



THE NORTH WEST COMPANY INC.

Notice of Meeting & Management
Information Circular for an
Annual General Meeting
of Shareholders of
The North West Company Inc.

APRIL 27, 2020



The North West Company Inc.



April 27, 2020

Dear Shareholder:

You are invited to attend an annual general meeting (the “**Meeting**”) of the shareholders of the common voting shares and variable voting shares of The North West Company Inc. (“**North West**”) to be held on Wednesday, June 10, 2020 at 11:30 a.m. (Central Time) by virtual-only meeting via live audio webcast online at <https://web.lumiagm.com/181772510> for the purposes set forth below.

This year, to mitigate risks presented by the COVID-19 pandemic to the health and safety of our communities, shareholders, employees and other stakeholders, North West will hold its Meeting in a virtual-only format, which will be conducted via live audio webcast. At the Meeting, Shareholders will have an equal opportunity to participate online, regardless of their geographic location.

This Notice of Meeting and Management Information Circular (the “**Circular**”) describes the business to be conducted at the Meeting, the resolutions to be voted upon and the voting process, and provides information on executive compensation and corporate governance at North West. We hope that you will take the time to read the Circular in advance of the Meeting as it provides background information that will help you exercise your right to vote on a number of important matters. We encourage you to exercise your vote by voting as outlined in the accompanying Circular.

You can find our 2019 Annual Report, which includes our consolidated financial statements and the auditor’s report to shareholders for the financial year ended January 31, 2020, and the Management’s Discussion and Analysis, on our website at www.northwest.ca or on SEDAR at www.sedar.com.

At the Meeting, you will be asked to consider and vote upon:

- the election of the directors of North West, who will serve until the next annual general meeting of shareholders;
- the appointment of PricewaterhouseCoopers LLP as external auditor, who will serve until the next annual general meeting of shareholders, and to authorize the directors to set the auditor’s compensation; and
- an advisory resolution on North West’s approach to executive compensation.

On behalf of the Board of Directors, we would like to thank you for your continued support of North West.

Sincerely,

“H. Sanford Riley”

H. Sanford Riley
Chairman of the Board

“Edward S. Kennedy”

Edward Kennedy
President and Chief Executive Officer

Notice of Annual General Meeting of Shareholders

You are invited to the 2020 Annual General Meeting of common and variable voting shareholders (the “**Meeting**”) of The North West Company Inc. (“**North West**”).

Date: Wednesday, June 10, 2020

Place:

<https://web.lumiagm.com/181772510>

Time: 11:30 a.m. (Central Time)

The Meeting will have the following purposes:

1. to receive North West’s consolidated annual financial statements for the year ended January 31, 2020, including the external auditor’s report;
2. to elect the directors of North West, who will serve until the next annual general meeting of shareholders;
3. to appoint PricewaterhouseCoopers LLP as external auditor, who will serve until the next annual general meeting of shareholders, and to authorize the directors to set the auditor’s compensation;
4. to consider an advisory resolution on North West’s approach to executive compensation disclosed in the Management Information Circular dated April 27, 2020 (the “**Circular**”); and
5. to consider any other business which may be properly brought before the Meeting, and any and all adjournments thereof.

The accompanying Circular provides detailed information relating to the above matters. You have the right to vote at the Meeting as set out in the Circular if you are a holder of North West common voting shares or variable voting shares as of the close of business on May 6, 2020.

**BY ORDER OF THE BOARD
OF DIRECTORS OF
THE NORTH WEST COMPANY INC.**

“Amanda Sutton”

Winnipeg, Manitoba
April 27, 2020

Amanda Sutton
Vice President, Legal and Corporate Secretary
The North West Company Inc.

Management Information Circular

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Management Information Circular

FORWARD-LOOKING STATEMENTS

This management information circular contains forward-looking statements about North West, including its business operations, strategy and expected financial performance and condition. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as “expects”, “anticipates”, “plans”, “believes”, “estimates”, “intends”, “targets”, “projects”, “forecasts” or negative versions thereof and other similar expressions, or future or conditional future financial performance (including sales, earnings, growth rates, capital expenditures, dividends, debt levels, financial capacity, access to capital, and liquidity), ongoing business strategies or prospects, and possible future action by North West.

Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about North West, economic factors and the retail industry in general. They are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied by forward-looking statements made by North West due to, but not limited to, important factors such as general economic, political and market factors in North America and internationally, the impact of the COVID-19 pandemic on North West’s business and overall economic and societal conditions, interest and foreign exchange rates, changes in accounting policies and methods used to report financial condition, including uncertainties associated with critical accounting assumptions and estimates, the effect of applying future accounting changes, business competition, technological change, changes in government regulations and legislation, changes in tax laws, unexpected judicial or regulatory proceedings, catastrophic events, North West’s ability to complete strategic transactions and integrate acquisitions and North West’s success in anticipating and managing the foregoing risks. In particular, as the impact and extent of the COVID-19 pandemic is not known as of the date of this management information circular, all forward-looking statements in this management information circular are qualified by the risks associated with the COVID-19 outbreak. There is significant risk that the COVID-19 pandemic will cause the assumptions underlying the forward-looking information in this management information circular to be incorrect and the actual performance of North West to differ materially from the forward-looking statements contained herein. The reader is cautioned that the foregoing list of important factors is not exhaustive. Other risks are outlined in the section entitled “Description of the Business — Risk Factors” in North West’s annual information form dated April 27, 2020, under the heading “Risk Management” in our Annual Report for the year ended January 31, 2020, and in our most recent consolidated financial

statements, management information circular, material change reports and news releases.

The reader is also cautioned to consider these and other factors carefully and not place undue reliance on forward-looking statements. Other than as specifically required by applicable law, North West is under no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise. Additional information on North West can be found on SEDAR at www.sedar.com or on North West's website at www.northwest.ca.

NON-GAAP FINANCIAL MEASURES

This management information circular refers to "EBITDA", which is not a recognized financial measure under International Financial Reporting Standards. North West's method of calculating EBITDA may differ from other companies and may not be comparable to measures used by other companies. See the "Non-GAAP" measures section of North West's Annual Report for the year ended January 31, 2020 for further information.

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PART I — VOTING INFORMATION

Unless stated otherwise, information contained in this Management Information Circular (the “**Circular**”) is given as of April 27, 2020.

WHAT MATTERS WILL I BE VOTING UPON?

Shareholders will be asked to vote upon the following matters:

1. to elect the directors of North West, who will serve until the next annual general meeting of shareholders;
2. to appoint PricewaterhouseCoopers LLP as external auditor, who will serve until the next annual general meeting of shareholders, and to authorize the directors to set the auditor’s compensation;
3. to consider an advisory resolution on North West’s approach to executive compensation disclosed in the Circular; and
4. to consider any other business which may be properly brought before the Meeting, and any and all adjournments thereof.

WHO CAN VOTE?

You are entitled to one vote for each North West common voting share (“**Common Voting Share**”) and North West variable voting share (“**Variable Voting Share**”) you own as of the record date (the “**Shareholder**” or “**Shareholders**”), subject to the voting restrictions and adjustments attached to the Variable Voting Shares, as discussed below under “RESTRICTIONS ON VOTING”. The Board of Directors of North West (the “**Board**” or the “**Directors**”) have set May 6, 2020 as the record date (the “**Record Date**”).

WHY IS NORTH WEST HAVING A VIRTUAL-ONLY MEETING?

This year, to mitigate risks presented by the COVID-19 pandemic to the health and safety of our communities, Shareholders, employees and other stakeholders, North West will hold the Meeting in a virtual-only format, which will be conducted via live audio webcast over the internet. Shareholders will not be able to attend the Meeting in person. It is North West’s intention to resume holding Shareholder meetings in person under normal circumstances in future years, however, North West has determined that holding this year’s Meeting in a virtual-only format is a prudent step during the COVID-19 pandemic in light of restrictions on public gatherings and efforts to encourage social distancing by Canadian federal and provincial governments, as well as many municipalities. A summary of the information Shareholders will need to attend the Meeting online is provided below.

HOW DO I ATTEND AND PARTICIPATE AT THE MEETING?

North West is holding the Meeting in a virtual-only format, which will be conducted via live audio webcast. Shareholders will not be able to attend the Meeting in person. Attending the Meeting online enables Registered Shareholders (as defined below) and duly appointed proxyholders, including non-registered beneficial Shareholders who have duly appointed themselves as proxyholder, to participate at the Meeting and ask questions, all in real time. Registered Shareholders and duly appointed proxyholders can vote at the appropriate time during the Meeting.

Guests, including non-registered beneficial Shareholders who have not duly appointed themselves as proxyholder, can log in to the Meeting as set out below. Guests can listen to the Meeting but are not able to vote.

If you wish to attend and participate in the Meeting as a Registered Shareholder or duly appointed proxyholder:

- Log in online at <https://web.lumiagm.com/181772510>. It is recommended that you log in at least one hour before the Meeting starts.
- Click on "I have a control number" and then enter your AST control number (see below) and password "tnwc2020" (case sensitive).

OR

If you wish to attend the Meeting as a guest:

- Click on "I am a guest" and then complete the online form to provide brief details (name, company, email).

Registered Shareholder: The control number will be located on the form of proxy or in the email notification you received from North West's transfer agent, AST Trust Company (Canada).

Duly Appointed Proxyholders: North West's transfer agent, AST Trust Company (Canada) will provide the proxyholder with a control number by e-mail after the proxy voting deadline has passed and the proxyholder has been duly appointed AND registered as described under the heading "APPOINTMENT OF A THIRD PARTY AS A PROXY" below.

It is your responsibility to ensure internet connectivity for the duration of the Meeting and you should allow ample time to log in to the Meeting online before it begins.

REGISTERED SHAREHOLDERS

You are a registered Shareholder if your name appears on your Share certificate (a "**Registered Shareholder**"). The enclosed form of proxy indicates whether you are a Registered Shareholder. Please also see "HOW DO I VOTE IF I AM A REGISTERED SHAREHOLDER?" below.

Each Shareholder is entitled to one vote for each Common Voting Share and one vote for each Variable Voting Share (collectively with the Common Voting Shares, the “Shares”) registered in his, her or its name as of the Record Date. If a Shareholder sells some or all of the Shares that he, she or it owns after the Record Date, the person who purchased the Shares will become a Shareholder, but is not eligible to vote at the Meeting.

NON-REGISTERED BENEFICIAL SHAREHOLDERS

You may be a non-registered beneficial Shareholder (as opposed to a Registered Shareholder) if your Shares are held on your behalf, or for your account, by a broker, a securities dealer, a bank, a trust company or another similar entity (an “**Intermediary**”). If you are a non-registered beneficial Shareholder, your Intermediary will be the entity legally entitled to vote your Shares. In order to vote your Shares, you must carefully follow the instructions that your Intermediary delivered to you with this Circular. Instead of completing the form of proxy that is printed on blue paper and may be enclosed with this Circular, you will likely be asked to complete and deliver a different form to your Intermediary. This form will instruct the Intermediary how to vote your Shares at the Meeting on your behalf. As a non-registered beneficial Shareholder, while you are invited to attend the Meeting, you will not be entitled to vote at the Meeting, unless you submit all required information to your Intermediary well in advance of the Meeting and carefully follow its instructions and procedures. Please also see “HOW DO I VOTE IF I AM A NON-REGISTERED BENEFICIAL SHAREHOLDER?” below.

HOW DO I VOTE IF I AM A REGISTERED SHAREHOLDER?

You can vote your Shares by proxy prior to the Meeting, or at the Meeting if you are a Registered Shareholder.

VOTING BY PROXY

Vote on the internet. Go to www.astvotemyproxy.com and follow the instructions on the screen. You will need the control number located on the enclosed form of proxy. You do not need to return your form of proxy.

Vote using your smartphone. Scan the QR Code located on your proxy and follow the instructions on the screen. You will need the control number located on the enclosed form of proxy. You do not need to return your form of proxy.

Vote by email. Scan and email your proxy to proxyvote@astfinancial.com. You do not need to return your form of proxy.

Vote by fax. Fax your proxy (both sides) to 416-368-2502 or toll free in Canada and United States to 1-866-781-3111. You do not need to return your form of proxy.

Vote by mail. By completing, dating and signing the enclosed form of proxy and returning same in the envelope provided or send to AST Trust Company (Canada), PO Box 721, Agincourt, Ontario, Canada M1S 0A1.

VOTING AT THE MEETING

Registered Shareholders and duly appointed proxyholders (including non-registered beneficial Shareholders who have duly appointed themselves as proxyholder) may vote at the Meeting by completing a ballot online through the live webcast platform during the Meeting, as further described under the heading “HOW DO I ATTEND AND PARTICIPATE AT THE MEETING?”

Guests (including non-registered beneficial Shareholders who have not duly appointed themselves as proxyholder) can log into the Meeting to listen to the Meeting, but will not be able to vote during the Meeting.

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 North West and its transfer agent, AST Trust Company (Canada), do not have a record of the non-registered beneficial Shareholders of North West, and, as a result, will have no knowledge of a non-registered beneficial Shareholder's Shares or entitlement to vote, unless the non-registered beneficial Shareholder is appointed as proxyholder.

If you are a non-registered beneficial Shareholder and wish to vote at the Meeting, you must appoint yourself as proxyholder by inserting your own name in the space provided on the voting instruction form sent to you and you must follow all applicable instructions, including the deadline provided by your broker or Intermediary. See the headings “APPOINTMENT OF A THIRD PARTY AS A PROXY” and “HOW DO I ATTEND AND PARTICIPATE AT THE MEETING?”.

INSTRUCTIONS FOR REGISTERED SHAREHOLDERS

The following instructions are for Registered Shareholders only. If you are a non-registered beneficial Shareholder, please follow your intermediary's instructions on how to vote your Shares and see the discussion under the heading “HOW DO I VOTE IF I AM A NON-REGISTERED BENEFICIAL SHAREHOLDER?” below.

If you are unable to attend the Meeting, or if you do not wish to personally cast your votes, you may still make your votes count by authorizing another person who will be at the Meeting to vote on your behalf. You may either tell that person how you want to vote, or let him or her choose for you. This is called voting by proxy.

What Is a Proxy?

A proxy is a document that you may sign in order to authorize another person to cast your votes for you at the Meeting. The form of proxy that is printed on blue paper and is enclosed with this Circular is a form of proxy that you may use to authorize another person to vote on your behalf at the Meeting. You may use this form of proxy to assign your votes to the Chairman (or his alternate) or to any other person of your choice. You may also use any other legal form of proxy.

Appointing a Proxyholder

Your proxyholder is the person that you appoint to cast your votes at the Meeting on your behalf. You may choose the Chairman (or his alternate) or any other person that you want to be your proxyholder. Please note that your proxyholder is not required to be another Shareholder. If you want to authorize the Chairman (or his alternate) as your proxyholder, please leave the line near the top of the form of proxy blank, as the Chairman's name (and the name of his alternate) are already pre-printed on the form. If you want to authorize another person as your proxyholder, fill in that person's name in the blank space located near the top of the enclosed form of proxy and cross out the name of the Chairman and his alternate.

Your proxy authorizes the proxyholder to vote and otherwise act for you at the Meeting, including any continuation of the Meeting that may occur in the event that the Meeting is postponed or adjourned. If you return the attached form of proxy to AST Trust Company (Canada), and have left the line for the proxyholder's name blank, then the Chairman (or his alternate) will automatically become your proxyholder.

Depositing Your Proxy

To be valid, the form of proxy must be filled out, correctly signed (exactly as your name appears on the form of proxy), and returned to the transfer agent for the Shares, AST Trust Company (Canada), by no later than 11:30 a.m. (Central Time) on June 8, 2020 (or at least 24 hours prior to the commencement of any reconvened meeting in the event of any adjournment or postponement of the Meeting). Your proxyholder may then vote on your behalf at the Meeting once they have been registered as described below under "APPOINTMENT OF A THIRD PARTY AS A PROXY".

You may instruct your proxyholder how you want to vote on the issues listed in the Notice of Meeting by checking the appropriate boxes on the form of proxy. If you have specified on the form of proxy how you want to vote on a particular issue, then your proxyholder must cast your votes as instructed. Depending on the particular resolution, if you do not wish to vote in favour of a matter proposed at the Meeting you may, as applicable to the specific resolution, withhold your vote from, or vote your Shares against, such resolution at the Meeting. By checking "WITHHOLD FROM VOTING" on the form of proxy, where applicable, you will be abstaining from voting. By checking "AGAINST" on the form of proxy, where applicable, you will be voting against the particular resolution.

If you have NOT specified how to vote on a particular matter, your proxyholder is entitled to vote your Shares as he or she sees fit. Please note that if your form of proxy does not specify how to vote on any particular matter, and if you have authorized the Chairman (or his alternate) to act as your proxyholder (by leaving the line for the proxyholder's name blank on the form of proxy), your Shares will be voted at the Meeting as follows:

- **"FOR"** the election of the twelve nominees to the Board;
- **"FOR"** the re-appointment of PricewaterhouseCoopers LLP as auditors of North West and to authorize the audit committee of the Board to fix the auditor's remuneration;

- **“FOR”** the advisory resolution on North West’s approach to executive compensation; and
- **“FOR”** management proposals generally.

For more information on these matters, please see “PART II — BUSINESS OF THE MEETING”. If any other issues properly arise at the Meeting that are not described in the Notice of Meeting, or if any amendments or variations are proposed to the matters described in the Notice of Meeting, your proxyholder is entitled to vote your Shares as he or she sees fit. The Notice of Meeting sets out all the matters to be determined at the Meeting that are known to the Directors as of April 27, 2020.

Can I Change My Vote?

If you want to change your vote or revoke your proxy after you have signed and delivered it to AST Trust Company (Canada), you may do so by delivering another properly executed form of proxy bearing a later date and delivering it as set out above under the heading “Depositing Your Proxy” by no later than 11:30 a.m. (Central Time) on June 8, 2020 (or at least 24 hours prior to any reconvened meeting in the event of any adjournment(s) or postponement(s) of the Meeting), or in any other manner permitted by law.

If a Shareholder has followed the process for attending and voting at the Meeting online, voting at the Meeting online will revoke such Shareholder’s previous proxy. If you do not wish to revoke a previously submitted proxy, you should not vote during the Meeting.

If you revoke your proxy and do not replace it with another form of proxy that is deposited with AST Trust Company (Canada) on or before the deadline at 11:30 a.m. (Central Time) on June 8, 2020, you may still vote your own Shares in person at the Meeting provided you are a Registered Shareholder whose name appeared on the Shareholders’ register of North West as at May 6, 2020.

HOW DO I VOTE IF I AM A NON-REGISTERED BENEFICIAL SHAREHOLDER?

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

Holders who do not hold their Shares in their own name (“**Beneficial Shareholders**” collectively or “**Beneficial Shareholder**” individually) should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by Shareholders whose names appear on the records maintained by or on behalf of North West as the registered holders of Shares on the Record Date. If such Shares are listed in an account statement provided to a Shareholder by a broker or other Intermediary, then in almost all cases those Shares will not be registered in that holder’s name on the records of North West. Such Shares will more likely be registered under the name of the holder’s broker, an agent or nominee of that broker or another intermediary. In Canada, the vast majority of such Shares are typically registered under

the name of CDS & Co., the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms. Shares held by brokers or their agents or nominees or another intermediary can only be voted upon the instructions of the Beneficial Shareholder. Without specific instructions, the intermediaries are prohibited from voting the Shares for their clients. North West does not know for whose benefit Shares registered in the name of CDS & Co. are held.

