the award date. With respect to the award of any DSU, one third of the cash payment of the DSU is made on May 1 of the first calendar year following the date of grant of the DSU, another one third of the cash payment is made on May 1 of the second calendar year following the date of grant of the DSU and the remaining one third cash payment is made on May 1 of the third calendar year following the date of grant of the DSU.

The number of DSUs determined will be further adjusted by comparing the Corporation's three year Total Shareholder Return ("TSR") relative to a group selected by the Compensation Committee (collectively, "TSR Comparator Group") and as presented in the table below so that the actual cash payment is between 0% and 200% of the amount determined in the preceding paragraph.

<b>TSR Relative to TSR Comparator Group</b>	<b>Payout</b>
80th Percentile and above	200%
60th to 79th Percentile	150%
50th to 59th Percentile	100%
35 <sup>th</sup> to 49 <sup>th</sup> Percentile	75%
26 <sup>th</sup> to 34 <sup>th</sup> Percentile	40%
Less than 25 Percentile	0%

TSR measures the performance of a Corporation's Common Shares over a period of time. It combines share price appreciation and dividends, if any, paid over the period to determine the total return to the shareholder expressed as a percentage of the initial investment. With respect to each TSR Comparator (as discussed below), TSR is calculated as the change in share price over the three year performance period (plus any dividends paid in respect of the common shares of such TSR Comparator over the period) ending May 1 of each calendar year. TSR is measured relative to other aerospace and defence companies which are peers to the Corporation. The Compensation Committee determine a peer group which provides reasonable market alignment and is broadly representative of the North American aerospace and defence sector and includes some of the Corporation's customers, suppliers, and competitors for talent. As part of such determination, the Corporation's market capitalization is positioned around the median of the TSR Comparators.



Peer companies were drawn from a pool of potential companies identified by management and approved by the Compensation Committee. The primary factors used to generate the group of TSR Comparators were as follows:

- Similar business mix to that of the Corporation;
- Similar end markets;
- Competitors for executive talent; and
- Market capitalization.

The Compensation Committee reviews this peer group regularly to assure alignment and will add or remove companies as peers as it deems appropriate and necessary to maintain competitive and balanced alignment. The Compensation Committee uses the peer group data to assist in compensation decisions around base pay, short-term incentives, and mid-term incentives, as well as in benchmarking other executive compensation matters.

The value a participant ultimately receives would be determined by the number of DSUs earned, multiplied by the fair market value of the Common Shares at the end of the performance period. For example, if the number of DSUs earned were 20,000 and the fair market value of Common Shares increased from \$15.00 to \$22.81 over the performance period, resulting in a TSR relative to the TSR Comparator of 100% percentile, then the value earned would be \$912,400 (20,000 DSUs x 200% (for maximum performance) x \$22.81). If, however, the fair market value of the Common Shares declined to \$10.00, resulting in a TSR relative to the TSR Comparator of 40% percentile, the value earned would be \$150,000 (20,000 DSUs x 75% (the minimum percentage) x \$10.00).

**Employee Stock Option Plan:** The Corporation maintains the Employee Stock Option Plan (the "Option Plan"). Eligibility for participation under the Option Plan is confined to directors, officers and certain employees of the Corporation and its subsidiaries. Stock options ("Options") to acquire no more than 2%, in aggregate, of the outstanding Common Shares may be held by directors who are not employees or officers at any time. The number of Common Shares approved to be optioned at any time is limited to 2,240,000 in total, and 5% of the outstanding Common Shares with respect to any one participant in the Option Plan. The Option Plan provides that the aggregate of the Common Shares issued to insiders (as defined in the *Securities Act* (Ontario)) of the Corporation within any one year period under the Option Plan and issuable to insiders at any time, when combined with all of the Corporation's other security based compensation arrangements, will not exceed 10% of the Corporation's total issued and outstanding Common Shares. The exercise price in respect of any Option issued under the Option Plan shall be fixed by the Board and may not be less than the then prevailing market price of the Common Shares. The Options include a cash Option feature that allows Option holders to elect to receive an amount in cash equal to the intrinsic value, being the excess market price of the Common Share over the exercise price of the Option, instead of exercising the Option and acquiring the Common Shares. Options issued under the Option Plan vest and may be exercised during a period determined by the Board which may not exceed 10 years, are non-assignable and terminate immediately upon the termination of the participant's employment for just cause and 30 days after the resignation of the participant or the termination of the participant's employment without just cause. Options issued under the Option Plan normally have a life of five years, with vesting at 20% at the end of the first, second, third, fourth and fifth years from the date of the grant. The Option Plan may not be amended by the Board without Shareholder approval in the case of the following amendments: (A) to increase the maximum number of Common Shares issuable on exercise of Options in excess of the limits prescribed; (B) to reduce the exercise price of any outstanding Options held by insiders; (C) to extend the term of any outstanding Option beyond the original expiry date of such Option in the case of Options held by insiders; (D) to increase the maximum limit on the number of securities that may be issued to insiders under the Option Plan; (E) to modify the provisions of the Option Plan relating to eligibility; or (F) to amend the amending provision of the Option Plan. There were no grants of Options in each of the three-year periods ending December 31, 2019, December 31, 2020 or December 31, 2021. All Options issued under the Option Plan in prior financial years have expired.