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

If you are a Beneficial Shareholder, you may only attend the Meeting as a proxyholder for the registered holder and vote your Shares, as applicable, in that capacity. If you wish to attend the Meeting and vote your own Shares, you must do so as proxyholder for the registered holder. To do this, you should enter your own name in the blank space on the applicable form of proxy or voting instruction form provided to you (and cross out the name of the Chairman and his alternate) and return the document to your broker or other intermediary (or the agent of such broker or other intermediary) in accordance with the instructions provided by such broker or intermediary well in advance of the Meeting and carefully follow its instructions and procedures. You should then register your duly appointed proxyholder as described below under "APPOINTMENT OF A THIRD PARTY AS A PROXY".

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APPOINTMENT OF A THIRD PARTY AS A PROXY

Shareholders who wish to appoint someone other than the Chairman (or his alternate) as their proxyholder to attend and participate at the Meeting as their proxyholder and vote their Shares **MUST** submit their form of proxy or voting instruction form, as applicable, appointing that person as proxyholder **AND** they **MUST** complete the additional step of registering the proxyholder by calling AST Trust Company (Canada), as described below. Registering your proxyholder is an additional step to be completed **AFTER** you have submitted your form of proxy or voting instruction form. Failure to register the proxyholder will result in the proxyholder not receiving a control number, which is required to vote at the Meeting.

- Step 1: Submit your form of proxy or voting instruction form: To appoint someone other than the Chairman (or his alternate) 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 beneficial 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 Intermediary, follow all of the applicable instructions provided by your Intermediary **AND** register yourself as proxyholder, as described below. By doing so, you are instructing your Intermediary to appoint you as proxyholder. It is important that you comply with the signature and return instructions provided by your Intermediary. Please also see further instructions below under the heading "HOW DO I ATTEND AND PARTICIPATE AT THE MEETING?"

- Step 2: Register your proxyholder: To register a third party proxyholder, Shareholders must complete the additional step of registering the proxyholder by calling AST Trust Company (Canada) at 1-866-751-6315 (within North America) or 1-212-235-5754 (outside of North America) by no later than 11:30 a.m. (Central Time) on June 8, 2020 and provide the AST Trust Company (Canada) with the required proxyholder contact information so that AST Trust Company (Canada) may provide the third party proxyholder with a control number via e-mail. Failure to register your proxyholder will result in the proxyholder not receiving a control number, which is required to vote at the Meeting. 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.

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IS MY VOTE CONFIDENTIAL?

The transfer agent protects the confidentiality of individual Shareholder votes, except where (a) the Shareholder clearly intends to communicate his or her individual position to management; or (b) as necessary to comply with legal requirements. All proxies are considered confidential and will be returned to North West's transfer agent, AST Trust Company (Canada). The transfer agent will also act as the Meeting's scrutineers and will count the proxies and tabulate and verify the results. The transfer agent will refer a proxy to North West if it has a comment or is intended for North West's management, or in connection with the applicable legal requirements.

HOW MANY SHARES ARE ENTITLED TO VOTE?

As of April 27, 2020, the Common Voting Shares and the Variable Voting Shares are the only classes of Shares of North West outstanding which entitle holders to vote at meetings of Shareholders.

As of January 31, 2020, 37,393,301 Common Voting Shares and 11,357,628 Variable Voting Shares were outstanding. Each Shareholder is entitled to one vote per Share on all matters to be voted on at Shareholder meetings, subject to the voting restrictions and adjustments attached to the Variable Voting Shares, as discussed below under "RESTRICTIONS ON VOTING".

A quorum is required to conduct the business of the Meeting. Two or more individuals present either holding personally or representing as proxies not less in aggregate than 25% of the outstanding Shares will constitute a quorum at the Meeting. North West's list of Shareholders as of the Record Date will be used to deliver to Shareholders both the Notice of Meeting and this Circular, as well as to determine who is eligible to vote.

ARE THERE ANY PRINCIPAL HOLDERS OF SHARES?

As at April 27, 2020, based on publicly available filings, to the knowledge of the Board and the officers of North West, there are no principal holders of North West's voting securities.

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RESTRICTIONS ON VOTING

Why does North West have Common Voting Shares and Variable Voting Shares?

North West's Articles provide restrictions with respect to subscriptions, issues, transfers or purchases of Common Voting Shares which would cause North West to cease to be "Canadian" as defined in the *Canada Transportation Act* (the "CTA"). The CTA requires that North West, as a corporation which holds a scheduled Canadian airline license, be Canadian; that is, controlled in fact by Canadians and that at least 51% of its voting interests be owned and controlled by Canadians. In addition, the CTA requires that no more than 25% of the voting interests of North West may be owned directly or indirectly by any single non-Canadian, either individually or in affiliation with another person, and no more than 25% of the voting interests of North West may be owned directly or indirectly by one or more non-Canadians authorized to provide an air service in any jurisdiction, either individually or in affiliation with another person.

Please note that regardless of how your Shares are held, you must complete the declaration on your instrument of proxy or voting instruction form regarding whether or not the Shares you represent are owned or controlled by a "Canadian" for the purposes of North West's ownership restrictions. If you do not complete such a declaration, or complete it improperly, the voting rights attached to the Shares you represent will not be counted.

Who can own or control Common Voting Shares?

Common Voting Shares may only be beneficially owned and controlled, directly or indirectly, by Canadians. Any Common Voting Shares beneficially owned or controlled, directly or indirectly, by a person who is not a Canadian is automatically converted to a Variable Voting Share.

What is the voting right attached to a Common Voting Share?

Each Common Voting Share confers the right to one vote at all meetings of North West's Shareholders.

Who can own or control Variable Voting Shares?

Variable Voting Shares may only be beneficially owned or controlled, directly or indirectly, by non-Canadians. Therefore, any Variable Voting Share owned or controlled, directly or indirectly, by a person who is Canadian is automatically converted to a Common Voting Share.

What is the voting right attached to a Variable Voting Share?

Variable Voting Shares carry one vote per Variable Voting Share held, except where (i) the number of issued and outstanding Variable Voting Shares exceeds 49% of the total number of all issued and outstanding Shares or 49% of the votes that may be cast at a particular meeting, including securities convertible into such Shares and currently

exercisable options and rights to acquire such Shares or such convertible securities (or any greater percentage permitted by the CTA or that the Governor in Council may specify pursuant to the CTA), (ii) any single non-Canadian, either individually or in affiliation with any other person, holds, in the aggregate, a number of Variable Voting Shares that exceeds 25% of the total number of all issued and outstanding Shares, or 25% of the number of votes that may be cast at a particular meeting, including securities convertible into such Shares and currently exercisable options and rights to acquire such Shares or such convertible securities (or any greater percentage permitted by the CTA or that the Governor in Council may specify pursuant to the CTA), or (iii) one or more non-Canadians authorized to provide air services, together with such persons in affiliation with them, hold, in the aggregate, a number of Variable Voting Shares that exceeds 25% of the total number of all issued and outstanding Shares, or 25% of the number of votes that may be cast at a particular meeting, including securities convertible into such Shares and currently exercisable options and rights to acquire such Shares or such convertible securities (or any greater percentage permitted by the CTA or that the Governor in Council may specify pursuant to the CTA). If either of the above-noted thresholds is surpassed at any time, the votes attributed to holders of Variable Voting Shares will be affected as follows:

- first, if required, a reduction of the voting rights of any single non-Canadian owner (inclusive of any single non-Canadian owner authorized to provide air service) carrying more than 25% of the votes (the “**Stage 1 Reduction**”) to ensure that such non-Canadian owners never carry more than 25% of the votes that holders of Voting Shares cast at any meeting of shareholders;
- second, if required and after giving effect to the Stage 1 Reduction, a further proportional reduction of the voting rights of all non-Canadian owners authorized to provide an air service to ensure that such non-Canadian owners authorized to provide an air service (the “**Stage 2 Reduction**”), in the aggregate, never carry more than 25% of the votes that holders of Voting Shares cast at any meeting of shareholders;
- third, if required and after giving effect to the Stage 1 Reduction and the Stage 2 Reduction if any, a proportional reduction of the voting rights for all non-Canadian owners as a class to ensure that non-Canadians never carry, in aggregate, more than 49% of the votes that owners of Voting Shares cast at any meeting of shareholders.

The constraints described above do not apply to Variable Voting Shares held by a non-Canadian by way of security only, subject to compliance with certain requirements set forth in North West’s Articles, or to Variable Voting Shares held by one or more underwriters solely for the purpose of distributing the Variable Voting Shares to the public, or by any person acting in relation to the Variable Voting Shares solely in its capacity as an intermediary in the payment of funds or the delivery of securities, or both, in connection with trades in securities and that provides centralized facilities for the clearing of trades in securities.

SOLICITATION OF PROXIES

North West requests that you fill out your form of proxy to ensure your votes are cast at the Meeting. If you leave the form of proxy blank, and if you do not specify how your Shares are to be voted on particular resolutions, the Chairman (or his alternate) will vote your Shares as described above under the heading "HOW DO I VOTE IF I AM A REGISTERED SHAREHOLDER? — INSTRUCTIONS FOR REGISTERED SHAREHOLDERS — Depositing Your Proxy". This solicitation of your proxy (your vote) is made by or on behalf of the Board.

North West will pay the costs related to the foregoing solicitation of your proxy. This solicitation will be made primarily by mail. Employees of North West and its subsidiaries, or representatives of AST Trust Company (Canada), may also ask for proxies to be returned, but will not be paid any additional compensation for doing so.

HOW IS A VOTE PASSED?

The matters scheduled to be voted upon at the Meeting consist of ordinary resolutions. Ordinary resolutions are passed by a simple majority, meaning that if more than half of the votes that are cast are in favour, then the resolution passes.

WILL THERE BE ANY OTHER BUSINESS CONDUCTED AT THE MEETING?

As of April 27, 2020, management and the Directors do not know of any matters to be brought before the Meeting other than those set forth in the Notice of Meeting accompanying this Circular.

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PART II — BUSINESS OF THE MEETING

RECEIVING OUR ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

Our Annual Consolidated Financial Statements for the financial year ended January 31, 2020, including the external auditor's report, will be presented at the Meeting, and are included in our 2019 Annual Report. The financial statements have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

Our 2019 Annual Report has been mailed to Registered and Beneficial Shareholders who have requested that these materials be sent to them. These documents are also available on North West's website at www.northwest.ca and under North West's profile on SEDAR at www.sedar.com.

APPOINTING OUR AUDITOR

The Board proposes the appointment of PricewaterhouseCoopers LLP ("PWC") as our auditor until the next annual meeting of Shareholders. PWC have been the auditors of North West since January 1, 2011, and auditors of its predecessor companies since June 10, 1987. Representatives from PWC will be at the Meeting to answer any of your questions.

If you return a form of proxy but do not specify how you want your Shares voted, the persons named as proxyholders will cast the votes represented by proxy at the Meeting "FOR" the reappointment of PricewaterhouseCoopers LLP, Chartered Accountants, Winnipeg, Manitoba, as auditors of North West to hold office until the next annual meeting of Shareholders at a remuneration to be determined by the Audit Committee of the Board.

AUDIT FEES

Fees payable to PWC for the financial years ended January 31, 2020 and 2019 are set out in the table below.

Type of Fees (\$ in thousands)	Fiscal 2019	% of Total Fees	Fiscal 2018	% of Total Fees
Audit Fees	\$426	87.3	\$452	65.1
Audit-Related Fees	13	2.7	31	4.5
Tax Fees	49	10.0	211	30.4
All other Fees	–	–	–	–
Total	\$488	100	\$694	100

The nature of each category of fees is described below:

Audit Fees

Audit fees were paid for professional services rendered by the auditors for the audit of North West's annual consolidated financial statements or services provided in connection with statutory and regulatory filings or engagements, and the review of North West's interim consolidated financial statements.

Audit-Related Fees

Audit-related fees pertain to professional services for store audit procedures, review of procedures for North West, confirmation on compliance with debt covenants, due diligence, completion of procedures required by contract and advice on new accounting standards.

Tax-Related Fees

Tax-related fees include professional services for tax compliance services and advice, commodity tax consultation, reorganizations, acquisitions and other tax-related matters.

All Other Fees

Generally these fees include professional services for business consulting.

PRE-APPROVAL POLICIES AND PROCEDURES

As part of North West's governance structure, the Audit Committee annually reviews and approves the terms of the external auditor's engagement. To further ensure the independence of the auditors is not compromised, the Audit Committee also pre-approves all engagements of the auditors for non-audit related services in accordance with its pre-approval policy.

ELECTING OUR BOARD OF DIRECTORS

Our Articles provide that the Board may consist of a minimum of three and a maximum of thirteen Directors. The Board has determined to nominate each of the twelve persons listed below for election as a director at the Meeting. The Board recommends that Shareholders vote "FOR" the election of each of the twelve nominees as Directors.

You will vote on electing the following twelve nominees to the Board:

- H. Sanford Riley
- Brock Bulbuck
- Deepak Chopra
- Frank Coleman
- Wendy Evans
- Stewart Glendinning
- Edward Kennedy
- Annalisa King
- Violet (Vi) Konkle
- Jennefer Nepinak
- Eric Stefanson
- Victor Tootoo

Each Director elected at the Meeting shall hold office until the close of the next annual meeting of Shareholders or until a successor has been elected or appointed in accordance with our Articles and By-laws.

North West does not contemplate that any of the nominees will be unable to serve as a Director, but if it should occur for any reason prior to the Meeting or any postponement or adjournment thereof it is intended that discretionary authority shall be exercised by the persons named in the accompanying form of proxy to vote any proxy for the election of the remaining nominees and any other person or persons in place of any nominee or nominees unable to serve.

All nominated Directors are currently Directors of North West. The Director profiles starting on page 20 of this Circular give you detailed information about each of these nominees.

If you return a form of proxy but do not specify how you want your Shares to be voted, the persons named as proxy holders will cast the votes represented by proxy at the Meeting "FOR" the listed Director nominees. Each Director elected will hold office until the next annual meeting of Shareholders or until his or her successor is elected or appointed, unless his or her office is vacated earlier.

ADVISORY RESOLUTION ON EXECUTIVE COMPENSATION APPROACH

The Board, through the Human Resources, Compensation and Pension Committee (the "**Compensation Committee**"), is responsible for formulating and monitoring the effectiveness of North West's executive compensation program. In creating North West's executive compensation program, North West is guided by the goal of aligning the interests of North West's executives with the long-term interests of the Shareholders. Please read our 2019 report on executive compensation, starting on page 49 of this Circular. We describe our compensation philosophy, the objectives and elements of each program, and the way we measure and assess the performance and make compensation decisions. We explain how and why a large portion of our executive's compensation is linked to performance and earned over the longer term.

You will have an opportunity to vote on our approach to executive compensation at the upcoming Meeting. Your vote is advisory and non-binding, and will provide the Board and the Compensation Committee with important feedback.

"RESOLVED on an advisory basis and not to diminish the role and responsibilities of the Board, that the Shareholders accept the approach to executive compensation disclosed in North West's Circular delivered in advance of the 2020 annual general meeting of Shareholders."

Approval of this resolution will require that it be passed by a majority of the votes cast by Shareholders. As this is an advisory vote, the results will not be binding on the Board. However, the Board and the Compensation Committee will consider the

outcome of the vote as part of its ongoing review of North West's executive compensation program.

At the 2019 Annual General and Special Meeting, North West's approach to executive compensation was approved by 75% of the Shares voted on the advisory vote.

North West encourages Shareholders with specific concerns to contact the Board directly by writing to the Chairman of the Board, 77 Main Street, Winnipeg, Manitoba R3C 1A3.

If you return a form of proxy but do not specify how you want your Shares voted, the persons named as proxy holders will cast the votes represented by proxy at the Meeting "FOR" the advisory resolution.

North West will disclose the results of the advisory vote in its report on the 2020 Annual General Meeting voting results.

OTHER BUSINESS

North West will consider any other business that may properly come before the Meeting. As at the date of this Circular, we are not aware of any other business to be considered at the Meeting.

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PART III — DIRECTOR INFORMATION

DIRECTOR NOMINEES

The Articles of North West provide that the Board shall consist of a minimum of three directors and a maximum of thirteen Directors, with the actual number to be determined from time to time by the Board. The Board has determined that, at the present time, the appropriate number of Directors to be elected at the Meeting is twelve.

The following biographies highlight the experience, attributes and qualifications of each Director nominee. Specifically, the following tables state their name and ages, a summary of their career experience, the period during which they have served as a Director of North West, their independence status, their non-public and public company board memberships, their meeting attendance, their equity ownership in North West, and the voting results for each incumbent Director from last year's election.

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H. Sanford Riley**Independent**

Mr. Riley was appointed Chairman of North West in June 2008. Mr. Riley has been President and Chief Executive Officer of Richardson Financial Group Limited since 2003. He held the positions of Chairman of Investors Group Inc. from 2001 to 2002, and President and Chief Executive Officer of Investors Group Inc. from 1992 to 2001. In addition to the public company directorships set out below, Mr. Riley is the Chairman of Richardson GMP and Chairman of the University of Winnipeg Foundation. Mr. Riley was appointed to the Order of Canada in July 2002.

Winnipeg, Manitoba
Canada

Age: 69
Director Since: 2003

Board/Committee Membership	Attendance	Attendance (Total)
Board of Directors (Chair) ⁽¹⁾	6 of 6	100%

Other Current Public Company Directorships

Molson Coors Brewing Company; Canadian Western Bank

Equity Ownership⁽³⁾

Year	Shares	Deferred Share Units (DSUs)	Total # Shares and DSUs	Total \$ Value of Shares and DSUs ⁽⁵⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2019	11,000	97,719	108,719	2,996,296		
2018	11,000	86,724	97,724	3,046,057	720,000	Yes
Net Change	–	10,995	10,995	(49,761)		

Voting Results for 2019 Annual Shareholders Meeting

Votes For	% of Votes For	Votes Withheld	% of Votes Withheld	Total Votes
21,139,853	93.83%	1,390,231	6.17%	22,530,084

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Mr. Bulbuck is the Executive Chair of Boyd Group Services Inc. Since joining Boyd in 1993, Mr. Bulbuck has played a leading role in the overall development and growth of Boyd Group's business, including serving as Chief Executive Officer from 2010 to 2019. In addition to his executive management position at Boyd, Mr. Bulbuck also serves on the Board of Directors of Boyd Group Services Inc. He is also a past Chairperson of the Winnipeg Football Club Board of Directors, a past member of the Canadian Football League Board of Governors and a current Director of the Pan Am Clinic Foundation. Mr. Bulbuck has a Bachelor of Commerce (Honours) degree from the University of Manitoba and is a Chartered Professional Accountant.

Winnipeg, Manitoba
Canada

Age: 60
Director Since: 2018

Board/Committee Membership	Attendance	Attendance (Total)
Board of Directors	6 of 6	100%
Audit Committee	4 of 4	100%
Compensation Committee	5 of 5	100%
		15 of 15
		100%

Other Current Public Company Directorships

Boyd Group Services Inc.

Equity Ownership⁽³⁾

Year	Shares	Deferred Share Units (DSUs)	Total # Shares and DSUs	Total \$ Value of Shares and DSUs ⁽⁵⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2019	2,000	8,396	10,396	286,513		
2018	2,000	4,125	6,125	190,916	255,000	Yes
Net Change	-	4,271	4,271	95,597		

Voting Results for 2019 Annual Shareholders Meeting

Votes For	% of Votes For	Votes Withheld	% of Votes Withheld	Total Votes
21,851,764	96.99%	678,320	3.01%	22,530,084

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Toronto, Ontario
Canada

Age: 57

Director Since: 2018

Mr. Chopra most recently served as President and Chief Executive Officer of Canada Post Corporation from February 2011 to March 2018. Mr. Chopra has more than 30 years of global experience in the financial services, technology, retail and logistics and supply-chain industries. Prior to that he worked for Pitney Bowes Inc., a NYSE-traded technology company known for postage meters, mail automation and location intelligence services, for more than 20 years. He served as President of Pitney Bowes Canada and Latin America from 2006 to 2010. He held a number of increasingly senior executive roles in Europe, Asia Pacific and Middle East regions. He has previously served on the boards of Canada Post Corporation, Purolator Holdings Ltd., SCI Group, the Canada Post Community Foundation and the Toronto Region Board of Trade. Mr. Chopra is a Fellow of the Institute of Chartered Professional Accountants of Canada.

Board/Committee Membership	Attendance	Attendance (Total)	
Board of Directors	6 of 6	100%	
Audit Committee	4 of 4	100%	15 of 15
Compensation Committee	5 of 5	100%	100%

Other Current Public Company Directorships

Celestica, Inc.

Equity Ownership⁽³⁾

Year	Shares	Deferred Share Units (DSUs)	Total # Shares and DSUs	Total \$ Value of Shares and DSUs ⁽⁵⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2019	–	3,145	3,145	86,676		
2018	–	1,539	1,539	47,971	255,000	No ⁽⁶⁾
Net Change	–	1,606	1,606	38,705		

Voting Results for 2019 Annual Shareholders Meeting

Votes For	% of Votes For	Votes Withheld	% of Votes Withheld	Total Votes
22,334,009	99.13%	196,075	0.87%	22,530,084

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Mr. Coleman has been the President and Chief Executive Officer of the Coleman Group of Companies since 1991. This includes retail food, retail furniture and clothing operations throughout the Province of Newfoundland and Labrador. He is a past Director of the Distribution Council of Canada, The Canadian Federation of Independent Grocers, Emera Newfoundland & Labrador Holdings Inc., Fishery Products Ltd., and Newfoundland Power (a subsidiary of Fortis). He also served as the Honorary Lieutenant Col. of the Royal Newfoundland Regiment Battalion 2.

Corner Brook,
Newfoundland and Labrador
Canada

Age: 66
Director Since: 1999

Board/Committee Membership	Attendance	Attendance (Total)
Board of Directors	6 of 6	100%
Audit Committee	4 of 4	100%
Governance Committee	5 of 5	100%

Other Current Public Company Directorships

Rocky Mountain Liquor Inc.

Equity Ownership⁽³⁾

Year	Shares	Deferred Share Units (DSUs)	Total # Shares and DSUs	Total \$ Value of Shares and DSUs ⁽⁵⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2019	24,500	38,273	62,773	1,730,024		
2018	24,500	33,387	57,887	1,804,338	255,000	Yes
Net Change	–	4,886	4,886	(74,314)		

Voting Results for 2019 Annual Shareholders Meeting

Votes For	% of Votes For	Votes Withheld	% of Votes Withheld	Total Votes
20,395,105	90.52%	2,134,979	9.48%	22,530,084

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Toronto, Ontario
Canada

Age: 69

Director Since: 2005

Ms. Evans is President of Evans and Company Consultants Inc., which she founded in 1987. The company provides international expansion, strategic planning, marketing and research services to clients across North America. Previously, she held executive positions with several national retailers. From 1992 to 2016 she also served as an Adjunct Professor in the Ted Rogers School of Retail Management at Ryerson University. Currently, she is a Director on the boards of the Canadian Executive Services Organization and the Toronto and Region Conservation Foundation. She is the author of "Border Crossings, Retailers Doing Business in the U.S." Ms. Evans has served as a Director on a number of boards, including Sun Life Financial Trust, Chair of the Ontario Retail Sector Strategy Board, member of the Dean's Advisory Council in the Ted Rogers School of Management, and Director on the Canadian Cancer Society board. Ms. Evans obtained her ICD.D designation from the Institute of Corporate Directors in 2016.

Board/Committee Membership	Attendance	Attendance (Total)
Board of Directors	6 of 6	100%
Compensation Committee	5 of 5	100%
Governance Committee (Chair)	5 of 5	100%

Other Current Public Company Directorships

None

Equity Ownership⁽³⁾

Year	Shares	Deferred Share Units (DSUs)	Total # Shares and DSUs	Total \$ Value of Shares and DSUs ⁽⁵⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2019	5,300	39,332	44,632	1,230,058		
2018	5,300	35,767	41,067	1,280,058	255,000	Yes
Net Change	0	3,565	3,565	(50,000)		

Voting Results for 2019 Annual Shareholders Meeting

Votes For	% of Votes For	Votes Withheld	% of Votes Withheld	Total Votes
20,221,968	89.76%	2,308,116	10.24%	22,530,084

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Stewart Glendinning**Independent**

Ocean Ridge, Florida
United States

Age: 55

Director Since: 2014

Mr. Glendinning has been the Executive Vice President and Chief Financial Officer of Tyson Foods since 2017. Prior to that he worked with Molson Coors Brewing Company beginning in 2005 where he held the positions of (i) Chief Financial Officer, Molson Coors UK, (ii) Global Chief Financial Officer, Molson Coors Brewing Company, (iii) President and Chief Executive Officer, Molson Coors UK, (iv) President and Chief Executive Officer, Molson Coors Canada, and (v) President and Chief Executive Officer of Molson Coors International. Before joining Molson Coors, Mr. Glendinning worked with KPMG and The Hackett Group, both professional services companies where he held various senior audit and consulting roles, working with a broad array of multinational clients. He has also served with various organizations within the U.S. Naval Reserve.

Board/Committee Membership	Attendance	Attendance (Total)	
Board of Directors	6 of 6	100%	
Audit Committee	4 of 4	100%	15 of 15
Governance Committee	5 of 5	100%	100%

Other Current Public Company Directorships

None

Equity Ownership⁽³⁾

Year	Shares	Deferred Share Units (DSUs)	Total # Shares and DSUs	Total \$ Value of Shares and DSUs ⁽⁵⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2019	–	22,504	22,504	620,210		
2018	–	17,229	17,229	537,028	255,000	Yes
Net Change	–	5,275	5,275	83,182		

Voting Results for 2019 Annual Shareholders Meeting

Votes For	% of Votes For	Votes Withheld	% of Votes Withheld	Total Votes
21,994,255	97.62%	535,829	2.38	22,530,084

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Edward S. Kennedy**Non-independent
(President and Chief Executive Officer)**

Mr. Kennedy, who joined North West in 1989, was appointed President and Chief Executive Officer of North West in 1997. He is currently a Director of United Grocers Inc., the Canada West Foundation and Canada's History Society. Mr. Kennedy has served on several profit and not-for-profit boards and has received retail industry and community leadership recognitions, both locally and nationally.

Winnipeg, Manitoba
Canada

Age: 60
Director Since: 1996

Board/Committee Membership	Attendance	Attendance (Total)
Board of Directors ⁽²⁾	6 of 6	100%

Other Current Public Company Directorships

None

Equity Ownership⁽³⁾

Year	Shares	Deferred Share Units (DSUs) ⁽⁴⁾	Total # Shares and DSUs	Total \$ Value of Shares and DSUs ⁽⁵⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2019	304,212	–	304,212	8,384,083		
2018	411,017	–	411,017	12,811,400	255,000	Yes
Net Change	(106,805)	–	(106,805)	(4,427,317)		

Voting Results for 2019 Annual Shareholders Meeting

Votes For	% of Votes For	Votes Withheld	% of Votes Withheld	Total Votes
21,503,121	95.44%	1,026,963	4.56%	22,530,084

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Vancouver,
British Columbia
Canada

Age: 53

Director Since: 2014

Ms. King is currently the Chair of the Board for the Vancouver Airport Authority. Prior to that, Ms. King was Senior Vice President and Chief Financial Officer of Best Buy Canada Ltd., serving in this position from 2008 through 2016. Before her role at Best Buy Canada Ltd., she was Senior Vice President of Business Transformation for Maple Leaf Foods Inc. She has also held senior positions, primarily in finance, throughout her career at consumer packaged goods companies, Kraft and Pillsbury Canada. In addition to the public company directorship set out below, and the Vancouver Airport Authority, Ms. King is a director of the Templeton DOC General Partnership Ltd. Ms. King obtained her ICD.D designation from the Institute of Corporate Directors in 2013, and obtained fellowship from the National Association of Corporate Directors in 2018.

Board/Committee Membership	Attendance	Attendance (Total)
Board of Directors	6 of 6	100%
Audit Committee	4 of 4	100%
Compensation Committee	4 of 5	80%
		14 of 15
		93%

Other Current Public Company Directorships

Saputo Inc.; First Capital Realty Inc.

Equity Ownership⁽³⁾

Year	Shares	Deferred Share Units (DSUs)	Total # Shares and DSUs	Total \$ Value of Shares and DSUs ⁽⁵⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2019	4,946	8,495	13,441	370,434		
2018	4,946	6,650	11,596	361,447	255,000	Yes
Net Change	–	1,845	1,845	8,987		

Voting Results for 2019 Annual Shareholders Meeting

Votes For	% of Votes For	Votes Withheld	% of Votes Withheld	Total Votes
22,107,444	98.12%	422,640	1.88%	22,530,084

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Fenwick, Ontario
Canada

Age: 66

Director Since: 2014

Ms. Konkle is the past President and Chief Executive Officer of The Brick Ltd. Prior to joining The Brick in 2010 as President of Business Support, she held a number of positions with Walmart Canada, including Chief Operating Officer and Chief Customer Officer. Ms. Konkle also held a number of senior executive positions with Loblaw Companies Ltd., including Executive Vice President, Atlantic Wholesale Division. Ms. Konkle is a director of Boyd Group Services Inc., Bailey Metal Products, Elswood Investment Corporation and Abarta. She is also on the advisory Board of Longo's Fruit Markets Inc. She is a past director of Dare Foods, The Brick Ltd., Trans Global Insurance, the Canadian Chamber of Commerce and Habitat for Humanity. Ms. Konkle obtained her ICD.D designation from the Institute of Corporate Directors in 2014.

Board/Committee Membership	Attendance	Attendance (Total)
Board of Directors	5 of 6	83%
Compensation Committee (Chair)	5 of 5	100%
Governance Committee	5 of 5	100%
		15 of 16
		94%

Other Current Public Company Directorships

Boyd Group Services Inc.

Equity Ownership⁽³⁾

Year	Shares	Deferred Share Units (DSUs)	Total # Shares and DSUs	Total \$ Value of Shares and DSUs ⁽⁵⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2019	3,650	19,261	22,911	631,427		
2018	3,650	15,567	19,217	598,994	255,000	Yes
Net Change	–	3,694	3,694	32,433		

Voting Results for 2019 Annual Shareholders Meeting

Votes For	% of Votes For	Votes Withheld	% of Votes Withheld	Total Votes
22,503,129	99.88%	26,955	0.12%	22,530,084

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Winnipeg, Manitoba
Canada

Age: 48
Director Since: 2019

Ms. Nepinak is citizen of Minegoziibe Anishinabe Nation, an experienced lawyer and advisor currently serving as Associate Vice President, Indigenous Engagement, University of Winnipeg, Senior Advisor, Canadian Museum for Human Rights, and Advisor, Indigenous Relations SciMar. Ms. Nepinak was the former Executive Director, Treaty Relations Commission of Manitoba. Fluent in Ojibwe and a strong and passionate leader firmly rooted in the Indigenous community her work is founded in the belief of a balanced approach and focused on ensuring that Indigenous ways of knowing and being are recognized and incorporated. Ms. Nepinak has extensive governance and management experience, having served with various boards and groups including the Assembly of Manitoba Chiefs Elders Council, Canadian Museum for Human Rights, Indigenous Advisory Council, Rossbrook House, the Helen Betty Osborne Memorial Foundation, The University of Winnipeg Board of Regents, and Manitoba Hydro. She has over 25 years of political, government and business experience and is skilled at initiating collaborative processes that involve numerous cross-sector partners and stakeholders. Ms. Nepinak received a Bachelor of Arts in Sociology (1997), a Law degree at the University of Manitoba and Osgoode Hall Law School at York University (2000) and is a practicing member of the Manitoba Law Society and is currently in the process of completing a Master of Arts in Indigenous Governance. She has also received her designation with the Institute of Corporate Directors at Rotman School of Management.

Board/Committee Membership	Attendance		Attendance (Total)	
Board of Directors	4 of 4	100%		
Audit Committee	3 of 3	100%	10 of 10	100%
Compensation Committee	3 of 3	100%		

Other Current Public Company Directorships

None

Equity Ownership⁽³⁾

Year	Shares	Deferred Share Units (DSUs)	Total # Shares and DSUs	Total \$ Value of Shares and DSUs ⁽⁵⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2019	–	3,398	3,398	93,649		
2018	–	–	–	–	255,000	No ⁽⁶⁾
Net Change	–	3,398	3,398	93,649		

Voting Results for 2019 Annual Shareholders Meeting

Votes For	% of Votes For	Votes Withheld	% of Votes Withheld	Total Votes
22,503,945	99.88	26,139	0.12	22,530,084

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Winnipeg, Manitoba
Canada

Age: 69

Director Since: 2012

Mr. Stefanson was the managing partner of the Central Canada Region for BDO Canada LLP Chartered Accountants and Advisors from 2004 to 2009. He also held various positions with Assante Canada, including the position of Chief Financial Officer from 2001 to 2004. Mr. Stefanson was a member of the Legislative Assembly of Manitoba from 1990 to 2000 and held various portfolios, including the position of Finance Minister and Chair of the Treasury Board from 1993 to 1999. Mr. Stefanson was a Winnipeg City Councillor from 1982 to 1989 and served as Deputy Mayor. He was a member of the Board of Directors of Via Rail Canada from 2007 to 2016 (serving as Chair of the Audit Committee and as Interim Chairman). Mr. Stefanson is the former Chair of the Audit Committee for FWS Holdings Ltd., the former Chair of the Investment Committee of the Winnipeg Civic Employees' Benefits Program, the former Chair of the Audit Committee for the Winnipeg Foundation and the former Chair of the Board for the Health Sciences Centre Foundation. In 2000, Mr. Stefanson received the Icelandic Order of the Falcon from the President of Iceland. In 2013, Mr. Stefanson was the recipient of the Lifetime Achievement Award from the Institute of Chartered Accountants in Manitoba.

Board/Committee Membership	Attendance	Attendance (Total)
Board of Directors	6 of 6	100%
Audit Committee (Chair)	4 of 4	100%
Governance Committee	5 of 5	100%

Other Current Public Company Directorships

People Corporation (Chair of Audit and Risk Committee)

Equity Ownership⁽³⁾

Year	Shares	Deferred Share Units (DSUs)	Total # Shares and DSUs	Total \$ Value of Shares and DSUs ⁽⁵⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2019	3,977	19,314	23,291	641,900		
2018	3,977	16,478	20,455	637,582	255,000	Yes
Net Change	–	2,836	2,836	4,318		

Voting Results for 2019 Annual Shareholders Meeting

Votes For	% of Votes For	Votes Withheld	% of Votes Withheld	Total Votes
22,453,479	99.66%	76,605	0.34%	22,530,084

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Iqaluit, Nunavut
Canada

Age: 55
Director Since: 2015

Mr. Tootoo is the Vice-President of NVision Insight Group, which specializes in empowering Indigenous communities and works with all levels of government and Inuit organizations in Northern Canada. He is also President of Northern Allied Nunavut Travel Inc., a travel management company which caters to corporations in Northern Canada; President of AV Nunavut Fuels Inc., which purchases and distributes fuel to Northern Canada; President of Kivallingmiut and Auyuitiq Aviation, which provides helicopter and charter services in Northern Canada; and President of Nahanni Nunavut Construction, which provides civil project management and general contractor services. Prior to launching his commercial career, Mr. Tootoo held numerous positions with various governments in the North. Mr. Tootoo holds a Chartered Professional Accountants designation, and also attended Assiniboine Community College where he obtained a Diploma in Business Administration.

Board/Committee Membership ⁽⁷⁾	Attendance	Attendance (Total)
Board of Directors	6 of 6	100%
Audit Committee	4 of 4	100%
Compensation Committee	4 of 4	100%
Governance Committee	1 of 1	100%
		15 of 15 100%

Other Current Public Company Directorships

None

Equity Ownership⁽³⁾

Year	Shares	Deferred Share Units (DSUs)	Total # Shares and DSUs	Total \$ Value of Shares and DSUs ⁽⁵⁾	Minimum Required to Meet Ownership Guidelines (\$)	Meets Share Ownership Target
2019	–	8,649	8,649	238,366		
2018	–	6,792	6,792	211,707	255,000	No ⁽⁶⁾
Net Change	–	1,857	1,857	26,659		

Voting Results for 2019 Annual Shareholders Meeting

Votes For	% of Votes For	Votes Withheld	% of Votes Withheld	Total Votes
22,329,273	99.11%	200,811	0.89%	22,530,084

Notes

- (1) The Chairman of the Board is an ex-officio member of all Board committees.
- (2) The President and Chief Executive Officer attends Board committee meetings as an invited guest.
- (3) The table shows the number and value of Shares and DSUs as at January 31, 2020, valued at the closing price of the Shares at January 31, 2020 of \$27.56. The table also shows the number of and value of Shares and DSUs as at January 31, 2019, valued at the closing price as at January 31, 2019 of \$31.17.
- (4) Mr. Edward Kennedy is not eligible to participate in the Director Deferred Share Unit Plan, as he is an employee of North West.
- (5) Indicates Shares owned either directly or subject to the Director's control and direction.
- (6) Directors have five years from his/her date of initial appointment to the Board to meet the minimum shareholding requirement. Mr. Tootoo was appointed to the Board in July 2015, Mr. Chopra was appointed to the Board in April 2018, and Ms. Nepinak was appointed to the Board in April 2019.
- (7) Mr. Tootoo transferred from the Compensation Committee to the Governance Committee in 2019.

DIRECTOR COMPENSATION

DIRECTOR FEES

The Governance and Nominating Committee (the “**Governance Committee**”) is responsible for reviewing Director compensation and recommending to the Board the amount and structure of Director compensation. The compensation program for Directors is designed to attract and retain highly qualified Directors with a desired range of skills, expertise and experience, as well as being aligned with Shareholder interests. The Governance Committee conducts an in-depth market review every three years to assess the market competitiveness of Director compensation, including share ownership requirements. The Governance Committee retained Korn Ferry in 2019 as its consultant to conduct this review.

The comparator group selected to benchmark Director compensation was updated and consisted of fifteen companies listed below in the Canadian retail sector with industry similarity.

Alcana Inc.	Empire Co. Ltd.	Metro Inc.
Birks Group Inc.	GoEasy Ltd.	Recipe Unlimited Corporation
BMTC Group Inc.	Hudson’s Bay Company	Reitmans Canada Ltd.
Canadian Tire Corporation	Indigo Books & Music Inc.	Richelieu Hardware Ltd.
Dollarama Inc.	Leon’s Furniture Ltd.	Sleep Country Canada Holdings Inc.

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The following table provides a detailed breakdown of the retainer and meeting fee schedule for non-management Directors in fiscal 2019.