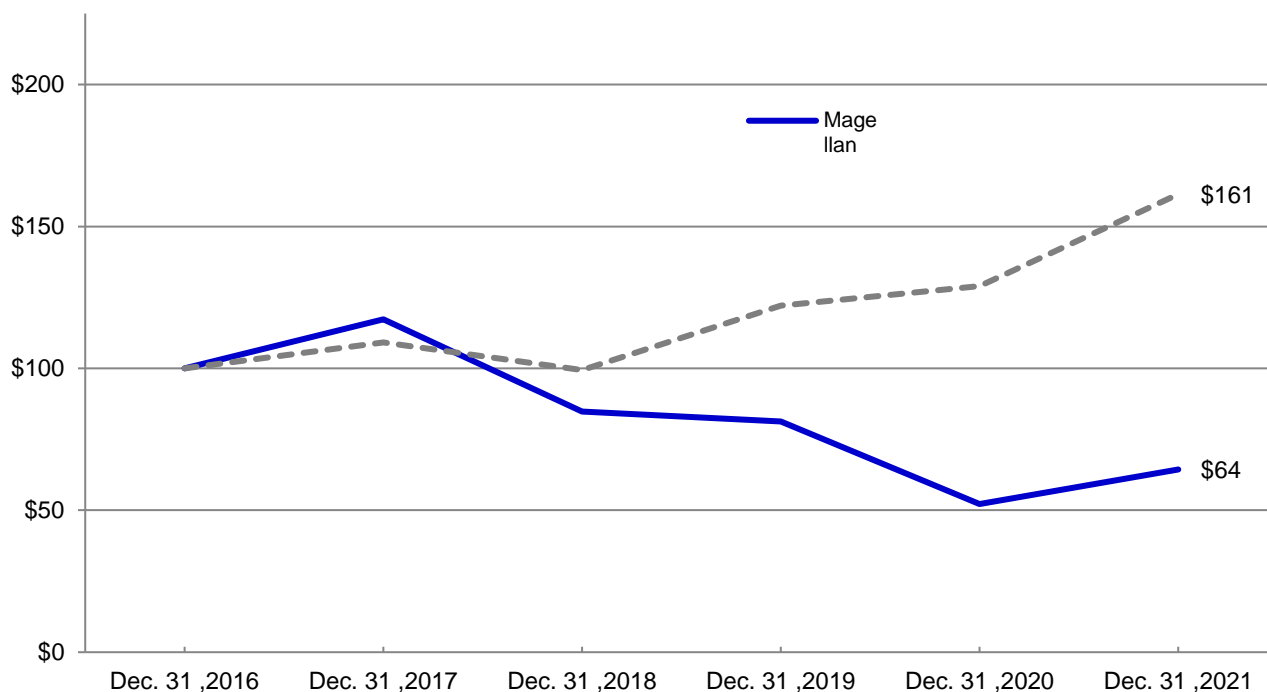
**Pension:** The Compensation Committee believes pensions are an integral part of total compensation and a cost-effective and important benefit for attracting and retaining talented employees, including executives. The Corporation's pension plans are designed to provide a reasonable level of retirement income to Named Executive Officers. Mr. Underwood, Ms. Milantoni, Ms. Ball, and Ms. Yoshiki-Gravelsins participate in defined contribution plans. Mr. Martin participates in a private pension plan. For more information, see "Pension Plan Benefits".

**Other Compensation:** The Corporation provides benefits and perquisites as part of the compensation package, which is reported under the column "All other compensation" on the Summary Compensation Table.

The Named Executive Officers are not permitted to purchase financial instruments that are designed to hedge the value of securities they hold in the Corporation.

**Performance Graph**

The following graph illustrates the Corporation’s five year cumulative shareholder return, as measured by the Closing Market Price of the Common Shares at the end of each financial year, assuming an initial investment of \$100 on December 31, 2016, compared to the S&P/TSX Composite Index, assuming the reinvestment of dividends where applicable.



Investment	Dec. 31 ,2016	Dec. 31 ,2017	Dec. 31 ,2018	Dec. 31 ,2019	Dec. 31 ,2020	Dec. 31 ,2021
Magellan Common Shares	\$100	\$117	\$85	\$81	\$52	\$64
S&P/TSX Composite Index <sup>(1)</sup>	\$100	\$109	\$99	\$122	\$129	\$161

(1) S&P/TSX Composite Index is the total return index

Aggregate compensation levels for Named Executive Officers have increased on a year-by-year basis over the period 2016 to 2021 and do not correspond with cumulative shareholder returns. The Corporation’s approach to compensation, as discussed earlier in the document, is designed to promote long-term growth and profitability. The Named Executive Officers are compensated on the basis of metrics the Corporation considers to be fundamental, namely the Corporation’s growth and profitability, rather than on the basis of factors tied to the performance of the Corporation’s shares in the market.

## Summary Compensation Table

The following table sets forth, for the years ended December 31, 2019, December 31, 2020 and December 31, 2021, information concerning the total compensation package for (1) the CEO, Mr. Phillip C. Underwood, (2) the Chief Financial Officer, Ms. Elena M. Milantoni, and (3) the three other most highly compensated executive officers of the Corporation, the Vice President, Business Development, Marketing and Contracts, the Vice President, Human Resources, and the Vice President, Corporate Stewardship and Operational Excellence (each a "Named Executive Officer" or "NEO", and, collectively, the "Named Executive Officers" or "NEOs"):