Annual Cash Retainer	Fiscal 2019 (\$)
Chairperson of the Board ⁽¹⁾	172,500
Board Members ⁽²⁾	40,000
Audit Committee Chairperson ⁽²⁾	15,000
Governance and Nominating Committee Chairperson ⁽²⁾	10,000
Human Resources, Compensation and Pension Committee Chairperson ⁽²⁾	12,000
Committee Retainer (Committee members and Committee Chairs) ⁽²⁾	5,000
Annual Equity Retainer⁽³⁾	
Chairperson of the Board	77,500
Board Members	50,000
Meeting Attendance Fees⁽⁴⁾	
Board meeting (in person or by conference call)	1,500
Any Committee meeting of the Board (in person or by conference call)	1,500
Travel Fees	1,500 (when total travel time for a round trip is greater than or equal to 6 hours but less than 10 hours) 3,000 (when total travel time for a round trip is greater than or equal to 10 hours)

Notes

- (1) The Chairperson of the Board is not paid any meeting attendance fees. This Annual Retainer is divided into four equal payments and paid per fiscal quarter (either by cash or the grant of Deferred Share Units at the discretion of the Chairperson).
- (2) These Annual Retainers are divided into four equal payments and paid per fiscal quarter (either by cash or the grant of Deferred Share Units at the discretion of the Director).
- (3) The Annual Equity Retainer is paid by the grant of Deferred Share Units in July of each year.
- (4) Each Board member and Committee Chairperson, other than the Chairperson of the Board, are entitled to meeting attendance fees of \$1,500 per meeting, in addition to their Annual Cash Retainers. These fees are paid either by cash or the grant of Deferred Share Units at the discretion of the Director.

The Governance Committee is scheduled to conduct its next in-depth review to assess the market competitiveness of Director compensation in 2022.

DIRECTOR DEFERRED SHARE UNIT PLAN

North West offers a deferred share unit plan for independent Directors (the “**DSU Plan**”). The purpose of the DSU Plan is to enhance the ability of North West to attract and retain independent Directors whose training, experience and ability will contribute to the effective governance of North West, and to directly align their interests with the

interests of Shareholders by providing compensation for services to North West in the form of deferred share units (“**DSUs**”).

DSUs Granted prior to December 2016

For DSUs granted prior to December 2016, Directors were credited with DSUs for the amount of the annual equity retainer, and for the portion of the annual cash retainer and meeting fees each Director elected to allocate on an annual basis to the DSU Plan. Participants were credited with DSUs on a quarterly basis. The number of DSUs underlying an award was calculated on the date of grant by dividing the portion of the Director’s fees that were payable to the participant in DSUs for the current quarter, by the fair market value of the Shares on the date that the award was granted. Fair market value was determined by calculating the weighted average trading price of the Shares on the TSX for the five trading days on which the Shares traded immediately preceding such date. The grant for DSUs could not exceed \$100,000 per calendar year for any Director.

Each DSU entitles the holder to receive one Share at the time of exercise. A participant may elect at the time of exercise of any DSUs granted prior to December 2016, subject to the consent of North West, to receive an amount in cash equal to the aggregate current market value of the Shares, determined based on the closing price of the Shares on the TSX on the trading day preceding the exercise date, in consideration for the surrender by the participant to North West the right to receive Shares from the exercising of DSUs.

DSUs, which vested immediately on the grant date, can be exercised by the holder at any time after the Director resigns or retires from the Board, but no later than December 31 of the first calendar year commencing after the holder ceases to be a Director.

DSUs Granted after December 2016

Effective December 2016, the DSU Plan was amended to change the terms of those DSUs credited to Directors for the portion of the annual cash retainer and meeting fees each Director elects to allocate on an annual basis to the DSU Plan after December 31, 2016, and now also entitles Directors to allocate on an annual basis, any Committee cash retainers to the DSU Plan (individually and collectively, the “**Cash DSUs**”). Participants are credited with Cash DSUs on a quarterly basis. The number of Cash DSUs underlying an award remains the same, and is calculated on the date of grant by dividing the portion of the Director’s fees that were payable to the participant in Cash DSUs for the current quarter, by the fair market value of the Shares on the date that the award was granted.

Under the terms of the amended DSU Plan, the holders of any DSUs granted after December 31, 2016 for the Cash DSUs are entitled to receive at the time of exercise, an amount in cash equal to the aggregate current market value of the Shares, determined based on the closing price of the Shares on the TSX on the trading day preceding the exercise date. Directors are not entitled to receive Shares for Cash DSUs at the time of

exercise. There is no limit for the amount of Cash DSUs that can be granted to any Director.

Directors remain entitled to receive one Share at the time of exercise for any DSUs credited for the amount of the annual equity retainer (the "**Share DSUs**"). The grant for Share DSUs cannot exceed \$100,000 per calendar year for any Director.

The remaining terms of the original DSU Plan remain unchanged for both Cash DSUs and Share DSUs.

There were 318,227 DSUs outstanding as at January 31, 2020. See "PART III — DIRECTOR INFORMATION — DIRECTOR NOMINEES" starting on page 19 of this Circular for the number of current DSUs held by individual Directors.

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DIRECTOR TOTAL COMPENSATION FOR FISCAL 2019

The following table shows the amounts, before withholdings, earned by the non-management Directors during the year ended January 31, 2020 in respect of membership and attendance on North West's Board and its Board committees. The Directors are also reimbursed for reasonable travel and other expenses properly incurred by them in attending Board or Board Committee meetings in connection with their services as Directors.

Name	Fees Earned (\$) ⁽¹⁾	Share-Based Awards (\$) ⁽²⁾	Option-Based Awards (\$)	Non-equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation	Total (\$)
H. Sanford Riley ⁽³⁾	43,125	196,875	–	–	–	–	240,000
Brock Bulbuck ⁽⁴⁾	–	117,500	–	–	–	–	117,500
Deepak Chopra	71,000	45,000	–	–	–	–	116,000
Frank Coleman ⁽⁵⁾	30,000	95,000	–	–	–	–	125,000
Wendy Evans ⁽⁶⁾	71,500	55,000	–	–	–	–	126,500
Stewart Glendinning ⁽⁷⁾	–	125,000	–	–	–	–	125,000
Annalisa King	69,500	45,000	–	–	–	–	114,500
Violet (Vi) Konkle ⁽⁸⁾	40,000	85,000	–	–	–	–	125,000
Jennefer Nepinak ⁽⁹⁾	–	97,500	–	–	–	–	97,500
Eric Stefanson ⁽¹⁰⁾	69,750	61,250	–	–	–	–	131,000
Victor Tootoo	80,000	45,000	–	–	–	–	125,000

Notes

- (1) Represents fees paid to the Director in cash.
- (2) Represents awards under the DSU Plan for the fiscal year ended January 31, 2020.
- (3) Mr. Riley received \$67,500 in Share DSUs and \$129,375 in Cash DSUs.
- (4) Mr. Bulbuck received \$45,000 in Share DSUs and \$72,500 in Cash DSUs.
- (5) Mr. Coleman received \$45,000 in Share DSUs and \$50,000 in Cash DSUs.
- (6) Ms. Evans received \$45,000 in Share DSUs and \$10,000 in Cash DSUs.
- (7) Mr. Glendinning received \$45,000 in Share DSUs and \$80,000 in Cash DSUs.
- (8) Ms. Konkle received \$45,000 in Share DSUs and \$40,000 in Cash DSUs.
- (9) Ms. Nepinak received \$45,000 in Share DSUs and \$52,500 in Cash DSUs.
- (10) Mr. Stefanson received \$45,000 in Share DSUs and \$16,250 in Cash DSUs.

DIRECTOR SHARE OWNERSHIP REQUIREMENTS

To ensure Directors are aligned with Shareholder interests, all non-management Directors of North West are required to hold Shares or deferred Share units at levels set by the Board. North West's share ownership requirements were reviewed in 2019 by Korn Ferry to ensure alignment with market and best governance practice. Minimum

share ownership requirement (i) for Directors remains at \$255,000 (three times the annual cash and equity retainer), and (ii) for the Chairman of the Board remains at \$720,000 (three times the annual cash and equity retainer). Directors have five years from their initial appointment to the Board to comply with these minimum Share ownership requirements. The Governance Committee is scheduled to conduct its next in-depth review to assess ownership requirements in 2022.

CORPORATE GOVERNANCE

INTRODUCTION

The Board is committed to fulfilling its mandate to supervise the management of the business and affairs of North West with the highest standards of ethical conduct and in the best interests of the Shareholders of North West. It is focused on processes that truly matter in creating and sustaining investor value and long-term health of our enterprise. The Board has, in light of governance requirements and best practice standards in Canada, implemented a comprehensive set of governance systems and materials. In addition to the governance practices set out in National Policy 58-201 — *Corporate Governance Guidelines and National Instrument — Disclosure of Corporate Governance Practices*, North West is subject to rules of the Canadian Securities Administrators regarding both audit committees and the certification of certain annual and interim filings, and the TSX.

The responsibility of the Board is to oversee the conduct of North West's business. The Board discharges its responsibilities either directly, or through its committees. The Directors are kept informed of North West's operations at meetings of the Board and its Committees, and through reports and discussions with management.

As of April 27, 2020, the Board consists of thirteen Directors. North West believes that thirteen Directors is appropriate for an issuer of the size of North West and believes that the range of expertise and skills on its Board facilitates Board effectiveness.

North West's corporate governance framework is supported by clearly defined roles for its Board and Committees. The Governance Committee provides direction, reviews best governance practices, monitors compliance, and makes recommendations to the Board to enhance corporate governance and Board effectiveness. The Board has approved the disclosure of corporate governance practices and structure as set out in this section.

ABOUT THE BOARD

The Board's mandate provides that the Board is responsible for the stewardship and oversight of management of North West and its business. A copy of this mandate is attached as Schedule "A" to this Circular. The Board reviews its mandate on a regular basis. The Board's principal duties include overseeing North West's business strategy and strategic planning process, succession planning, as well as approving policies, procedures and systems for implementing strategy and managing risk.

North West's Board is also responsible for North West's environmental, health and safety, and social initiatives and has delegated responsibility for oversight to the Governance and Nominating Committee and the Audit Committee. In addition to the information provided in our 2019 Annual Report under the heading "Risk Management", North West's Sustainability Roadmap is available on North West's website at www.northwest.ca.

The Board holds four regular meetings each year, as well as additional meetings as required. At each regularly scheduled meeting, the Board receives presentations from executives of North West. At the end of every regularly scheduled Board meeting, in order to facilitate an open and candid discussion among independent Directors, a session is held without any management present, including the Chief Executive Officer.

Strategy and Risk Management

The Board oversees the development of North West's strategic direction and the implementation by management of the strategic goals. North West strategy is an important priority of the Board, and at least one part of a Board meeting is dedicated to the review of North West's strategy on an annual basis. The Board also receives quarterly strategic updates from management and considers changes to North West's strategic direction.

North West's Board is responsible for risk oversight. The Board has approved the adoption and implementation of a formal Enterprise Risk Management framework across North West on an integrated basis. The primary goal of risk management is to ensure that the outcomes of risk-taking are consistent with North West's business activities, strategies and risk appetite. As part of the risk management framework, North West management provides the Board and the Audit Committee with regular updates on key risks.

Structure and Committees

The Board exercises its duties through its Committees. The Board has three Committees who oversee the activities of North West. The Chairperson of the Board is an ex-officio non-voting member of all Committees of the Board. The President and Chief Executive Officer attends Board Committee meetings as an invited guest.

Governance and Nominating Committee ("Governance Committee")

The Governance Committee is composed of seven Directors, namely Wendy Evans (Chairperson), Frank Coleman, Stewart Glendinning, Robert Kennedy, Vi Konkle, Eric Stefanson and Victor Tootoo, all of whom are independent as defined in National Instrument 52-110.

The Governance Committee is responsible for developing and monitoring North West's approach to corporate governance in accordance with good corporate practice and applicable laws and policies. In particular, the Governance Committee is responsible for overseeing the role, composition, and effectiveness of the Board and its Committees. In this regard, the Governance Committee is responsible for such matters

as establishing and reviewing the mandate of the Board and its Committees; identifying and evaluating candidates for nomination to the Board; overseeing the orientation and education programs for the Directors; assessing the effectiveness of the Board, its Committees and individual Directors; and establishing and reviewing general corporate policies and practices, such as related party transaction policies and insider trading guidelines.

Human Resources, Compensation and Pension Committee ("Compensation Committee")

The Compensation Committee is composed of seven Directors, namely Vi Konkle (Chairperson), Brock Bulbuck, Deepak Chopra, Wendy Evans, Robert Kennedy, Annalisa King and Jennefer Nepinak, all of whom are independent as defined in National Instrument 52-110.

The Compensation Committee is responsible for ensuring that appropriate and effective human resource recruitment, development, compensation, retention, succession planning, and performance evaluation programs are developed and implemented in conformity with North West's strategic objectives, and with a view to attract and retain the best qualified executives, management and employees. See "PART IV — COMPENSATION DISCUSSION AND ANALYSIS" starting on page 49 of this Circular for the report presented this year on executive compensation.

Audit Committee

The Audit Committee is composed of eight Directors, namely Eric Stefanson (Chairperson), Brock Bulbuck, Deepak Chopra, Frank Coleman, Stewart Glendinning, Annalisa King, Jennefer Nepinak and Victor Tootoo, all of whom are independent and financially literate, as those terms are defined in National Instrument 52-110.

The Audit Committee is responsible for overseeing the integrity of North West's financial statements. In this regard, the primary duties of the Audit Committee involve reviewing North West's disclosure controls and procedures, overseeing the internal controls over financial reporting, and reviewing all significant accounting policies and any proposed changes thereto.

The Audit Committee reviews and recommends to the Board the approval of North West's quarterly financial statements and the annual audited financial statements, and is responsible for recommending to the Board the appointment of the external auditors and their compensation. It is also responsible for approving the external audit plan, evaluating the external auditors' performance, assessing the independence of the external auditors, and pre-approving all non-audit related fees.

The Audit Committee oversees the internal audit function, and approves the internal audit plan and reviews internal audit reports. It is responsible for overseeing North West's processes for identifying and assessing major financial risk exposures and the steps taken to monitor and control such risks.

In-Camera Sessions

The Board and its Committees conduct “in-camera” sessions at each quarterly meeting and as required at other meetings, at which no management Directors or other members of management are present. The in-camera sessions are intended not only to encourage the Board and its Committees to fully and independently fulfil their mandates, but also to facilitate the performance of fiduciary duties and responsibilities of the Board and its committees on behalf of the Shareholders.

Independent Board Chair

H. Sanford Riley is the Chair of the Board. Mr. Riley is an independent Director as defined in National Instrument 58-101. As Chairperson of the Board, his responsibilities include ensuring the Board functions effectively and independently of management, and that it meets its obligations and responsibilities as set out in its mandate. The Board Chair sets the “tone” for the Board and its members to foster ethical and responsible decision making, appropriate oversight of management, and effective governance practices. The Board has developed and approved a written position description of the Chair of the Board.

CEO Position Description

A written position description for the Chief Executive Officer has been developed and approved by the Board. The Chief Executive Officer reports to the Board and has general supervision and control over the business and affairs of North West. The Chief Executive Officer provides effective leadership and vision for North West to grow value responsibly, in a profitable and sustainable manner. The Chief Executive Officer sets the “tone” for management to foster ethical and responsible decision making, appropriate management, and effective governance practices.

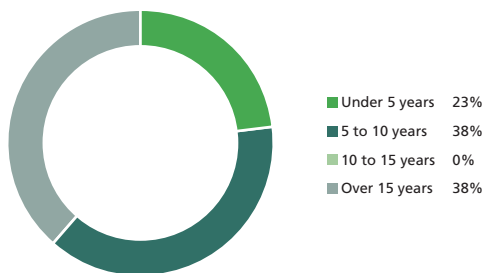
BOARD NOMINATION, COMPOSITION AND RENEWAL

Majority Voting Policy

North West’s majority voting policy provides that any nominee who receives more withheld votes than votes in his or her favor in an uncontested election of Directors will tender his or her resignation to the Chair of the Board promptly following the Meeting. Subject to the requirements of the *Canada Business Corporations Act*, the Governance Committee will consider the Director’s offer to resign (within 90 days of the Meeting) and make a recommendation to the Board whether to accept it. The Governance Committee and the Board will consider if there are exceptional circumstances whereby the Director’s resignation should not be accepted, consistent with the Board’s fiduciary duty to act in the best interests of North West. Any Director who tenders his or her resignation will not participate in any meetings at which the resignation is considered. The Board will announce its decision in a press release as soon as practically possible after the Meeting. If the Board rejects the resignation, it will disclose the reasons why.

Subject to the requirements of the *Canada Business Corporations Act*, the Board may leave any resulting vacancy unfilled until the next annual meeting of Shareholders or fill the vacancy through the appointment of a new Director.

Board Tenure and Term Limits



Pursuant to North West's Corporate Governance Policy, Directors are not permitted to stand for re-election after reaching the age of 70 years. At this time, the Board does not believe arbitrary term limits are appropriate, nor does it believe that Directors should expect to be re-nominated annually until they reach the normal retirement age

established by the Board. The Board relies on regular formal Board, Board Committee, and Director assessments for evaluating Board members and the overall performance of the Board and its Committees. With respect to its composition, the Board strives to achieve a balance between experience, on the one hand, and the need for renewal and fresh perspectives, on the other.

North West's current average Board tenure is eleven years. As at April 27, 2020, three Directors have served on the Board for a period of less than five years, five Directors have served for between five and ten years, and five Directors have served for more than fifteen years. Over the past five years, with a number of longer-serving Directors retiring, North West has welcomed three new independent Directors to the Board.

Expertise and Composition of the Board

The Governance Committee annually reviews both the size and composition of the Board. In considering new nominees for the Board, the Governance Committee assesses the skill, expertise and experience of incumbent Directors in order to determine the skills, expertise and experience it should seek in new Board members to add value to the Board. The Governance Committee then makes recommendations on candidates to the Board.

North West believes a board of directors is most effective when it can draw from a variety of skills and experience. The Board looks for the following skills and experience when recruiting new Directors: corporate governance experience; retail experience; operations experience; human resources and executive compensation experience; community affairs/government relations experience; financial expertise/literacy; risk management experience; information technology experience; international experience; indigenous experience; community experience; logistics/supply chain/transportation experience; e-commerce experience; and c-level public company experience. In addition, a candidate's diversity of gender, indigenous heritage, nationality, geography, age, experience, and other attributes are considered favorably in the assessment of a candidate.

Skills Matrix

The Board believes that it has the appropriate diversity of skill, experience and expertise on the Board required to perform effectively and to act in the best interests of North West and its Shareholders. The skills matrix set out below is used to assess the Board's overall strengths and to assist in the Board's ongoing renewal process, which balances the need for experience and knowledge of North West's business with the benefit of board renewal and diversity. Although the Directors have a breadth of experience in many areas, the skills matrix lists fourteen important qualifications determined by the Board and highlights various key skills for each director. The matrix is not intended to be an exhaustive list of each Director's skills.

Skills \ Directors	Riley, H. S.	Bulbuck, B.	Chopra, D.	Coleman, F.	Evans, W.	Glendinning, S.	Kennedy, E.	Kennedy, R.	King, A.	Konkle, V.	Nepinak, J.	Stefanson, E.	Tootoo, V.
Corporate Governance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Retail				✓	✓		✓		✓	✓			
Operations		✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	
Human Resources / Executive Compensation	✓	✓	✓	✓		✓	✓	✓		✓		✓	✓
Community Affairs / Government Relations	✓		✓	✓			✓				✓	✓	✓
Financial Expertise / Literacy		✓	✓			✓	✓		✓	✓		✓	✓
Risk Management	✓	✓	✓	✓		✓	✓		✓	✓	✓	✓	
Information Technology			✓			✓	✓	✓	✓				
International		✓	✓		✓	✓	✓				✓		
Indigenous							✓				✓		✓
Community Experience within the Markets North West Operates							✓				✓		✓
Logistics / Supply Chain / Transportation			✓			✓	✓			✓			
E-commerce			✓		✓				✓				
C-level Public Company	✓	✓	✓	✓		✓	✓	✓	✓	✓			

Board Diversity

North West's Corporate Governance Policy (the "**Governance Policy**") and Board Diversity Policy (the "**Diversity Policy**") are based on the belief that a Board comprised of men and women representing different points of view add greater value than a Board comprised of directors with similar backgrounds. The Governance Policy and the Diversity Policy both expressly encourage diversity in the composition of the Board in the broadest sense and with respect to a wide range of attributes such as diversity of gender, indigenous heritage, nationality, geography, experience, and other attributes.

The Board accordingly aims to be comprised of directors who have a range of perspectives, insights and views in relation to the opportunities and issues facing North West, with an emphasis on finding the best qualified candidate given the needs and circumstances.

Although targets relating to the nomination of female directors have not been adopted to date, the Board has emphasized its commitment to the recruitment of women in recent years by making the identification of candidates who are female a key search criterion in the director selection and nomination process it has undertaken. As of April 27, 2020, as to gender, the Board is comprised of four (31%) female Directors and nine (69%) male Directors. The Board has two Directors that are of indigenous heritage and one Director that is of Indian (South Asian) heritage. The Board has determined that, at this time, a target would not be the most effective way of ensuring it is comprised of diverse attributes and backgrounds. North West will continue to focus on encouraging diversity, and more specifically gender diversity, in the composition of the Board as a key search criterion when selecting directors.

DIVERSITY OF NORTH WEST MANAGEMENT

North West believes that a diversity of backgrounds, opinions, and perspectives and a culture of inclusion helps create a healthy and dynamic workplace, which improves overall business performance. North West also recognizes that supporting a diverse workplace is a business imperative that helps North West attract and retain the brightest and most talented individuals for its leadership team.

Specific targets or quotas for gender or other diversity representation have not been adopted for executive officer positions due to the need to consider a balance of criteria in each individual appointment. This includes the importance that appointments are made, and are perceived to be made, on the merits of the individual and the needs of North West at the relevant time. In addition, targets or quotas based on specific criteria could limit North West's ability to ensure the overall composition of its leadership team meets the needs of North West and its Shareholders. One exception is that North West is creating more targeted career paths for executive candidates of indigenous heritage.

With respect specifically to gender diversity, as of April 27, 2020, the composition is five women out of eighteen (28%) total executive officers (as defined in National Instrument 51-102 *Continuous Disclosure Obligations*). North West has an inclusive talent-based workplace and this is reflected in the diversity of its employee base. At more senior levels diversity continues to increase over time with year to year variability driven by strategy, structure and succession planning factors.

DIRECTOR REQUIREMENTS AND EXPECTATIONS

The Board has developed written position descriptions for individual Directors, which sets out the expectations for each Director.

Board Independence

The Board has reviewed the status of each of its Directors to determine whether such Director is “independent” as defined under National Instrument 58-101. Such review is based on the applicable factual circumstances, including financial, contractual and other relationships.

Of the twelve nominee Directors, eleven are independent within the meaning of NI 58-101. Each of H. Sanford Riley, Brock Bulbuck, Deepak Chopra, Frank Coleman, Wendy Evans, Stewart Glendinning, Annalisa King, Vi Konkle, Jennefer Nepinak, Eric Stefanson and Victor Tootoo, is an independent Director. Edward Kennedy, the President and Chief Executive Officer of North West, is not independent.

The independent Directors meet separately from management at all regular meetings and as necessary at special meetings.

Code of Ethical Conduct and Disclosure

The Board believes that a culture of strong corporate governance and ethical business conduct must be endorsed by the Board and all employees. The Code of Conduct (as defined below) addresses many areas of business conduct.

North West has a written code of conduct for its Directors and employees (the “**Code of Conduct**”). A copy of the Code of Conduct can be found on www.sedar.com. Management is responsible to advise the Board on any compliance issues relating to the Code of Conduct. To the knowledge of the Board, there have been no departures from the Code of Conduct during fiscal 2019 that would have required the filing of a material change report.

Each Director and employee of North West must possess and exhibit the highest degree of integrity, professionalism and values, and must never be in a conflict of interest with North West. A Director who has a conflict of interest regarding any particular matter under consideration should advise the Board, refrain from debate on the matter and abstain from any vote regarding it.

North West’s Respectful Workplace Policy provides a procedure for employees to raise concerns or questions regarding various matters, including discrimination based on gender, race, disability, ethnicity, nationality, religion, sexual orientation, and/or gender identity.

North West’s Whistleblower Policy provides a procedure for employees to raise concerns or questions regarding various matters, including any audit and accounting concerns.

North West has also adopted a Corporate Disclosure Policy which is reviewed by the Board on a regular basis. Quarterly and annual disclosure and financial packages are reviewed by the Disclosure Committee of Management prior to being recommended for Board approval and CEO/CFO certification of annual filings.

Attendance of Directors at Board and Committee Meetings

Each Director is expected to attend all meetings of the Board, and the Committees upon which they serve and to come to such meetings fully prepared. The following table provides a summary of the Board and Board Committee meetings held during the twelve-month period ended January 31, 2020. Each Director nominee's attendance record for such meetings, as applicable, is set forth starting on page 20 of this Circular in their respective biographies. Overall, the Directors attended 99% of applicable Board and Committee meetings in fiscal 2019.

Type of Meeting Held	Number of Meetings	Attendance
Board of Directors	6	99%
Audit Committee	4	100%
Human Resources, Compensation and Pension Committee	5	98%
Governance and Nominating Committee	5	100%

Related Party Transactions and Conflicts of Interest

In the event a Director or officer has a material interest in any transaction or agreement entered into by North West, such interest must be declared and recorded. If the transaction or agreement is being considered by the Board, the Director is also required to exclude him or herself from any discussions or vote relating to such transaction or agreement.

Public Company Directorships

The Board has not implemented a formal policy which limits the number of public company directorships its Directors can hold. The Board believes that its Director evaluation program is the best method for ensuring that Directors remain accountable and continue to discharge their duties as North West Directors. The Board also monitors and is guided by industry best practices with respect to limiting the number of public company directorships each Director can hold.

The names of all other reporting issuers on which each Director of North West serves as a Director is set out in this Circular is set forth starting on page 20 of this Circular in their respective biographies.

Ms. Violet (Vi) A.M. Konkle sits on the Board of Directors of Boyd Group Services Inc. and Mr. Brock Bulbuck is the Executive Chair of Boyd Group Services Inc. and he also sits on the Board of Directors. The Board does not believe that this relationship impacts the ability of these Directors to act in North West's best interests.

DIRECTOR DEVELOPMENT AND ASSESSMENT

New Director Orientation

North West has a formal orientation process for new Directors. Directors are required to read and become familiar with North West's various corporate policies, all Board and Committee mandates, corporate by-laws, and various corporate reports. Directors meet with the Corporate Secretary who provides the Director with an overview of North West's corporate structure and governance practices. Directors also meet with all other members of senior management, at which time management provides the new Director with an overview of North West's business, operations and initiatives. Directors are requested to tour or work at one or more of the major store banners during the first 18 months of their appointment. Private meetings with other Directors are encouraged to establish rapport and understand Board dynamics. An incumbent Director is also assigned a mentor during their first year to assist them with any issues they encounter during their first year of service.

Director Continuing Education

Directors are kept informed as to matters impacting North West's operations through reports and presentations at Board meetings. In addition, at each quarterly Board meeting, the Board receives information on the operations of North West, including a report from the Chief Executive Officer, a report on corporate development activities, a report on operations and strategic initiatives, a financial overview and other pertinent information. All executives are available for discussions with Directors concerning any questions or comments which may arise between Board meetings.

Each September the Board travels to a different store division or geographic area to visit stores and meet customers, community leaders, management and staff to better understand North West's operations in both urban and remote communities. Directors also have the opportunity to meet one-on-one with North West's executive team members and to accompany such members on store tours in order to become familiar with the communities in which North West operates.

Directors have the opportunity to participate in external director education events through North West's membership in the Institute of Corporate Directors. North West will also fund 50% of the tuition if a Director wishes to enroll in the Institute of Corporate Directors Directors Education Program. Third parties provide presentations to the Board at Board meetings, at Board dinners and educational lunches. Topics during this past year included (i) First Nations reconciliation and community relations, (ii) disclosure pertaining to environmental, social and corporate governance, and (iii) organizational structure. Directors also may elect to receive ongoing industry information through North West's membership in various industry associations such as the Retail Council of Canada.

Directors may, with the consent of the Chair of the Governance Committee, engage outside advisors at the expense of North West.

Board and Director Assessment

Assessment of the Board, Board Committees and Board and Committee Chairs

The performance and effectiveness of the Board and its Committees, the Chairman of the Board and individual Directors (including in their capacity as Committee members), are regularly assessed under the Governance Committee's oversight through processes that are intended to encourage candid and constructive commentary.

Each year, each Director completes an online survey of their assessment of the functioning of the Board. Directors are asked to rate the Board's performance based on criteria which address, among other things, the Board's composition and practices, relationship with management, and the oversight of North West's strategy, risk, financial reporting, and CEO succession and performance. The senior management team is also included in the assessment process and are asked to complete a separate Board assessment survey.

The annual online survey also requires each Director to assess each Board Committee. Directors are asked to rate the performance of each Committee against a set of criteria, including each Committee's composition, practices, relationship with the Board and management, and performance of its duties.

The assessment of the performance of the Chairman of the Board and the Chairs of each Committee are also included in the annual online survey.

The results of the evaluations are reviewed by the Chairperson of the Governance Committee with the Chairman of the Board, and are also discussed at the meetings of the Governance Committee and the Board. The Governance Committee is also responsible for creating a plan to address any deficiency or implementing any suggestions elicited through the assessment process.

Individual Director Assessments

Peer evaluations of independent Directors are completed through an online survey every two years. Directors are asked to evaluate each other's skills, knowledge and participation on the Board. The peer evaluation is intended to ensure that each Director is contributing to the ongoing stewardship of North West. Results of the peer reviews are reviewed by the Chairman of the Board, who then meets with each Director to provide feedback on the results of the survey.

COMMUNICATION WITH SHAREHOLDERS

North West is committed to transparent and effective communication with its Shareholders. In support of this commitment, the Board has developed practices to facilitate Shareholder engagement.

North West has adopted a Corporate Disclosure Policy, which is reviewed on a regular basis. Quarterly and annual financial disclosures are reviewed by an internal Disclosure Committee prior to being recommended for Board approval and CEO/CFO

certification of annual and interim filings. North West's quarterly conference calls with analysts and institutional investors are accessible on a recorded basis to interested retail investors, the media and members of the public for seven days. North West includes all significant disclosure documents on its website at www.northwest.ca.

Inquiries and requests for information from Shareholders and potential investors receive prompt attention from an appropriate officer. North West's President and Chief Executive Officer and Executive Vice President and Chief Financial Officer are responsible for maintaining communications with the investing public.

North West encourages feedback from its Shareholders and engages in regular communications with financial analysts and institutional investors. North West also solicits feedback through its "Say on Pay" advisory resolution on executive compensation.

CORPORATE CEASE ORDERS OR BANKRUPTCIES

No Director is, or has been within the past ten years, a director or executive officer or promoter of any other company that, while such person was acting in that capacity:

- (i) was the subject of a cease trade or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than 30 consecutive days;
- (ii) was subject to an event that resulted, after the person ceased to be a director or executive officer, in the issuer being the subject of a cease trade order or similar order or an order denying statutory exemption; or
- (iii) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

No Director has, within the ten years preceding the date hereof, been subject to any penalties or sanctions imposed by a court relating to securities legislation or by any securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely to be considered important to a reasonable investor making an investment decision.

No Director is, or has become, within the ten years preceding the date hereof, bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

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PART IV — COMPENSATION DISCUSSION AND ANALYSIS

LETTER TO OUR SHAREHOLDERS

We believe that it is important for North West’s Shareholders to clearly understand our compensation plans and programs, as well as the philosophies that underlie them. Compensation is used to attract, motivate, and retain outstanding talent, link compensation to business results and individual performance, and to promote decision making that delivers threshold returns to our Shareholders on a sustainable and consistent basis.

The Human Resources, Compensation and Pension Committee (the “**Compensation Committee**”) is responsible for recommending performance-based compensation awards for Board approval. We work carefully to structure North West’s compensation programs to deliver the right outcomes for our Shareholders, our customers, and our employees. These programs introduce a level of variability in our compensation expense which protect Shareholders in difficult years, and reward management in years of superior performance. We rely on specific pre-determined performance targets, benchmarks, independent experts, and rigorous analysis, but we also rely on our own experience, expertise and considered application of the Board’s business judgement when setting compensation.

At North West, we view ourselves as a total return company. Our fundamental objective is to deliver to Shareholders a strong and growing dividend, supported by consistent earnings gains. Our total return orientation is supported through North West’s compensation policies. Annual incentives are driven by how well management performs against earnings targets, adjusted for capital efficiency. Payments are quickly reduced to minimum levels if results fall short. Our long-term compensation plans centre around equity awards which recognize the importance of dividends to our Shareholders.

In 2019, Management made the decision to re-structure the business and move decision-making closer to our markets. The President, International Retail and President, Canadian Retail are two new key roles in the business, and the NEO information in the following materials reflects this new structure. We support Management’s decision to implement these changes, and believe that the diversity of geography, markets and merchandise assortment warrant this level of focus and market leadership. The following materials also outline the extension of Mr. Kennedy’s employment agreement. The Board believes that extending Mr. Kennedy’s contract is the right choice at this time for the business, given the addition of North Star Air, the work involved with the sale of Giant Tiger, and the restructuring of the leadership team.

The compensation discussion that follows also reflects the challenges the Company faced in the Giant Tiger business. The performance of this banner muted the positive results in our core Northern Stores and International Division, and the “at-risk” portion

of both short and long-term compensation reflect the challenging results of this division.

We believe our approach to executive compensation is working as intended. In the following pages you will find a straightforward and transparent description of our executive pay practices, and the specific, corporate and individual measures of performance that factored into North West's compensation program for 2019, and the payments NEOs received in 2019 from these programs.

On behalf of the members of the Compensation Committee and the Board, we want to thank you for your continued support of North West.

Sincerely,

"Vi Konkle"

Vi Konkle
Chair, Human Resources,
Compensation and Pension Committee

"Sandy Riley"

H. Sanford Riley
Chairman of the Board

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INTRODUCTION

The following Compensation Discussion and Analysis (“**CD&A**”) is intended to provide North West’s Shareholders with a description of the processes and decisions involved in the design, oversight and payout of our compensation programs for the named executive officers (“**NEOs**”) for the fiscal year ended January 31, 2020. Although the CD&A focuses on the compensation policies and practices for NEOs, these programs generally apply to North West’s entire executive team.

The NEOs during fiscal 2019 were as follows:

- Edward Kennedy, President and Chief Executive Officer;
- John King, Executive Vice President and Chief Financial Officer;
- Dan McConnell, President, International Retail;
- Alex Yeo, President, Canadian Retail; and
- Gary Merasty, Executive Vice President and Chief Development Officer.

COMPENSATION GOVERNANCE

The Compensation Committee assists the Board in establishing North West’s compensation philosophy and structure, and in discharging its oversight accountabilities relating to the compensation and retention of key senior management employees, and in particular, the President and Chief Executive Officer. The Compensation Committee is comprised of seven independent Directors: Vi Konkle, who serves as Chairperson, Brock Bulbuck, Deepak Chopra, Wendy Evans, Robert Kennedy, Annalisa King and Jennefer Nepinak. No member of the Compensation Committee has ever been an officer or employee of North West or any of its affiliates.

All members have direct experience in compensation matters as either current or former chief executive officers, executive officers, elected government officials, as a retail consultant, or through board of director positions in other publicly traded companies. Additional information regarding the Compensation Committee members is provided in the individual Director biographies found in the Director Nominees section starting on page 19 of this Circular. The Chairperson of the Board also participates in all Compensation Committee meetings as an ex-officio member. Collectively, this experience provides the Compensation Committee with the knowledge, skills, experience and background in executive compensation and human resource matters to make decisions on the suitability of North West’s compensation policies and practices.

The responsibilities, powers and operation of the Compensation Committee are set out in its mandate, which is attached as Schedule “B” to this Circular.

The Compensation Committee held six meetings in fiscal 2019. The President and Chief Executive Officer, Executive Vice President and Chief Financial Officer, and Vice President, Legal and Corporate Secretary attend meetings of the Compensation Committee, but do not have the right to vote on any matter. Other senior executives may also attend parts of a meeting for presentation purposes. No executive, including

the President and Chief Executive Officer, is present when his or her compensation is considered.

The Compensation Committee has instituted good governance practices that enhance the Compensation Committee's ability to effectively carry out its accountabilities. These practices include:

- utilizing a work plan which sets out the timetable of all regularly occurring matters for which the Compensation Committee has accountability;
- retaining an external independent advisor to advise the Compensation Committee on compensation levels and structure, and requiring their attendance when their reports are discussed and when requested to attend by the Chairperson of the Compensation Committee; and
- holding in-camera sessions without management present during every Compensation Committee meeting.

In addition, the Compensation Committee receives feedback from Shareholders on compensation matters through an annual advisory resolution on North West's approach to executive compensation.

EXECUTIVE COMPENSATION PHILOSOPHY

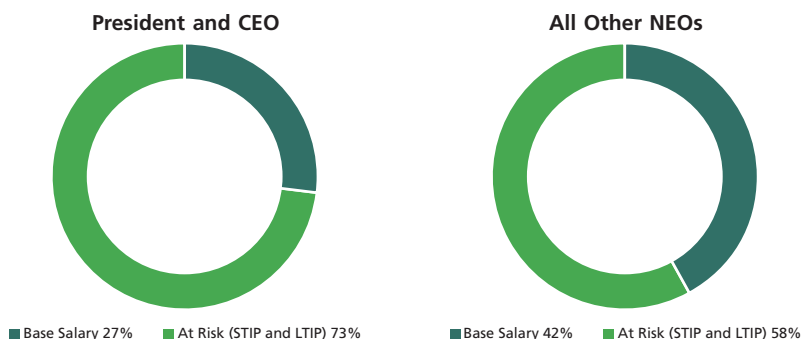
Since its formation 33 years ago, North West has embraced an organization wide and market competitive pay-for-performance compensation philosophy linked to the delivery of superior total returns to its Shareholders through a focus on both earnings growth and annual cash dividend yield. North West's total compensation objective for executives is to provide target pay that is aligned with the median of the market and which will deliver actual pay in the upper quartile of the market when sustainable upper quartile performance is achieved. A significant portion of each executive's compensation is also "at risk" in order to motivate executives and align their interests with the creation of long-term Shareholder value.