Name and principal position	Year	Salary	Share-based awards <sup>(1)</sup>	Non-equity incentive plan compensation		Pension value <sup>(2)</sup>	All other compensation <sup>(3)</sup>	Total compensation
				Option-based awards	Annual incentive plans <sup>(7)</sup>			
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Phillip C. Underwood <i>President and Chief Executive Officer</i>	2021	525,000	110,132	-	137,665	-	52,500	825,297
	2020	525,000	151,956	-	189,945	-	52,500	919,401
	2019	470,496	46,363	-	92,726	-	47,050	656,635
Elena M. Milantoni <sup>(4)</sup> <i>Chief Financial Officer</i>	2021	245,000	20,076	-	40,152	-	22,050	327,278
	2020	245,000	29,538	-	59,076	-	22,050	355,663
	2019	231,125	17,326	-	34,652	-	20,801	303,904
Haydn R. Martin <sup>(5)</sup> <i>Vice President, Business Development, Marketing and Contracts</i>	2021	298,113	22,059	-	44,118	-	-	364,290
	2020	297,325	31,561	-	63,123	-	-	392,009
	2019	278,973	18,315	-	36,630	-	-	333,918
Jo-Ann C. Ball <i>Vice President, Human Resources</i>	2021	207,156	12,338	-	24,675	-	14,202	258,371
	2020	200,751	23,199	-	46,399	-	18,068	288,416
	2019	191,191	13,061	-	26,122	-	16,788	247,162
Karen Yoshiki-Gravelsins <sup>(6)</sup> <i>Vice President, Corporate Stewardship and Operational Excellence</i>	2021	201,397	16,503	-	33,006	-	18,126	269,032
	2020	201,397	23,274	-	46,548	-	18,126	289,345
	2019	178,057	12,413	-	24,826	-	16,025	231,321

### Notes:

- (1) Share-based awards granted to an NEO in respect of any fiscal year represent the fair value of the DSUs awarded to that NEO on the award payment date immediately following that fiscal year, calculated in accordance with the terms of the DSU Plan. For more information see "*Incentive Plan Awards - Deferred Share Unit Plan*".
- (2) Pension values for Mr. Underwood's, Ms. Milantoni's, Ms. Ball's, and Ms. Yoshiki-Gravelsins reflect the Corporation's contributions in relation to the defined contribution plans.
- (3) Aggregate compensation amounts for other benefits and perquisites are worth less than \$50,000 or 10% of a NEO's salary for the financial year.

- (4) Effective November 5, 2021, Ms. Milantoni was appointed Corporate Secretary of the Corporation.
- (5) Effective June 1, 2018, Mr. Martin was appointed Vice President of Business Development, Marketing and Contracts. From January 1, 2016 to May 30, 2018, Mr. Martin was Vice President, New Business Development. Prior to that, Mr. Martin served as Vice President of Business Development for Europe. Mr. Martin's total compensation is paid in British Pounds. The following table shows the amounts paid in British Pounds and the amounts paid in Canadian dollars for such years. Compensation amounts have been converted using the annual average exchange rates for fiscal years (2021 £1.00 = Cdn. \$1.7247; 2020 £1.00 = Cdn. \$1.7202; 2019 £1.00 = Cdn. \$1.6947), except for annual incentive amounts, share-based awards and pension values which have been converted using month end exchange rates as at December 31 (2021 £1.00 = Cdn. \$1.7132; 2020 £1.00 = Cdn. \$1.7381; 2019 £1.00 = Cdn. \$1.7174).

Non-equity incentive plan compensation of Haydn M. Martin								
Year	Salary	Share-based awards	Option-based awards	Annual incentive plans <sup>(7)</sup>	Mid-term incentive plans	Pension value	All other compensation	Total compensation
2021	£172,845	£12,876	-	£25,752	-	-	-	£211,473
2021	\$298,113	\$22,059	-	\$44,118	-	-	-	\$364,290
2020	£172,845	£18,158	-	£36,317	-	-	-	£227,320
2020	\$297,325	\$31,561	-	\$63,123	-	-	-	\$392,009
2019	£164,615	£10,664	-	£21,329	-	-	-	£196,608
2019	\$278,973	\$18,315	-	\$36,630	-	-	-	\$333,918

- (6) Ms. Yoshiki-Gravelsins has held her position of Vice President of Corporate Stewardship and Operational Excellence for the five preceding years with the Corporation.
- (7) The 2021 Annual Incentive Plan amounts are the expected annual bonus awards to the NEO's, for personal and corporate performance during the year, subject to final confirmation and approval by the Compensation Committee.

## Outstanding Share-Based Awards and Option-Based Awards

The Corporation did not issue any option-based awards during the years ended December 31, 2019, December 31, 2020 or December 31, 2021 nor were there any option-based awards outstanding as at December 31, 2021. The following table sets forth for each Named Executive Officer all share-based awards outstanding as at the year ended December 31, 2021:

Name	Share-based awards		
	Number of DSUs that have not vested <sup>(1)(2)</sup>	Market or payout value of DSUs that have not vested <sup>(1)(2)(3)</sup>	Market or payout value of vested DSU's not paid out
	(#)	(\$)	(\$)
Phillip C. Underwood	18,645	368,044	Nil
Elena M. Milantoni	5,648	111,494	Nil
Haydn R. Martin	5,158	101,816	Nil
Jo-Ann C. Ball	4,397	86,790	Nil
Karen Yoshiki-Gravelsins	4,245	83,792	Nil

### Notes:

- (1) The number and market value of DSUs reflected by the dollar amounts set forth on the 2021 share-based awards in the "Summary Compensation Table" are not ascertainable as such DSU's have not yet been granted.
- (2) The DSU's are paid out as one-third on each of the three following anniversary dates of the date of grant. The numbers of DSUs reflected in the table are based on the DSUs granted in the three prior years that have not yet vested nor been paid.
- (3) The market value of the DSUs that have not vested is calculated based on the December 30, 2021 closing market price of the Common Shares on the TSX of \$9.87 and assumes that the maximum level of performance is achieved with respect to the Corporation's TSR performance relative to the TSR Comparator Group.

## Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth for each Named Executive Officer, the value of option-based awards and share-based awards which vested during the year ended December 31, 2021 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2021:

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year <sup>(1)</sup> (\$)	Non-equity incentive plan compensation – Value earned during the year <sup>(2)</sup> (\$)
Phillip C. Underwood	-	Nil	137,665
Elena M. Milantoni	-	Nil	40,152
Haydn R. Martin	-	Nil	44,118
Jo-Ann C. Ball	-	Nil	24,675
Karen Yoshiki-Gravelsins	-	Nil	33,006

Notes:

- (1) The value vested for share-based awards are amounts paid in respect of DSUs that have vested on each of the first, second, and third anniversaries of the date of grant.
- (2) The non-equity incentive plan dollar amounts are bonus amounts earned for the year ended December 31, 2021 and reflected in the “Summary Compensation Table” under “Annual Incentive Plans”.

## Pension Plan Benefits

### Defined contribution plans

Under the defined contribution plan for Ms. Milantoni, Ms. Ball, and Ms. Yoshiki-Gravelsins, the Corporation contributes 5% of their basic salary and a mandatory amount of 2% of their basic salary. In addition, they are eligible to contribute a voluntary pension amount of 8% of their basic salary, of which the Corporation will match 50% of these voluntary pension contributions. Under the defined contribution plan, for Mr. Underwood, he is eligible to contribute 5% of his basic salary, and the Corporation contributes 10% of his basic salary.

The following table presents the benefits accumulated under the Corporation’s defined contribution plans for Mr. Underwood, Ms. Milantoni, Ms. Ball, and Ms. Yoshiki-Gravelsins. The actual benefits payable upon retirement will be determined by the size of each participant’s account values (based on the amount of actual contributions and realized investment returns), interest rates at the time benefits commence and the type of retirement vehicle selected (life income fund, life annuity, joint annuity, etc.).

Name	Accumulated value at January 1, 2021 (\$)	Compensatory (\$)	Accumulated value at December 31, 2021 (\$)
Phillip C. Underwood <sup>(1)</sup>	1,511,384	52,500	1,764,016
Elena M. Milantoni	595,077	22,050	715,860
Jo-Ann C. Ball	815,571	14,202	914,404
Karen Yoshiki-Gravelsins	630,160	18,126	746,934

Note:

- (1) In 2021, \$52,500 of Mr. Underwood’s compensatory amount was paid in Canadian dollars, and \$682,418 of the accumulated value at December 31, 2021 was in Canadian dollars. Mr. Underwood’s accumulated values in British pounds at January 1, 2021 and December 31, 2021 were converted to Canadian dollars from British Pounds using the December 31, 2020, and December 31, 2021 month end exchange rates of £1.00 = Cdn\$1.7381 and £1.00 = Cdn\$1.7132, respectively.

## Termination and Change of Control Benefits

The NEOs, except the CEO, Mr. Phillip C. Underwood, and the CFO, Ms. Elena M. Milantoni, do not have employment contracts or agreements with the Corporation that provide for payments to the NEOs in connection with any termination, resignation, retirement, a change in control of the Corporation or a change in an NEO's responsibilities except in relation to the DSUs granted under the DSU Plan.

Mr. Underwood and Ms. Milantoni are each subject to an executive employment agreement (the "Employment Agreement"). Under the Employment Agreements, the Corporation agrees to employ Mr. Underwood and Ms. Milantoni for an indefinite period of time, and contain provisions regarding base salary, vacation time, eligibility for benefits, annual incentives and security based compensation. Under the Employment Agreements, the Corporation can terminate Mr. Underwood's and Ms. Milantoni's employment for cause at any time without notice and without paying severance, other than payment of accrued salary up to the date of termination, in the event of cause. Should the Corporation terminate Mr. Underwood's and Ms. Milantoni's employment for reasons other than cause (including upon a change of control of the Corporation), they are entitled to the following severance benefits (a) payment of their accrued and outstanding salary up to and including the date of termination; (b) payment of their accrued and outstanding vacation pay up to and including the date that vacation accrual is required to be continued under the *Ontario Employment Standards Act*; (c) an amount equal to fifteen months' notice of Mr. Underwood's base salary; and one months' notice for each year of completed service to a maximum of eighteen months' of Ms. Milantoni's base salary, and (d) continuation of coverage under the Executive Benefit Program and Defined Contribution Pension Plan for the period up to and including the date that benefits are required to be continued under the *Ontario Employment Standards Act*. If Mr. Underwood and Ms. Milantoni were terminated without cause as at December 31, 2021 the value of such benefits would have been approximately \$822,872 and \$351,952 respectively.

Under the DSU Plan, DSUs which are not yet vested become payable immediately prior to the effective date of a change of control which generally occurs upon a person, or group of persons acting together, holding, owning or controlling 66% of the outstanding Common Shares of the Corporation and upon certain other events. For more information as to the amounts that would have been payable to all Named Executive Officers under the DSU Plan if a change of control had occurred on December 31, 2021, see the column entitled "Market or payout value of DSUs that have not vested" in the table under "*Statement of Executive Compensation – Outstanding Share-Based and Option-Based Awards*".