North West's executive compensation program is designed to accomplish the following goals:

- attract and retain top talent;
- motivate superior performance;
- align rewards to the time horizon of the position;
- focus on key performance measures that drive dividend yield and annual growth for Shareholders; and
- be consistent with better practices of good governance.

Total compensation is linked to a combination of the achievement of operational and strategic targets, and total returns compared to other public Canadian retailers. The executive compensation philosophy is to provide a reasonable level of annual salary commensurate with the responsibilities of the executive, with all other compensation elements except benefits, based on performance. The mix of incentive awards is aligned to the planning horizon associated with the executive's role. The following

charts illustrate what portion of each NEO's compensation is "at risk" or performance based.



Compensation planning in the context of the short-term or annual incentive ("**STIP**") is integrated with the annual business planning and budgeting process, and 100% of this award is "at risk" if corporate performance is not met for the year. Annual corporate performance, business unit performance and individual performance targets for executives are set based on the overall strategic plan and business priorities for the year. If the executive does not meet at least 90% of his or her performance target for the year, the executive does not receive any payment under the STIP. In addition, if the corporate performance achieved is less than 80% of target for the year, the Board retains the discretion to not pay any award, even if business unit and individual performance targets were achieved by the executive for that year. See "ELEMENTS OF 2019 EXECUTIVE COMPENSATION — SHORT TERM INCENTIVE PLAN" found on pages 58-59 of this Circular for more details on the short-term incentive plan.

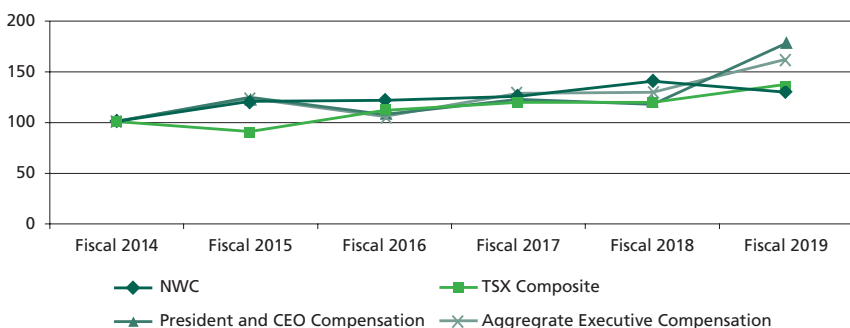
Performance in the context of the long-term incentive ("**LTIP**") is based on value creation for its Shareholders and is designed to encourage executives to remain with North West over the long term. A significant portion of the long-term incentive is also "at risk". 75% of the LTIP award is performance share units ("**PSUs**") that vest at the end of each three-year cycle. The payment of PSUs is based equally on total shareholder return relative to its comparator peer group, financial performance versus target and time-based. 25% of the LTIP award is share options which are specifically designed to reinforce North West's performance goal of delivering superior total shareholder returns, consisting of higher than average sustainable dividends and earnings growth. See "ELEMENTS OF 2019 EXECUTIVE COMPENSATION — Performance Share Units and SHARE OPTION PLAN" found on pages 60-65 of this Circular for more details.

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SHAREHOLDER RETURN AND EXECUTIVE COMPENSATION

Below is a comparison of the cumulative total return between North West and the TSX Composite Index for the fiscal years ended January 31, 2015 (“Fiscal 2014”) to January 31, 2020 (“Fiscal 2019”). This comparison assumes \$100 was invested on January 31, 2014 and all distributions/dividends were reinvested. The table and graph below also shows the trend in total compensation of the President and Chief Executive Officer for Fiscal 2014 to Fiscal 2019, and the total compensation of all of North West’s NEOs for the same period, and compares this compensation to North West’s return to Shareholders over this same period, as well as returns under the TSX Composite Index.

Total compensation for the purposes of this comparison includes base salary, STIP and LTIP (“Total Compensation”). To provide a consistent basis of comparison, the figures for Fiscal 2014 include the compensation for only the top five named executive officers. The methodology used by North West has been adopted solely for the purposes of the comparison described below. It is not a recognized or prescribed methodology, and may not be comparable to methodologies used by other issuers for this purpose.



	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	1 Year Annual Return (2018-2019)	5 Year Compounded Annual Return
NWC	100	120	121	125	140	129	-7.5%	5.3%
TSX Composite	100	90	111	119	119	137	15.0%	6.5%
President & CEO Compensation	100	124	107	122	117	178		
Aggregate Executive Compensation	100	123	105	128	129	162		

As shown in the graph and table above, over the past five-year period, North West Shares have outperformed the TSX Composite Index each year with the exception of 2019. Over the same five-year period, North West Shares produced a compound annual return of 5.3%, compared to the TSX Composite Index return of 6.5%. The President and CEO’s compensation and the aggregate executive compensation have

generally trended in line with or below the performance of the Company's Shares over the past five years with the exception of 2019. The increase in total compensation for the President & CEO in 2019 is substantially due to a special PSU grant pursuant to the extension of his employment agreement. This special PSU grant combined with relocation costs and housing allowance paid to Mr. McConnell, President, International Retail, on his relocation to the Company's International Operations support office in Boca Raton, Florida were the primary factors contributing to the increase in aggregate executive compensation in 2019. Further information on the components included in total compensation for the President and CEO and the aggregate executive compensation are provided in the Summary Compensation Table on page 69.

North West believes that its executive compensation program supports a strong relationship between compensation earned by a NEO and the returns received by the Shareholder. It is structured to reduce the fixed cost component of compensation by paying market median salaries, while enhancing potential overall compensation through incentive based plans tied to corporate performance. For stock options and PSUs, there is a direct correlation between our Share price performance and the actual gains realized by North West executives.

DESIGN OF COMPENSATION PROGRAM AND ROLE OF COMPENSATION CONSULTANTS

The objective of North West's compensation program is to align the performance drivers of the business with those factors that should enhance total returns to Shareholders. This is intended to be accomplished by the direct relationship between the various drivers of North West's performance and performance based pay, the significant weightings of share-based incentives in the executive compensation mix, and the methodology used to determine PSU awards.

North West conducts an in-depth market review every three years to ensure base pay, incentives and total compensation is competitive and aligned with its performance goals. Meridian Compensation Partners Inc. ("**Meridian**") was retained by the Compensation Committee in late 2016 to provide independent advice and to assist the Committee in its in-depth review, to provide recommendations with respect to the competitiveness and design of North West's executive compensation and generally to be available to provide advice to the Compensation Committee.

The analysis and advice requested from Meridian included executive compensation philosophy, market competitiveness of compensation, pay-for-performance analysis, incentive plan review, and performance calibration. During its review, Meridian evaluated North West's executive compensation levels relative to market for each of the following elements: a) base salary; b) annual incentives; c) total cash compensation (the sum of base salary and annual incentives); d) expected value of long-term incentives at time of grant; and e) total direct compensation (the sum of total cash compensation and the expected value of long-term incentives).

The Canadian Retail Group was selected by the Compensation Committee as the core comparator group to benchmark compensation for North West executives, based on industry similarity in addition to being our primary competitors for talent. The companies comprising the core comparator peer group used in benchmarking compensation by the Compensation Committee are listed below. In considering total compensation for each executive, factors such as individual performance, relevant experience, scope of the role, internal equity and retention risk were also considered.

Alcanna Inc.	Empire Company	Leon's Furniture Ltd.
Birks Group Inc.	GoEasy Ltd.	Metro Inc.
BMTC Group Inc.	Hudson's Bay Company	Reitmans Canada Ltd.
Canadian Tire Corp.	Indigo Books & Music Inc.	Richelieu Hardware Ltd.
Cara Operations Ltd.	Jean Coutu Group	Sears Canada Inc.
Dollarama Inc.	Le Chateau Inc.	Sleep Country Canada Holdings Inc.

North West relative size compared to the comparator group is summarized in the following table:

	Revenue	Market Capitalization	Total Assets
North West's percentile ranking versus the comparator group	57%	66%	49%

In addition, after considering Meridian's recommendations and upon the recommendation of the Compensation Committee, the Board approved a number of changes to the design of North West's short and long-term incentive programs in 2018 which are described in the sections below. These changes were made to recognize both consistent achievement against operational and strategic targets and North West's total returns compared to other public Canadian and US retailers and high yield peers. The Board does not anticipate making any significant changes to compensation practices in North West's 2020 fiscal year, unless noted below.

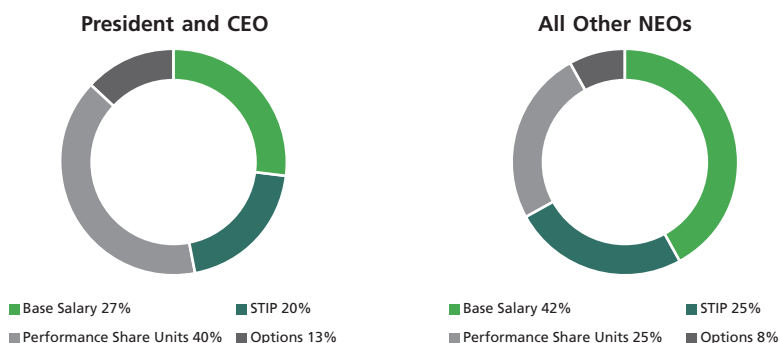
North West has not engaged Meridian to provide any services other than executive compensation advisory services to the Compensation Committee in 2017 through 2019. The pre-approval of the Compensation Committee is required prior to engaging Meridian to provide any other services to North West. The following presents the aggregate fees billed for executive compensation services by external independent consultants to the Compensation Committee for its fiscal years ended January 31, 2019 and 2020.

Advisor	Fiscal Year	Fees (\$ in Thousands)
Meridian	2019	107
Meridian	2018	91

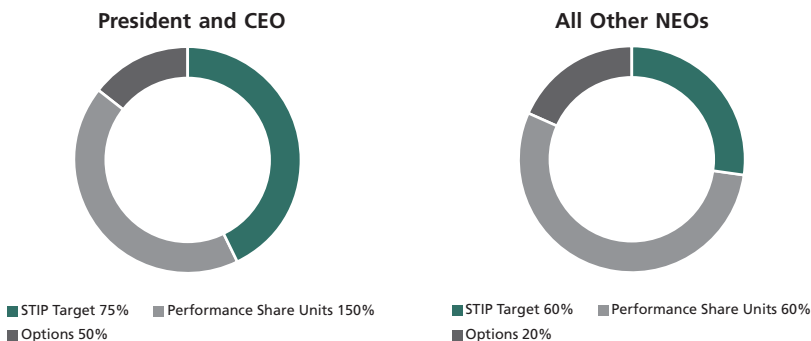
ELEMENTS OF 2019 EXECUTIVE COMPENSATION

The key elements included in determining the total compensation of executives during 2019 were (i) annual base salary; (ii) short-term incentive awards; and (iii) long-term incentive awards (performance share units and options). Other elements of executive compensation include group benefits, pension benefits and perquisites.

As part of the compensation review, the total compensation mix in 2019 increased the emphasis on performance contingent long-term equity based compensation with a 75% weighting on PSUs and a 25% weighting on share options. The following charts illustrate, as a percentage for each element, each NEO's target total compensation mix for 2019. This mix reflects the proportionate amount of influence and focus each level has on decision making and business results within the respective planning horizon, while reinforcing the pay-for-performance link and alignment with Shareholder interests.



The following charts show the compensation mix described above as a percentage of base salary.



ANNUAL BASE SALARY

Base salary is used to provide a level of income certainty and for attraction and retention. Annual increases to base salary are generally within the range applied to all employees of North West. Additional increases beyond this percentage may be made to reflect additional responsibilities, or to bring an executive's base salary within the median range of the comparator market compensation data.

Consistent with North West's approach to salary increases described above, the following base salaries were approved by the Board in 2019 and became effective in May 2019.

NEO	2019 Base Salary (\$)	2018 Base Salary (\$)	Base Salary Increase (%)
Edward Kennedy, President and Chief Executive Officer	847,700	827,000	2.5
John King, Executive Vice President and Chief Financial Officer	410,000	400,000	2.5
Dan McConnell, President, International Retail ⁽¹⁾	635,808	440,000	44.5
Alex Yeo, President, Canadian Retail ⁽²⁾	400,000	350,000	14.3
Gary Merasty, Executive Vice President and Chief Development Officer ⁽³⁾	435,600	425,000	2.5

Notes

- (1) Mr. McConnell transferred to the United States in July 2019. His salary of US\$480,000 was translated to Canadian dollars using an average rate of 1.3246. Mr. McConnell actually received CAD\$537,383 in 2019.
- (2) Mr. Yeo joined North West in September, 2018 in the role of President, Canadian Retail. His actual base salary received in 2018 was \$134,615.
- (3) Mr. Merasty joined North West in May 2018 in the role of Executive Vice President and Chief Development Officer. His actual base salary received in 2018 was \$337,115.

SHORT TERM INCENTIVE PLAN ("STIP")

The STIP consists of an annual cash payment, and is made to recognize achievement against operational and strategic performance initiatives and targets set by the Board on an annual basis. The Compensation Committee receives quarterly reports on the performance of the STIP metrics, including performance against targets. The value of the STIP is based on a percentage of the executive's base salary. The following describes the STIP target awards each NEO is eligible to receive as a percentage of base salary.

NEO	STIP Design (STIP Target as a % of Base Salary)
Edward Kennedy	75%
All other NEOs	60%

The following describes the payout curves for STIP performance related to target STIP earnings for the NEOs.

NEO	Less than 90% of Target STIP Performance ⁽²⁾	90% of Target STIP Performance (Threshold)	Target STIP Performance	110% of Target STIP Performance (Maximum)
All NEOs ⁽¹⁾	0%	50%	100%	200%

Notes

- (1) Linear curve between threshold and target performance and target and maximum performance, starting at 50% when STIP performance achieves 90% of target.
- (2) If the corporate performance achieved is less than 80% of target for the year, the Board retains the discretion to not pay any award, even if business unit and individual performance targets were achieved by the executive for that year.

The STIP weightings for each NEO for 2019 are broken down between the following measures:

NEO	Consolidated STIP Earnings ⁽¹⁾	Business Unit/ Performance ⁽²⁾	Individual Performance ⁽³⁾	Total
Edward Kennedy, President and Chief Executive Officer	75%	–	25%	100%
John King, Executive Vice President and Chief Financial Officer	60%	15%	25%	100%
Dan McConnell, President, International Retail	10%	65%	25%	100%
Alex Yeo, President, Canadian Retail	10%	65%	25%	100%
Gary Merasty, Executive Vice President and Chief Development Officer	75%	–	25%	100%

Notes

- (1) Corporate Performance: Earnings, before interest and income tax (“EBIT”) adjusted for cost of capital and other normalizing factors. If the maximum STIP weightings for Business Unit Performance or Individual Performance are not applied to any NEO in any given year, the unallocated balance must be applied to Consolidated STIP Earnings.
- (2) Business Unit Performance: earnings-based performance measures including EBIT adjusted for cost of capital and other normalizing factors of the business unit.
- (3) Individual Performance: initiatives and performance measures unique to function and aligned with corporate or business unit objectives.

Refer to the “2019 PERFORMANCE AND COMPENSATION — 2019 STIP Awards” on page 74 of this Circular for actual STIP awards earned by each NEO for 2019 performance.

LONG TERM INCENTIVE PLAN (“LTIP”)

The LTIP is designed to motivate and reward executives to deliver total returns (share price growth and strong dividends), and to recognize both consistent achievement against operational and strategic targets and North West’s total returns compared to other public Canadian and U.S. retailers.

The following describes the LTIP awards each NEO is entitled to receive, expressed as a percentage of base salary:

NEO/Position	LTIP (as a % of Base Salary)
Edward Kennedy, President and Chief Executive Officer	200%
John King, Executive Vice President and Chief Financial Officer	80%
Dan McConnell, President, International Retail	80%
Alex Yeo, President, Canadian Retail	80%
Gary Merasty, Executive Vice President and Chief Development Officer	80%

Performance Share Units (“PSUs”)

The payment of PSUs at the end of each three-year vesting cycle is based on three criteria as follows:

1. Operating: $\frac{1}{3}$ of each PSU grant is based on a three-year actual average STIP performance relative to target STIP for each employee;
2. Relative TSR: $\frac{1}{3}$ of each PSU grant is based on total shareholder return (“**TSR**”) relative to a defined peer group for the three-year period; and
3. Retention: $\frac{1}{3}$ of each PSU grant is time based. All awards fully vest at the end of the third year of the performance cycle.

For the portion of all PSUs linked to operating performance:

In determining the value of vesting PSUs granted in 2017, the average overall STIP performance factor by individual is determined for each three-year period.

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The actual PSU operating portion of the award is interpolated as follows for each NEO:

0% of Target PSU at Threshold⁽¹⁾	100% of Target PSU at Target Performance⁽¹⁾	200% of Target PSU at Maximum Performance⁽¹⁾
85% of three-year STIP Performance	95% of three-year STIP Performance	105% of three-year STIP Performance

Note

(1) PSU payout is interpolated between threshold and target performance, and between target and maximum performance.

In 2018 the PSU operating measure and the associated payment for threshold and target performance was revised. As a transition in 2018, in determining the value of vesting PSUs for the operating measure, the actual average Corporate STIP Earnings and/or Strategic Business Unit STIP Earnings relative to target is used to determine the performance factor. The operating measure in 2019 is based on a cumulative three-year earnings performance versus a cumulative three-year earnings target.

The actual PSU operating portion of the award is interpolated as follows for each NEO:

0% of Target PSU below Threshold	50% of Target PSU at Threshold⁽¹⁾	100% of Target PSU at Target Performance⁽¹⁾	200% of Target PSU at Maximum Performance⁽¹⁾
Less than 85% of three-year Earnings Performance	85% of three-year Earnings Performance	100% of three-year Earnings Performance	105% of three-year Earnings Performance

Note

(1) PSU payout is interpolated between threshold and target performance, and between target and maximum performance.

The following TSR comparator group was used to determine the relative portion of each PSU grant (collectively, the “**TSR Comparator Group**”) for the PSUs granted in 2017. At the time of the PSU grant, these entities within the TSR Comparator Group

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either were representative of the retail sectors within which North West competed or had a growth and yield, total return, or performance objective similar to North West.

A&W Revenue Royalties	Cineplex Inc.	Leon's Furniture Ltd.
Alcanna Inc.	Costco Wholesale Corp.	Loblaw Companies Ltd.
Alimentation Couche-Tard Inc.	Dollarama Inc.	Metro Inc.
BMTC Group Inc.	Empire Company	Parkland Fuel Corp.
Boston Pizza Royalties	Hudson's Bay Company	Pizza Royalty Corp.
Canadian Tire Corporation	Jean Coutu Group ⁽¹⁾	Wal-Mart Stores Inc.

Note

(1) The Jean Coutu Group was removed from the TSR Comparator Group following the acquisition by Metro Inc. in 2018.

The actual PSU relative TSR portion of the award for 2017 is interpolated as follows for NEOs.

0% of Target PSU at Threshold	100% of Target PSU at Target Performance	200% of Target PSU at Maximum Performance
25th percentile of TSR Group based on three-year annualized TSR ⁽¹⁾	50th percentile of TSR Group based on three-year annualized TSR ⁽¹⁾	75th percentile of TSR Group based on three-year annualized TSR ⁽¹⁾

Note

(1) Payout starts after North West's historical three-year performance reaches the 25th percentile of the TSR Group, and increases on a linear basis to a maximum of 200% when North West's historical three-year performance reaches the 75th percentile of the TSR Group.