Pursuant to the DSU Plan, unless otherwise set out in a written employment agreement or an agreement with respect to a grant of DSUs, if a participant (i) is terminated for cause or voluntarily resigns, all outstanding DSUs and rights to receive payment thereunder shall be immediately terminated; (ii) is terminated not for cause, the participant shall be entitled to receive the cash payments payable on such DSUs within 30 days of such termination and following such payment all outstanding DSUs and rights to receive payment thereunder shall be terminated; (iii) upon the death or disability of a participant, all DSUs shall vest, if not already vested, and be immediately paid out; and (iv) upon retirement, the participant will retain the rights to receive payment as outstanding DSUs become vested.

## ADDITIONAL INFORMATION

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following sets forth information in respect of securities authorized for issuance under the equity compensation plans of the Corporation as at December 31, 2021:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity Compensation Plans approved by security holders <sup>(1)</sup>	Nil	Nil	1,673,341
Equity Compensation Plans not approved by security holders	Nil	Nil	Nil

Note:

(1) The only equity compensation plan of the Corporation is the Option Plan described in this Proxy Circular. The number of Common Shares that were approved to be optioned at any time was limited to 2,240,000 in total. No Options issued under the Option Plan are presently outstanding.

### VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The authorized capital of the Corporation consists of an unlimited number of preference shares, issuable in series, and an unlimited number of Common Shares, of which no preference shares and 57,729,106 Common Shares are issued and outstanding as at the Record Date. Each Common Share carries one vote in respect of each matter to be voted upon at the Meeting. Holders of outstanding Common Shares of record at the close of business on the Record Date are entitled to vote at the Meeting except to the extent that a person has transferred any Common Shares after that date and the transferee of such Common Shares establishes proper ownership and requests not later than 10 days before the Meeting that the transferee's name be included in the list of Shareholders eligible to vote at the Meeting.

To the knowledge of the directors and officers of the Corporation, other than as set out in the table below, no person beneficially owns or exercises control or direction over Common Shares carrying more than 10% of the voting rights attached to all of the issued and outstanding Common Shares.

Name of Shareholder	Class of shares	Type of ownership	Number of Common Shares	Percentage of Common Shares
N. Murray Edwards	Common Shares	Direct and Indirect	43,056,979	75.0%

The directors and executive officers of the Corporation, as a group, hold 45,327,453 Common Shares representing approximately 79.0% of the issued and outstanding Common Shares of the Corporation as at the Record Date.

## **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

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The fundamental responsibility of the Board is to appoint a competent executive team and to oversee the management of the Corporation's business, with a view to maximizing shareholder value and ensuring corporate conduct in an ethical and legal manner by way of an appropriate system of corporate governance and internal control.

The Board and management of the Corporation believe that effective corporate governance is essential to enhancing and protecting shareholder value and have monitored and, where appropriate, responded to regulatory developments aimed at improving corporate governance, increasing corporate accountability and enhancing the transparency of public company disclosure. Both National Instrument 58-101 - *Disclosure of Corporate Governance Practices* (the "Disclosure Rule") and National Policy 58-201 - *Corporate Governance Guidelines* (the "Governance Policy") apply to the Corporation. Attached as Schedule "A" is a discussion, which addresses the Corporation's position with respect to corporate governance practices and has been prepared in accordance with the Disclosure Rule.

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

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No informed person of the Corporation or proposed director of the Corporation, and no associate or affiliate of such informed person or proposed director, has any material interest, direct or indirect, in any transaction since the commencement of the Corporation's last completed financial year or in any proposed transaction, which, in either case, has materially affected or would materially affect the Corporation or any of its subsidiaries.

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

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Management of the Corporation is not aware of any material interest of any director or executive officer or anyone who has held office as such since the commencement of the Corporation's last completed financial year or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting other than for the election of directors or the appointment of auditors.



## **ADDITIONAL INFORMATION**

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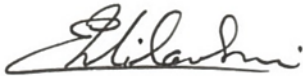
Copies of this Proxy Circular, the 2021 Annual Report which contains the consolidated financial statements and management's discussion and analysis of the Corporation for the most recently completed fiscal year and the Annual Information Form may be obtained from SEDAR at [www.sedar.com](http://www.sedar.com) or free of charge upon request from the Chief Financial Officer and Corporate Secretary of the Corporation at its head office, 3160 Derry Road East, Mississauga, Ontario, L4T 1A9. Telephone: (905) 677-1889; Facsimile: (905) 677-5658; Email: [ir@magellan.aero](mailto:ir@magellan.aero).

## **APPROVAL**

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

By Order of the Board of Directors of the Corporation



Elena M. Milantoni  
Chief Financial Officer and Corporate Secretary  
March 18, 2022

## SCHEDULE "A"

### CORPORATE GOVERNANCE DISCLOSURE

The Canadian Securities Administrators have approved the governance guidelines set out in National Policy 58-201 *Corporate Governance Guidelines* (the "Governance Policy") and the disclosure of governance practices in accordance with National Instrument 58-101 *Disclosure of Corporate Governance Practices* (the "Disclosure Rule").

The Board of Directors (the "Board") has reviewed the corporate governance practices in the Governance Policy and National Instrument 52-110 – *Audit Committees* ("NI 52-110") and is of the view that the Corporation complies with substantially all of the recommended practices. The following discussion addresses the Corporation's position with respect to corporate governance practices and has been prepared in accordance with the Disclosure Rule.

#### 1. Board of Directors

- (a) The Board, acting through the Governance and Nominating Committee (the "Governance Committee"), is responsible for determining whether or not each director is an "independent" director within the meaning of section 1.4 of NI 52-110. In summary, a director is "independent" under the Corporation's standards as set forth in section 1.4 if the Board determines that the director has no material relationship with the Corporation or any of its affiliates, or with the Corporation's auditors, either directly or indirectly, or is a partner, shareholder or officer of the Corporation's auditor. In addition, certain relationships deem a director not to be "independent". The determinations are based on information concerning the personal, business and other relationships and dealings between the directors and the Corporation. To do this the Governance Committee analyzes the relationships of the directors with the Corporation and its affiliates based on information collected through biographical material, reports and questionnaires completed by the directors. The Board has determined that the following directors are "independent": Bruce Gowan, Beth M. Budd Bandler, Larry G. Moeller, Steven Somerville, and James P. Veitch. The Board has determined that all the members of the Audit Committee (Bruce Gowan, Steven Somerville, and James P. Veitch) meet the additional independence requirements for membership on public company audit committees.
- (b) Each of the following directors is not an "independent" director within the meaning of section 1.4 of NI 52-110:
  - (i) N. Murray Edwards has a material relationship with the Corporation.
  - (ii) Phillip C. Underwood is the President and Chief Executive Officer of the Corporation.
- (c) A majority of the directors are "independent" within the meaning of section 1.4 of NI 52-110.

- (d) The following table sets forth the name of each director of the Corporation who, as at March 18, 2022, is a director of another issuer that is a reporting issuer and the name of the other issuer. The information below has been provided by each director.

Name of the Director	Name of the other issuer
N. Murray Edwards	Canadian Natural Resources Limited Ensign Energy Services Inc.
Larry G. Moeller	Imperial Metals Corporation Orbus Pharma Inc.
James P. Veitch	Imperial Metals Corporation

- (e) The Board has established a policy of having as part of each meeting of the Board, sessions where the Board meets independently of management and the "independent" directors meet privately. The Board has access to information independent of management through the external auditors.
- (f) N. Murray Edwards is the Chairman of the Board and he is not an "independent" director. The Corporation does not have a lead director. The "independent" directors are all experienced directors, fully versed in corporate governance issues, given an opportunity at each Board meeting to meet independently and encouraged to discuss issues privately.
- (g) Reference is made to "*Business of the Meeting – Election of Directors – Board of Directors Attendance*" for the attendance record of each director during the year ended December 31, 2021.

## 2. Board Mandate

The fundamental responsibility of the Board of Directors is to appoint a competent executive team and to oversee the management of the business, with a view to maximizing shareholder value and ensuring corporate conduct in an ethical and legal manner via an appropriate system of corporate governance and internal control.

A copy of the general guidelines of the Board is attached as Appendix "I" hereto.

## 3. Position Descriptions

- (a) **Chairman of the Board:** The Board has developed a written position description for the chairman of the Board. The fundamental responsibilities of the chairman are to provide leadership, manage the Board, act as liaison between management and the Board, and represent the Corporation to external groups. The chairman is explicitly accountable for ensuring the Board carries out its responsibilities effectively. This includes ensuring that the responsibilities of the Board are well understood by both the Board and management and that the boundaries between the Board and management are clearly understood and respected; the Board works as a cohesive team; resources available to the Board (in particularly timely and relevant information) are adequate to support its work; and a system is in place that provides for maintaining liaison and communication with all directors and committee chairs to co-ordinate input from directors, and optimize the effectiveness of the Board and its committees.

**Chair of Board Committees:** The Board has developed a written position description for the chair of Board committees. The fundamental responsibilities of the committee chair are to manage the business of the committee and ensure that the committee's activities are consistent with, and fulfill, the committee's mandate. In addition, the chairman of each committee is required to: report to the Board at its next meeting following any meeting of the committee or the signing of a written resolution evidencing a decision or recommendation of the committee; ensure that the committee has access to such members of senior management as may be required by the committee; attend

every meeting of shareholders and respond to such questions from shareholders as may be put to the chairman of the committee; and provide leadership to enable the committee to act as an effective team in carrying out its responsibilities.

- (b) **President and Chief Executive Officer:** The Board and President and Chief Executive Officer ("CEO") have developed a written position description for the CEO. The CEO's fundamental responsibility is the general direction and management of the business and affairs of the Corporation in accordance with the corporate strategy and objectives approved by the Board, within the authority limitations delegated by the Board. Specific duties are to: develop and execute corporate strategy designed to achieve sustained, profitable growth with an objective of maximizing shareholder value which takes into account, among other things, the opportunities and risks of the business; establish, maintain and regularly review an effective system of internal controls designed to safeguard the Corporation's assets, and the integrity of its financial and other reporting systems; establish and maintain an effective system to identify all significant risks to the Corporation's businesses and ensure that procedures are established to mitigate the impact of the risks in the best interest of shareholders; in conjunction with the Human Resources and Compensation Committee of the Board, establish and maintain a comprehensive compensation strategy, including competitive industry positioning, weighting of compensation elements, a system of performance appraisals and the relationship of compensation to performance; establish and maintain appropriate systems to address all applicable regulatory, corporate, securities and other compliance matters, and ensure that due diligence processes and appropriate controls are in place with respect to applicable requirements including, without limitation, certification requirements, regarding the Corporation's financial and other disclosure; ensure that procedures are in place for proper external and internal corporate communications to all stakeholders; establish a system that provides for corporate management succession, compensation and development including monitoring corporate management performance against established objectives; and foster a corporate culture that promotes ethical practices and encourages individual integrity and social responsibility.