The Board retained Meridian in 2017 to review the TSR Comparator Group as part of the Compensation Committee's review of North West's compensation design. The recommendation of the Compensation Committee to the Board was approved to revise the TSR Comparator Group and payment for threshold performance. The revised

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TSR Comparator Group used for the 2018 and 2019 includes 14 retail industry peers based on correlation and business similarity and ten “high yield” peers.

Retail Peers		High Yield Peers
A&W Revenue Royalties	Dollarama Inc.	Apollo Commercial Real Estate
Alcanna Inc.	Empire Company	BCE Inc.
Alimentation Couche-Tard Inc.	Hudson’s Bay Company	Emera Incorporated
Boston Pizza Royalties	Loblaw Companies Ltd.	EnerCare Inc. ⁽¹⁾ /Superior Plus Corp.
Canadian Tire Corporation	Metro Inc.	First Capital Realty Inc.
Cineplex Inc.	Pizza Pizza Royalty Corp.	Fortis Inc.
Costco Wholesale Corp.	Wal-Mart Stores Inc.	Innergex Renewable Energy Inc.
		Just Energy Group Inc.
		Sienna Senior Living Inc.
		Thompson Reuters Corporation

Note

(1) EnerCare Inc. was acquired in 2018 and was replaced by Superior Plus Corp.

The actual PSU relative TSR portion of the award for 2019 is interpolated as follows for NEOs.

0% of Target PSU below Threshold	50% of Target PSU at Threshold ⁽¹⁾	100% of Target PSU at Target Performance	200% of Target PSU at Maximum Performance
Less than 25th percentile of TSR Group based on three-year annualized TSR ⁽²⁾	25th percentile of TSR Group based on three-year annualized TSR ⁽²⁾	50th percentile of TSR Group based on three-year annualized TSR ⁽²⁾	75th percentile of TSR Group based on three-year annualized TSR ⁽²⁾

Notes

- (1) Payout at Threshold was adjusted to 50% in 2018 as the 0% payout at Threshold used in 2017 and prior was unusual and generated nominal payments for above threshold performance.
- (2) Payout starts after North West’s historical three-year performance reaches the 25th percentile of the TSR Group, and increases on a linear basis to a maximum of 200% when North West’s historical three-year performance reaches the 75th percentile of the TSR Group.

The Compensation Committee retains the discretion to add entities to the TSR Comparator Group to replace any entities that are delisted as a publicly traded issuer, or are for other reasons no longer an appropriate entity to be included in the TSR Comparator Group.

The vesting period for PSUs is three years, and dividend equivalents accumulate over the three-year period. Dividend equivalents vest at the time the PSUs vest and to the same extent as the performance criteria for the PSUs are achieved.

Refer to “2019 PERFORMANCE AND COMPENSATION — SUMMARY COMPENSATION TABLE” starting on page 69 of this Circular for information on actual PSU awards granted to each NEO in 2019 and for amounts paid out under existing PSU grants in 2019.

SHARE OPTION PLAN

The delivery of top-quartile total returns through an equal emphasis on growth and dividend yield is a key long-term objective of North West. In June 2011 the Shareholders approved an Amended and Restated Option Plan to include a partially declining strike price option for Canadian executives with a seven year term as well as Standard Options. This feature was added to recognize that a significant portion of North West’s long-term total return to Shareholders will continue to depend on its dividend performance in addition to growth, and that this element should accordingly be part of the long-term incentive award to North West executives. Apart from this feature, the purpose of this Amended and Restated Option Plan is similar to that of the Original Option Plan, namely:

- fostering greater alignment of interests between participating executives of North West and Shareholders, by providing a long-term incentive vehicle that allows them to accumulate a meaningful financial interest in North West, commensurate with the responsibility, time horizon of the role, commitment and risk associated with their role; and
- assisting North West in attracting, retaining, and motivating qualified individuals with the experience and ability to deliver strong results and support their business strategy.

Under this plan, a plan participant who is not subject to income taxes in the United States is entitled to elect at the time of exercise of the option, either: a) an option with an exercise price set on the grant date (the “**Standard Option**”); or b) an option to acquire the same number of Shares that may be acquired pursuant, and on the identical terms and conditions, to the corresponding Standard Option, except the exercise price for this option will be calculated by deducting from the exercise price applicable to the corresponding Standard Option, the portion of the dividends paid that exceed the hurdle rate set by the Board on an annual basis at the time of the grant (the “**Partially Declining Exercise Price Option**”). Under the current *Income Tax Act* (Canada), the plan participant will pay tax on one-half of the “in the money amount” at the time of exercise if he or she elects the Standard Option, and will pay tax on the full “in the money amount” at the time of exercise if he or she elects the Partially Declining Exercise Price Option. Employees that are subject to income taxes in the United States are only entitled to receive Standard Options.

The exercise price for all options granted under the Partially Declining Exercise Price Option is calculated by deducting from the exercise price applicable to the Standard Option, the portion of all quarterly dividends paid, on a per Share basis, that exceed a dividend yield of 2% for North West.

The compensation review in 2017 identified the declining strike price option as an uncommon LTIP vehicle based on both peers and the broader market. Beginning with the 2018 grant, the weighting to stock options was reduced to 25% and all option grants are Standard Options with no option to elect a declining strike price option at time of exercise. The options are time vested awards that vest one quarter per year at the end of years one, two, three and four, with expiry of options at the end of year seven. The purpose of this plan is to promote long-term shareholder value creation by fostering greater alignment of interests between the executives and Shareholders of North West.

Refer to “2019 PERFORMANCE AND COMPENSATION — SUMMARY COMPENSATION TABLE — OUTSTANDING EQUITY BASED AWARDS” starting on page 78 of this Circular for information on actual LTIP awards granted to each NEO in 2019.

OTHER ELEMENTS OF 2019 COMPENSATION

Benefits

Executives are eligible to receive benefits which include medical and dental insurance, life insurance, accidental death insurance, short-term disability insurance and employee paid long-term disability insurance. In addition, Canadian executives are eligible for an annual executive wellness assessment designed for health awareness and preventive care. In lieu of executive perquisites such as company cars, memberships, financial counselling and tax preparation, senior executives of North West, with the exclusion of those employed with the International division, receive a benefit payable in cash equal to 10% of base salary.

Pension Plans

All current executives in Canada participate in a non-contributory Defined Benefit Pension Plan (“**Executive Pension Plan**”), subject to Income Tax Act (ITA) limits, where the normal retirement age is set at age 65. The annual benefit payable upon retirement is based on a range of 1.4% to 1.7% per year of service as an executive, of the final average earnings (base salary and STIP) prior to retirement (based on highest three consecutive years of annual earnings in the ten-year period preceding retirement). Upon death, reduced payments continue to the spouse, if applicable. Executives may elect to contribute to the plan to provide for ancillary benefits. For retirement prior to 65 years of age, the total benefit payable is reduced by 3% per year prior to age 65. Alternatively for retirement prior to age 65, the Board has the discretion to reduce the total benefit payable by 3% per year prior to age 60 if the member is at least age 55 and has ten years of service as a specified executive of North West at the time of retirement.

Executives may elect to accumulate their benefits through an alternative defined contribution arrangement. The benefits under this option are based on the balance accumulated in their defined contribution account. Currently, there are no active participants in this program.

Benefits in excess of ITA limits for service in the Executive Pension Plan are provided by a separate non-registered pension plan called the “**Excess Plan**”.

Some named NEOs may also have accumulated a pension obligation for service as a non-executive in North West’s registered Staff Pension Plan, which is subject to ITA limits. A non-contributory Staff Pension Plan member receives a benefit of 0.7% of average pensionable earnings up to the average Yearly Maximum Pension Earnings (“**YMPE**”) plus 1.05% of their average earnings in excess of the average YMPE.

Executives in North West’s International division have the option to participate in North West’s International 401(k) Plan, a defined contribution plan qualified under sections 401(a) and 401(k) of the Internal Revenue Code. Eligible employees may elect to contribute a portion of their salary to the plan, and North West provides 100% matching contributions on the employee’s first 3% of contributions and 50% matching on the next 2% of contributions where North West’s maximum match is 4%.

See “2019 PERFORMANCE AND COMPENSATION — SUMMARY COMPENSATION TABLE — Pension Benefits” on page 77 of this Circular for additional information regarding the value of these pension benefits.

Employee Share Ownership Plan

Executives are entitled to participate in North West’s Employee Share Ownership Plan (“**EOP Plan**”). Under the EOP Plan, North West contributes \$1 for every \$3 contributed by the employee for the purchase of North West Shares, subject to a maximum contribution by North West equal to 2% of the employee’s base salary. North West pays all normal administrative costs, including broker’s commissions on Share purchases.

Executive Deferred Share Unit Plan

In December 2014 the Board approved an Executive Deferred Share Unit Plan (the “**Executive DSU Plan**”), under which all executives are eligible to convert their annual STIP award into DSUs. The Executive DSU Plan is designed to directly align executive’s interests with the long-term interests of Shareholders by encouraging financial commitment to North West through DSUs.

Elections to participate in the Executive DSU Plan must be made by an executive prior to December 31 of the calendar year immediately prior to the performance year to which the annual STIP award relates. For example, an election by an executive officer to defer a portion of their approved STIP award for the 2020 fiscal year of North West, must have been made prior to December 31, 2019. Such elections, once made, are irrevocable. An account (a “**DSU Account**”), is maintained by North West for each executive participating in the Executive DSU Plan, and will be credited with the executive’s award of DSUs from time to time as well as the date and price at which DSUs were granted. Except with the prior approval of the Board, the maximum

number of DSUs which are permitted to be credited to an executive's DSU Account (prior to any adjustments for dividends), shall not exceed:

- (a) For an executive, whose minimum share ownership Requirements are one times his or her base salary, 50% of the executive's base salary in value based on the fair market value of the Shares underlying the DSUs at the original award date; and
- (b) For an executive, whose minimum share ownership Requirements are two or more times his or her base salary, 100% of the executive's base salary in value based on the fair market value of the Shares underlying the DSUs at the original award date.

Participants are credited with DSUs at the time the annual STIP award is paid. The number of DSUs underlying an award is calculated on the date of grant by dividing the portion of the STIP award that is payable to the participant in DSUs by the fair market value of the Shares on the date that the award is granted. Fair market value is determined by calculating the weighted average trading price of the Shares on the TSX for the five trading days on which the Shares traded immediately preceding such date.

DSUs credited to an executive vest immediately and are payable in cash only following the cessation of employment with North West. DSUs attract dividend equivalents as dividends are declared and approved by the Board to be payable on Shares. DSU holdings of North West executive officers are included in their respective equity ownership levels for purposes of share ownership requirements discussed in this Circular.

DSUs were granted in 2019. See "PART IV — COMPENSATION DISCUSSION AND ANALYSIS — SHARE OWNERSHIP GUIDELINES" on page 79 of this Circular for more details.

RISK MANAGEMENT

Through the combination of short and long-term incentives, North West's executive compensation program provides for a significant portion of each executive's compensation to be "at risk". Consequently, it is important that these incentives do not provide an incentive to North West's executives to achieve financial, operational or strategic objectives by taking excessive or unexpected risks. North West believes that its compensation policies and practices provide balanced incentives that are aligned with our business strategy and longer term shareholder value creation.

As required by its mandate, the Compensation Committee regularly reviews and ensures its executive compensation plan through its design, structure and application, has a clear link between pay and performance and does not encourage excessive risk taking. Key areas of risk management include the following measures:

- the compensation program is designed to compensate all executives based on the same or substantially equivalent performance goals and is consistent with North West's compensation philosophy;

- there is a balance between short-term performance incentives and equity based awards that vest over time;
- the short-term and long-term incentive plan's performance goals have minimum and maximum thresholds. Actual results are measured against pre-approved metrics that are defined at the beginning of the fiscal year, and are substantially linked to North West's financial performance;
- North West's Share ownership guidelines encourage executives to own, directly or indirectly, Shares valued at a pre-defined percentage of their base salary; and
- equity is awarded annually with overlapping vesting periods which ensures that executives are exposed to long-term consequences of their decisions through unvested equity awards.

EXECUTIVE COMPENSATION CLAWBACK POLICY

The Board adopted an executive compensation clawback policy concerning awards made after March 14, 2013 under North West's STIP and LTIP plans. The clawback provision is triggered at the discretion of the Compensation Committee upon (i) any misstatement in, or restatement of, North West's financial statements, or (ii) any act of mistake, negligence, gross negligence, fraud or intentional misconduct by an executive or former executive, whereby the incentive compensation actually paid or awarded would have been a lower had the financial results been correctly reported.

HEDGING AND SPECULATIVE TRADING PROHIBITION

North West's share trading restrictions prohibit North West's employees, officers and Directors from purchasing or selling North West Shares for short-term speculative purposes, from engaging in short selling of or trading in options in securities of North West. Employees, officers and Directors are also prohibited from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by employees.

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2019 PERFORMANCE AND COMPENSATION

SUMMARY COMPENSATION TABLE

The following table summarizes the base salary, incentive-based awards, and other compensation awarded to the NEOs for the fiscal year ended January 31, 2020.

Name/Principal Position	Year	Salary (\$)	Share Based Awards (\$) ⁽¹⁾	Option Awards (\$) ⁽²⁾	Annual (Non-Equity) Incentive Plans (\$) ⁽³⁾	Pension Value (\$) ⁽⁴⁾	All Other Compensation (\$) ⁽⁵⁾	Total Annual Compensation (\$)
Edward Kennedy ⁽⁶⁾ President and CEO	2019	842,923	3,039,750	423,850	391,959	281,000	92,529	5,072,011
	2018	822,333	1,240,500	413,500	478,490	273,400	87,144	3,315,367
	2017	802,235	645,420	968,130	551,475	411,200	84,843	3,463,303
John King Executive Vice President and Chief Financial Officer	2019	407,692	246,000	82,000	233,843	158,600	44,753	1,172,888
	2018	395,385	240,000	80,000	200,417	220,800	41,432	1,178,033
	2017	370,458	152,000	152,000	210,754	310,600	39,302	1,235,114
Dan McConnell ⁽⁷⁾ President, International Retail	2019	537,383	293,648	97,883	195,362	307,400	438,806	1,870,482
	2018	446,154	264,000	88,000	376,333	295,400	55,222	1,525,109
	2017	380,428	194,075	194,075	225,937	317,500	47,897	1,359,912
Alex Yeo ⁽⁸⁾ President, Canadian Retail	2019	388,462	240,000	80,000	141,236	199,700	48,445	1,097,843
	2018	134,615	100,000	–	100,000	59,200	280,296	674,112
	2017	–	–	–	–	–	–	–
Gary Merasty ⁽⁹⁾ Executive Vice President and Chief Development Officer	2019	433,154	261,360	87,120	176,929	172,300	1,738	1,132,601
	2018	337,115	257,096	–	133,957	128,800	79,051	936,018
	2017	–	–	–	–	–	–	–

Notes

- (1) Represents the grant value of the PSUs when granted. The grant value of a PSU award assumes vesting at 100% of Target. The grant value is the fair value on of the PSU award for the fiscal year under North West's PSU plan multiplied by the number of Shares granted. The fair market value at the grant date was calculated by using the volume weighted average closing market price for the five days prior to February 1 of the grant year. The total PSUs granted in 2017, 2018 and 2019 to each NEO are summarized below. The PSUs granted in 2017 vested on January 31, 2020 and were paid out in April 2020. In 2019, Mr. Kennedy received special grant of 60,000 PSUs with a grant date value of \$1,768,200 pursuant to the terms of his employment contract. This special grant includes 30,000 time-based PSUs (the "Special RSUs") of which one-third vests on each of July 1, 2020, July 1, 2021 and July 1, 2022 (each an "Earned Date"). The special grant also includes 30,000 performance-based PSUs (the "Special PSUs") of which one-third vests on the same dates as the time-based PSUs subject to meeting certain performance targets established by the Board of Directors. See "EMPLOYMENT AGREEMENTS/OFFERS OF EMPLOYMENT" on page 85 of this Circular for details.

NEO	2017 PSU Grant	2018 PSU Grant	2019 PSU Grant
Edward Kennedy	21,916	41,994	100,886
John King	5,161	8,125	7,910
Dan McConnell	6,590	8,937	9,260
Alex Yeo ⁽¹⁰⁾	–	3,515	7,717
Gary Merasty ⁽¹¹⁾	–	8,674	8,404

- (2) These amounts reflect the grant value of the options when granted. The grant date fair value of stock options is calculated by Meridian using the Black-Scholes methodology. On advice from Meridian, North West has chosen to use the Black-Scholes model as the methodology for calculating the fair value of the options granted as this methodology is commonly used by issuers. The Black-Scholes fair value factor was multiplied by the volume weighted average closing price of the Shares on the TSX for the five trading days immediately preceding the grant date and divided by the target compensation for each NEO to calculate the number of options to grant to each eligible participant. See “OUTSTANDING EQUITY BASED AWARDS” on page 78 of this Circular for details.
- (3) Represents the dollar value of all amounts earned for services performed during the fiscal year that are related to awards under non-equity incentive plans and all earnings on any such outstanding awards. See annual STIP Awards on pages 58-64, 71 and 74 of this Circular for details.
- (4) See table called “Pension Benefits” for details.
- (5) See table called “All Other Compensation” for details.
- (6) Mr. Kennedy does not receive compensation in his capacity as a Director.
- (7) Mr. McConnell transferred to the United States in July 2019. His salary is US\$480,000 was translated to Canadian dollars using an average rate of 1.3246. Prior to his transfer Mr. McConnell’s annual salary was CAD\$480,000 in 2019.
- (8) Mr. Yeo joined North West in September, 2018 in the role of President, Canadian Retail. His annual base salary in 2018 was \$350,000.
- (9) Mr. Merasty joined North West in May 2018 in the role of Executive Vice President and Chief Development Officer. His annual base salary in 2018 was \$425,000.
- (10) Mr. Yeo received a one-time special grant of PSUs upon hire with a grant date value of \$100,000. This grant attracts dividend equivalents and one-third of the accumulated value will vest after each year starting with January 31, 2019, one-third on January 31, 2020 and the final one-third on January 31, 2021. The accumulated PSUs are settled in Shares. No additional LTIP grant was awarded to Mr. Yeo in 2018.
- (11) Mr. Merasty received a one-time special grant of PSUs upon hire with a grant date value of \$257,096. This grant attracts dividend equivalents and one-third of the accumulated value will vest after each year starting with January 31, 2019, one-third on January 31, 2020 and the final one-third on January 31, 2021. The accumulated PSUs are settled in Shares. No additional LTIP grant was awarded to Mr. Merasty in 2018.

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STIP and LTIP Awards

The table below shows the STIP and LTIP awards by each NEO that were vested or earned during the fiscal year ended January 31, 2020.