#### 4. Orientation and Continuing Education

The composition of the Board consists of directors who are familiar with the industry, or who bring particular expertise to the Board from their professional experience. All new directors are provided with an orientation program that includes the provision of published and non-published information that details the financial position and describes the business and organizational structures of the Corporation. The directors have had opportunities to tour the operating facilities and to meet with corporate and divisional management. Board meetings may also include presentations or briefings by the Corporation's management and employees to give the directors additional insight into the Corporation's business activities.

#### 5. Ethical Business Conduct

- (a) The Board has adopted a written code of ethics and business conduct (the "Code") for its directors, officers and employees. The Board has the responsibility of reviewing and monitoring controls and procedures within the Corporation to maintain the integrity and accuracy of its financial reporting, internal controls and disclosure controls, and management information systems, and compliance with its Code. Complaints or questions concerning the Code are directed to the Audit Committee and the Audit Committee reports to the Board. The Board ensures compliance with the Code by requiring directors and management to set an example of ethical conduct. The Board has adopted whistleblower protection procedures which allow employees who feel that a violation of the Code has occurred to report violations on a confidential and anonymous basis. The procedure also allows concerns regarding accounting, internal accounting controls or auditing matters to be reported on a confidential and anonymous basis. Complaints can be made directly to the Chairman of the Audit Committee or the Vice President Human Resources.

No material change report has been filed since the beginning of the Corporation's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the Code.

A copy of the Corporation's Code has been filed on SEDAR at [www.sedar.com](http://www.sedar.com).

- (b) To ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has or may have a material interest, the interested director or executive officer discloses his or her interest to the Board and in the absence of such interested director or executive officer, the Board conducts its discussions and deliberations on the matters. If thought fit, a special committee of the Board comprised of non-interested directors is formed and deliberates on such matters with such independent advisors as are thought advisable. In accordance with applicable law, an interested director does not vote on the matter.

## **6. Board Composition and Nomination of Directors**

- (a) The Governance Committee is responsible for identifying and recommending candidates for nomination for election as directors based on selection criteria and individual characteristics. As well, the Committee reviews annually the credentials of nominees for re-election as directors against criteria and conflicts of interest, changes in occupation and issues of independence and makes recommendations to the Board on corporate governance matters such as the size and composition of the Board and the structure, responsibility and composition of committees of the Board.
- (b) The Governance Committee is composed of all "independent" directors.

## **7. Compensation**

- (a) The Human Resources and Compensation Committee is responsible for reviewing, on an annual basis, the compensation and benefits paid to the Chairman, any Vice Chairman, CEO and other senior officers of the Corporation. For more information, reference is made to "*Statement of Executive Compensation – Compensation Discussion and Analysis*".
- (b) The Human Resources and Compensation Committee is composed of all "independent" directors.
- (c) In addition to the responsibilities referred to in Section 7(a), the Human Resources and Compensation Committee is responsible for monitoring executive management's performance assessment and succession planning, reviewing compensation and human resources issues including new benefits, and reviewing the evaluation of the CEO's performance and submitting to the Board for oversight of the CEO's compensation. The Committee meets at least once a year, may perform certain of its duties during the year by means of circulating resolutions in writing and is empowered to engage outside resources, as it deems advisable, at the expense of the Corporation.
- (d) In 2021 the Human Resources and Compensation Committee did not retain a compensation consultant to assist in determining compensation for any of the directors or officers.
- (e) The Governance Committee is responsible for reviewing, on an annual basis, the compensation and benefits paid to the directors.

## **8. Other Board Committees**

The Board has five committees: Audit, Governance, Human Resources and Compensation, Pension and Environmental and Health & Safety. Each committee has a written mandate. Each committee is empowered to engage outside resources, as it deems advisable, at the expense of the Corporation. All the Committees except the Pension Committee are composed of entirely "independent" directors. The Pension Committee is composed of a majority of "independent" directors.

The Audit Committee oversees the integrity of the Corporation's financial reporting, its internal control, disclosure control and internal audit processes, and its compliance with legal and regulatory requirements. The Committee also reviews and assesses the qualifications, independence and performance of the Corporation's external

auditors. In addition to being "independent", the Board has determined that each member of the Audit Committee is "financially literate", as such term is defined under NI 52-110.

The Governance Committee is responsible for developing and maintaining governance principles consistent with high standards of corporate governance. The Governance Committee identifies and recommends candidates for nomination to the Board, as described above, monitors the orientation program for new directors and is responsible for developing and instituting processes to assess the performance of the Board, its Committees and individual directors. The Governance Committee annually reviews the Corporation's governance practices and disclosures to ensure that the Corporation maintains a high standard.

The Human Resources and Compensation Committee is responsible for assisting the Board in ensuring that human resources strategies support the Corporation's objectives and sustain shareholder value. Section 7 above describes in more detail the responsibilities of the Human Resources and Compensation Committee.

The Pension Committee is responsible for assisting the Board in its oversight of the pension plans, retirement plans, deferred profit sharing plans, and related assets administered or sponsored by the Corporation or its divisions or affiliates (the "Plans"). The Pension Committee responsibilities are safeguarding the assets of the Plans, enhancing the pension governance system through the establishment of global governance policies and processes, to the extent permitted by law, and ensuring fair, consistent, efficient, and compliant treatment of pension items in the Corporation's financial statements.

The Environmental and Health & Safety Committee has the responsibility of overseeing management's development and implementation of environmental and health & safety policies, procedures and guidelines, assessing corporate environmental and health & safety practices and reviewing the Corporation's business plan to ascertain whether environmental and health & safety issues are adequately taken into consideration.

## **9. Assessments**

The Governance Committee is responsible for monitoring the effectiveness of the Board and the performance of the directors. The process is facilitated by evaluation forms sent on behalf of the Chair of the Governance Committee to enable individual directors to provide feedback on the effectiveness of the Board and its committees. The Governance Committee assesses the operation of the Board and the committees, the adequacy of information given to directors and processes of the Board and committees. The Governance Committee recommends changes to enhance the performance of the Board based on the responses to the evaluation forms.

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

The Board does not believe that fixed term limits or mandatory retirement ages are in the best interest of Magellan. Therefore it has not specifically adopted term limits or other mechanisms for board renewal. However, when considering nominees for the Board, the Governance Committee reviews the skills and experience of the current directors of Magellan to assess whether the Board's skills and experience need to be strengthened in any area. In addition to considering the skills and experience of the Board, the Governance Committee also assesses the knowledge and character of all nominees to the Board and other factors such as independence of the directors to ensure that the Board is operating effectively and independently of management. The Governance Committee considers both the term of service and age of individual directors, the average term of the Board as a whole and turnover of directors over the prior years when proposing nominees for election of the directors of the Corporation. The Governance Committee considers the benefits of regular renewal in the context of the needs of the Board at the time and the benefits of the institutional knowledge of the Board members.

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

The Board has not adopted any policies that address the identification and nomination of directors and executive officer appointments of the Corporation that contribute to diversity amongst its board members and executive officers (including gender, as well as age, geography, members of minority groups, aboriginal heritage, and persons with disabilities). The Board believes that Board nominations and executive officer appointments should be made on the basis of the skills, knowledge, experience and character of individual candidates and the requirements of the Board and management at the time. Magellan is of the view that considering the broadest

group of individuals who have the skills, knowledge, experience and character required to provide leadership needed to achieve business objectives, without reference to their age or gender is in the best interests of Magellan and all of its stakeholders.

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

The Corporation is mindful of the benefit of diversity on the Board and regards the involvement of women and their experience and input as constructive to the Board's decision-making process. The Board encourages the consideration of women who have the necessary skills, knowledge, experience and character when considering new potential candidates for the Board. However, the level of representation of women on the Board is not considered in identifying and nominating candidates for election or re-election to the Board.

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

The Corporation will consider and be sensitive to the representation of women when making executive officer appointments. The Board encourages the consideration of women who have the necessary skills, knowledge, experience and character when considering new potential candidates for executive officer positions. However the level of representation of women in executive officer positions is not considered when making executive officer appointments.

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

The Corporation has not adopted a measurable objective for achieving gender diversity on the Board and in executive officer positions. The Corporation will consider establishing measurable objectives and targets in the future.

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

There is presently one woman serving on the Board, which represents approximately 14% of the number of directors on the Board.

There are presently two women serving in executive officer positions at the Corporation, which represents approximately 29% of the number of executive officer positions at the Corporation and its major subsidiaries.

## APPENDIX "I"

### MAGELLAN AEROSPACE CORPORATION

#### BOARD OF DIRECTORS

#### GENERAL GUIDELINES

##### GENERAL

The fundamental responsibility of the Board of Directors (the "Board") is to appoint a competent executive team and to oversee the management of the business, with a view to maximizing shareholder value and ensuring corporate conduct in an ethical and legal manner via an appropriate system of corporate governance and internal control.

##### SPECIFIC

- Establish and maintain an appropriate system of corporate governance including practices to ensure the Board functions effectively and independently of management, including reserving a portion of all Board and its committee meetings for in camera discussions without management present.
- Appoint the Chief Executive Officer ("CEO") and senior officers, approve their compensation, and monitor the CEO's performance against a set of mutually agreed corporate objectives directed at maximizing shareholder value.
- Review the integrity of the CEO and other senior officers and ensure that they foster a corporate culture of ethical practices and integrity.
- Adopt a strategic planning process and approve, on at least an annual basis, and monitor the corporate strategic plan, which takes into account, among other things, the opportunities and risks of the Corporation's business.
- Ensure that a system is in place to identify significant risks to the Corporation and that appropriate systems are in place to manage these risks.
- Ensure that resources are available to implement and maintain an adequate system of internal control and management information systems.
- Ensure that a comprehensive compensation strategy is maintained which includes competitive industry positioning, weighting of compensation elements and relationship of compensation to performance.
- Review and approve the Corporation's financial statements and oversee the Corporation's compliance with applicable audit, accounting and financial reporting requirements.
- Ensure that processes are maintained to address applicable regulatory, corporate, securities and other compliance matters, and that due diligence processes and appropriate controls are in place with respect to all applicable requirements including, certification requirements, regarding the Corporation's financial disclosure.
- Maintain a system for corporate communications to all stakeholders.
- Maintain a system for receiving feedback from stakeholders.



- Approve the slate of directors for nomination to the Board and maintain appropriate practices for the regular evaluation of the effectiveness of the Board including Board committees and their respective mandates, and the effectiveness of individual directors.
- Maintain a system authorizing and monitoring the limits of authority delegated to management.
- Approve annual operating and capital budgets.
- Review operating and financial performance results relative to established strategy, budgets, and objectives.
- Review and consider for approval all amendments or departures proposed by management from established strategy, capital and operating budgets, or matters of policy, which diverge from the ordinary course of business.
- Ensure that a process is established that adequately provides for management succession planning, including the appointing, training, and monitoring of senior management.
- Describe the expectations and responsibilities with respect to attendance at Board meetings.
- In addition to the above, adherence to all other Board responsibilities as set forth in the Corporation's By-laws and other statutory and regulatory requirements.