Name	Option-Based Awards/Value Vested During the Year (\$) ⁽¹⁾	Option-Based Awards/Value Exercised During the Year (\$) ⁽²⁾	Share-Based Awards/Value Vested During the Year (\$) ⁽³⁾	Non-Equity Incentive Plan Compensation/Value Earned During the Year (\$) ⁽⁴⁾
Edward Kennedy	1,035,868	–	567,939	391,959
John King	154,419	–	143,236	233,843
Dan McConnell	138,279	–	190,696	195,362
Alex Yeo ⁽⁵⁾	–	–	34,682	141,236
Gary Merasty ⁽⁶⁾	–	–	86,840	176,929

Notes

- (1) The value of the option-based awards which vested during the fiscal year ended January 31, 2020 is calculated as follows:
 - (a) 2014 grant — \$6.74 per option based on the difference between the value of the option as at January 31, 2020 of \$27.56 and the declining strike price of \$20.82.
 - (b) 2015 grant — \$5.23 per option based on the difference between the value of the option as at January 31, 2010 of \$27.56 and the declining strike price of \$22.33.
 - (c) 2016 grant — \$1.36 per option based on the difference between the fair value of the option as at January 31, 2020 of \$27.56 and the declining strike price of \$26.20.
 - (d) 2018 grant — NIL value per option based on the difference between the fair value of the option as at January 31, 2020 of \$27.56 and the strike price of \$27.77.
 Fair value was determined as the closing price of the Shares on the TSX on January 31, 2020.
- (2) Represents the pre-tax amount received by each NEO from options exercised during the fiscal year ended January 31, 2020.
- (3) The value of the Share-based awards that vested during the year was calculated by the number of PSUs that vested by \$27.68, which is the fair market value of North West Shares at January 31, 2020. Fair market value was calculated by using the volume weighted average closing price of the Shares on the TSX for the five trading days immediately preceding the vesting date of February 1, 2020. The value also includes the equivalent of dividends earned up to January 31, 2020 on vested PSUs.
- (4) Please refer to “2019 PERFORMANCE AND COMPENSATION — 2019 STIP Awards” on page 73 of this Circular for information on the calculation of the STIP awards.
- (5) Mr. Yeo received a one-time special grant of PSUs with a grant date value of \$100,000. This grant attracts dividend equivalents and one-third of the accumulated value will vest after each year starting with January 31, 2019, one-third on January 31, 2020 and the final one-third on January 31, 2021. The accumulated PSUs are settled in Shares. No additional LTIP grant was awarded to Mr. Yeo in 2018.
- (6) Mr. Merasty received a one-time special grant of PSUs with a grant date value of \$257,095. This grant attracts dividend equivalents and one-third of the accumulated value will vest after each year starting with January 31, 2019, one-third on January 31, 2020 and the final one-third on January 31, 2021. The accumulated PSUs are settled in Shares. No additional LTIP grant was awarded to Mr. Merasty in 2018.

2019 STIP Awards

The following summarizes North West's performance against the STIP targets set for each of the NEOs for the 2019 fiscal year. The weighing of each initiative varies by each NEO. See "2019 PERFORMANCE AND COMPENSATION — 2019 STIP Awards" on page 73 of this Circular for information on the calculation of the STIP awards.

North West does not provide further details about these measures as the STIP targets and objectives are aligned with North West's main priorities, and constitute targets and ongoing projects which are confidential and highly strategic, the disclosure of which could seriously jeopardize their completion. Please refer to the "Strategies" section in North West's 2019 Annual Report for more details on these initiatives, which can be found at www.northwest.ca or at www.sedar.com.

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2019 STIP Performance Measures	Performance Against Target	Edward Kennedy	John King	Dan McConnell	Alex Yeo	Gary Merasty
Consolidated STIP Earnings: 2019 Consolidated EBIT (adjusted for normalizing factors and cost of capital) versus Target	Partially Met 90.1%	●	●	●	●	●
Business Unit Measures⁽¹⁾						
Strategic Business Unit (SBU) STIP Earnings: 2019 SBU EBIT (adjusted for normalizing factors and cost of capital) versus Target			●	●	●	
Corporate Strategic Plan: This measure applies to the quality, quantity, timing of the development of a long-term strategy aligned with the growth objectives and risk profile approved by the Board, including talent management and succession planning for senior management roles.		●				
Administrative Cost Reduction and Support Office Structure: This measure is focused on reducing Canadian administrative costs and re-locating our International Operations Support offices closer to the distinct store banners we operate.		●	●	●	●	●
Top People: This measure relates to an initiative that ensures key roles in all North West stores are being filled with qualified individuals properly trained and that turnover and store vacancies are being equally addressed.				●	●	
Environment, Social, Governance (“ESG”): This measure relates to effectively communicating the Company’s ESG and sustainability principles, policies and practices aligned with the Company’s sustainability roadmap.						●
New Markets and Ventures: This measure relates to identifying and assessing opportunities to collaborate with the rural and remote communities we serve to develop complementary businesses.						●
Loss Mitigation: This measure relates to improving the hurricane resiliency of our stores in the Caribbean to a category 5 hurricane level and reducing the risk of fire-related losses in our northern Canada stores.			●			
Individual Measures⁽¹⁾						
Other Initiatives: These are individual measures for the corporation or each businesses unit which support North West’s strategy and key corporate initiatives.		●	●	●	●	●

Note

- (1) A “bullet” indicates the inclusion of the NEO in the specific Business Unit Measure or Individual Measure and is not an indication of performance versus target for the specific measure. Each NEO had a range of performance including measures which exceeded target performance, met target performance and were below target performance.

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The following sets out the individual STIP awards in fiscal 2019 for each NEO. No discretionary adjustment was used in determining individual NEO awards.⁽¹⁾

NEO	STIP Performance Measure	% Weight of Measure	% of Base Salary Target	Earned STIP \$	% of Base Salary Paid
Edward Kennedy	Consolidated STIP Earnings Combined Business Unit/ Individual Targets	75%	75.00%	391,959	46.2%
		25%			
	TOTAL	100%			
John King	Consolidated STIP Earnings Combined Business Unit/ Individual Targets	60%	60.00%	233,843	57.0%
		40%			
	TOTAL	100%			
Dan McConnell	Consolidated STIP Earnings Combined Business Unit/ Individual Targets	10%	60.00%	195,362	34.9%
		90%			
	TOTAL	100%			
Alex Yeo	Consolidated STIP Earnings Combined Business Unit/ Individual Targets	10%	60.00%	141,236	35.3%
		90%			
	TOTAL	100%			
Gary Merasty	Consolidated STIP Earnings Combined Business Unit/ Individual Targets	75%	60.00%	176,929	40.6%
		25%			
	TOTAL	100%			

Note

- (1) Further information on the combined business unit and individual target weightings for each NEO is provided in the STIP weightings table on page 74 and on the 2019 STIP Performance Measures table on page 73 of this Circular.

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PSUs Vested in 2019

The following sets out the calculation of the individual PSUs earned or vested during the fiscal year ended January 31, 2020 for each NEO. These PSUs vested on January 31, 2020, and were paid out in April 2020. No discretionary adjustment was used by the Board in determining individual PSU payments.

NEO	Retention ⁽¹⁾	Operating ⁽¹⁾		Relative ⁽¹⁾		Value of PSU Paid (\$) ⁽³⁾
	Vesting %	2017-2019 STIP Performance	Vesting %	Performance	Vesting %	
Edward Kennedy	100	95%	100	P36	46	567,939
John King	100	97%	118	P36	46	143,236
Dan McConnell	100	98%	130	P36	46	190,696
Alex Yeo ⁽⁴⁾	100	—	—	—	—	34,682
Gary Merasty ⁽⁵⁾	100	—	—	—	—	86,480

Notes

- (1) See “ELEMENTS OF 2019 EXECUTIVE COMPENSATION — Performance Share Units” on page 60 of this Circular for further details on the methodology used to calculate the number of PSUs that vested.
- (2) TSR relative performance was calculated by Meridian, and represents the data point that is higher than 30% of all other data in the sample when ranked from low to high.
- (3) The value of the PSU awards was calculated by multiplying the number of PSUs that vested by \$27.68, which is the fair market value of North West Shares. Fair market value was calculated by using the volume weighted average closing price of the Shares on the TSX for the five trading days immediately preceding the vesting date. The value also includes the equivalent of dividends earned up to January 31, 2020 on vested PSUs.
- (4) Mr. Yeo received a one-time special grant of PSUs upon hire with a grant date value of \$100,000. This grant attracts dividend equivalents and one-third of the accumulated value will vest after each year starting with January 31, 2019, one-third on January 31, 2020 and the final one-third on January 31, 2021. The accumulated PSUs are settled in Shares. No additional LTIP grant was awarded to Mr. Yeo in 2018.
- (5) Mr. Merasty received a one-time special grant of PSUs upon hire with a grant date value of \$257,095. This grant attracts dividend equivalents and one-third of the accumulated value will vest after each year starting with January 31, 2019, one-third on January 31, 2020 and the final one-third on January 31, 2021. The accumulated PSUs are settled in Shares. No additional LTIP grant was awarded to Mr. Merasty in 2018.

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All Other Compensation

The following table shows the breakdown of "All Other Compensation" in the Summary Compensation Table for 2017 to 2019. These amounts reflect the aggregate incremental costs to North West.

NEO	Year	Flexible Benefits (\$)	Interest Subsidy on Loan (\$)	Employee Ownership (\$)	Other (\$)	Total All Other Compensation (\$)
Edward Kennedy	2019	84,292	2,149	173	5,915	92,529
	2018	82,234	1,884	200	2,826	87,144
	2017	80,223	1,074	173	3,373	84,843
John King	2019	40,769	–	–	3,984	44,753
	2018	39,539	–	–	1,893	41,432
	2017	37,046	–	–	2,256	39,302
Dan McConnell ⁽¹⁾	2019	22,296	–	9,514	406,996	438,806
	2018	43,075	–	8,645	3,502	55,222
	2017	38,043	–	7,608	2,246	47,897
Alex Yeo ⁽²⁾	2019	38,846	–	8,000	1,599	48,445
	2018	13,462	–	7,000	259,546	280,008
	2017	–	–	–	–	–
Gary Merasty ⁽³⁾	2019	–	–	–	1,738	1,738
	2018	–	–	–	79,051	79,051
	2017	–	–	–	–	–

Note

- (1) The amount reported as "Other" for Mr. McConnell reflects the expense for benefits provided pursuant to North West's standard moving program as a result of relocation to Boca Raton, Florida in July 2019 and a housing allowance. Benefits denominated in U.S. dollars were translated to Canadian dollars using an average exchange rate of 1.3246.
- (2) The amount reported as "Other" for Mr. Yeo in 2018 reflects the expense for benefits provided pursuant to North West's standard moving program as a result of relocation to Winnipeg, Manitoba and \$200,000 payment in lieu of compensation forfeited from his previous employer upon joining North West.
- (3) The amount reported as "Other" for Mr. Merasty in 2018 reflects the expense for benefits provided pursuant to North West's standard moving program as a result of relocation to Winnipeg, Manitoba.

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Pension Benefits

The following is a summary of the retirement income of each of the NEOs under the defined benefit provisions of North West's pension arrangements. Please refer to "OTHER ELEMENTS OF 2019 COMPENSATION" on page 65 of this Circular for information regarding the terms and conditions of payments and benefits under the plan, including the formula for determining benefits.

Name	# of Years of Credited Service	Annual Benefits payable at year end (\$)	Annual Benefits payable at age 65 (\$)	Defined Benefit Obligation at start of year (\$)	Compensatory Change (\$)	Non-Compensatory Change ⁽³⁾ (\$)	Defined Benefit Obligation at year end (\$) ⁽¹⁾
Edward Kennedy ⁽²⁾	25.17	599,500	707,500	10,017,000	281,000	1,684,700	11,982,700
John King ⁽⁴⁾	23.50	164,000	276,900	2,801,200	158,600	761,500	3,721,300
Dan McConnell ⁽⁴⁾	17.50	121,500	360,100	1,756,400	307,400	754,400	2,818,200
Alex Yeo	1.33	11,000	193,500	56,700	199,700	91,700	348,100
Gary Merasty	1.75	15,800	103,000	127,800	172,300	62,200	362,300

Notes

- (1) Pensionable earnings are determined on a calendar-year basis, and include base salary and STIP. The defined benefit obligation under the defined benefit pension plan are calculated by North West's independent actuaries based on the same valuation method and significant assumptions used in determining the defined benefit obligations as disclosed in the notes to North West's audited Consolidated Financial Statements for the year-ended January 31, 2020. The underlying assumption used by the actuary is a 4% annual increase in pensionable earnings. Pensionable earnings in excess of 4% are allocated into the compensatory amount which comprises the defined benefit obligation as shown in this table (the reverse also applies in the event pensionable earnings grow less than 4%, which results in a negative amount for the year). The year-end defined benefit obligation is determined by projecting the previous calendar year pensionable earnings to retirement age for each NEO. The actuary determines the highest three consecutive years of pensionable earnings to determine the accrued pension and obligation. In most situations this is the last or final three years.
- (2) Mr. Kennedy enrolled in the Defined Contribution provision of the Executive Pension Plan and Excess Plan from January 1, 1994 through to December 31, 1998 and has an Accumulated Value as at January 31, 2020 of \$401,896 from these plans. This value is not included in the above table.
- (3) A decrease in the discount rate used to value the defined benefit obligation from 3.75% in 2018 to 2.75% in 2019 resulted in a significant increase in the non-compensatory change compared to the prior year.
- (4) Values includes 9.92 years of Staff Pension Plan service for Mr. King and 6.17 years of Staff Pension Plan service for Mr. McConnell. The actuary determines the highest five consecutive year average earnings to determine the accrued pension and obligation for the Staff Pension plan.

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OUTSTANDING EQUITY BASED AWARDS

The following are the total unexercised option-based awards and share-based awards granted to North West's NEOs as at January 31, 2020.

Name	Option-Based Awards				Share-Based Awards			
	Option Grant Year	# of securities underlying unexercised options	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾	# of Shares that have not vested (rounded to nearest Share) ⁽²⁾	Market or payout value of Share-based awards that have not vested (\$) ⁽³⁾	Market or payout value of vested Share-based awards not paid out or distributed ⁽⁴⁾
Edward Kennedy	2013	197,468	23.21	April 11, 2020				
	2014	202,805	24.79	April 14, 2021				
	2015	269,313	25.63	April 15, 2022				
	2016	243,569	28.81	April 13, 2023				
	2017	225,174	32.40	June 23, 2024				
	2018	144,481	27.77	April 27, 2025				
	2019	157,364	28.13	April 29, 2026	4,880,487	150,114	4,155,293	567,939
John King	2013	26,315	23.21	April 11, 2020				
	2014	30,232	24.79	April 14, 2021				
	2015	40,145	25.63	April 15, 2022				
	2016	36,308	28.81	April 13, 2023				
	2017	35,354	32.40	June 23, 2024				
	2018	27,953	27.77	April 27, 2025				
	2019	30,445	28.13	April 29, 2026	699,410	17,160	475,009	143,236
Dan McConnell	2013	6,924	23.21	April 11, 2020				
	2014	27,074	24.79	April 14, 2021				
	2015	35,949	25.63	April 15, 2022				
	2016	32,512	28.81	April 13, 2023				
	2017	45,140	32.40	June 23, 2024				
	2018	30,748	27.77	April 27, 2025				
	2019	33,489	28.13	April 29, 2026				
	2,139	28.32	September 30, 2026	476,886	19,442	538,166	190,696	
Alex Yeo ⁽⁵⁾	2019	29,702	28.13	April 29, 2026	–	9,331	258,286	34,682
Gary Merasty ⁽⁶⁾	2019	32,346	28.13	April 29, 2026	–	11,921	329,985	86,480

Notes

- (1) The market value of all unexercised in-the-money standard options granted in 2019 and 2018, are calculated based on the difference between \$27.56, the closing price of a common Share on January 31, 2020, and the option exercise price noted in the above table. The market value of unexercised in-the-money declining strike price options for Canadian NEOs granted in 2013, 2014, 2015, 2016 and 2017 are calculated based on the difference between \$27.56, the closing price of a common Share on January 31, 2020, and the declining strike price of \$18.58 for 2013, the declining strike price of \$20.82 for 2014, the declining strike price of \$22.33 for 2015, the declining strike price of \$26.20 for 2016, the declining strike price of \$30.47 for 2017. A rolling 365 day volume weighted average yield calculation was used for the calculation of the revised strike price. The portion of all quarterly dividends paid since the 2013, 2014, 2015, 2016 and 2017 grants, on a per Share basis, that exceed a dividend yield of 2% for North West, is also deducted from the strike price.
- (2) Includes the number of unvested PSUs outstanding as at January 31, 2020.
- (3) The market value of the unvested Share-based awards is calculated by multiplying the portion of the outstanding PSUs which are time based (one-third of the PSU grants for 2018 and 2019) granted to the NEO by the fair market value of the Shares as at

February 1, 2020 (\$27.68). Fair market value is calculated based on the volume weighted average closing price of the Shares on the TSX for the five trading days immediately preceding February 1, 2020. The two-third portion of the outstanding PSU grants for 2018 and 2019 which are subject to performance conditions are valued at the fair market value of the Shares as at February 1, 2020 (\$27.68) based on the achievement of target performance. The final amounts in the table include dividends earned up to January 31, 2020 on granted PSUs. No assumption is made for future dividends.

- (4) Includes the PSUs granted in 2017 that vested on January 31, 2020 and which were paid out in April 2020.
- (5) Mr. Yeo received a one-time special grant of PSUs upon hire with a grant date value of \$100,000. This grant attracts dividend equivalents and one-third of the accumulated value will vest after each year starting with January 31, 2019, one-third on January 31, 2020 and the final one-third on January 31, 2021. The accumulated PSUs are settled in Shares. No additional LTIP grant was awarded to Mr. Yeo in 2018.
- (6) Mr. Merasty received a one-time special grant of PSUs upon hire with a grant date value of \$257,095. This grant attracts dividend equivalents and one-third of the accumulated value will vest after each year starting with January 31, 2019, one-third on January 31, 2020 and the final one-third on January 31, 2021. The accumulated PSUs are settled in Shares. No additional LTIP grant was awarded to Mr. Merasty in 2018.

SHARE OWNERSHIP GUIDELINES

The Board established a Share Ownership Policy, effective December 11, 2014, outlining the minimum levels of share ownership required for all executives. The policy is designed to align the interests of those executives with the interests of Shareholders, to demonstrate financial commitment to North West through personal Share ownership, and to promote North West's long-term commitment to sound corporate governance.

The following are included as "Shares" for the purposes of determining the share ownership level for each executive:

- All Shares owned by the executive, an executive's spouse and any dependent children living in the same household (either purchased through the open market or those obtained from North West treasury through the exercise of stock options);
- The time based portion of any PSUs granted to an executive; and
- Any vested DSUs granted to an executive.

Once an executive achieves the guidelines, if the Share price declines and the market value of the Shares held drops below the minimum, as long as the executive holds the minimum number of Shares (at peak price) going forward, the executive is considered to be in compliance with the guidelines.

Executives are required to maintain ownership levels that meet or exceed the guidelines within five years of being appointed or promoted to their current position. Should an executive be promoted to a higher employment status (i.e. Vice President to Executive Vice President or Executive Vice President to President and Chief Executive Officer), the executive will have a further five years from the date of his/her promotion to attain the Share ownership multiple required for their new position.

North West believes that given the short and long-term incentive programs in place for executives, that there are sufficient mechanisms available to assist an executive to reach required ownership levels. Executives who are subject to this policy are required to abide by the following until their minimum Share ownership requirement is met:

- Convert 100% of after-tax performance share units into Shares;
- Purchase Shares equivalent to the after-tax value of any stock options exercised by the Executive; and
- Fully participate in North West's Employee Share Ownership Plan.

The table below shows the market value of Shares held by each of the NEOs as of January 31, 2020, based on the closing price of North West on the TSX on January 31, 2020 and the actual ownership as a multiple of their respective base salary.

NEO	Market Value of Shares (\$)⁽¹⁾	Net Ownership as a multiple of Base Salary	Minimum Ownership as a multiple of Salary
Edward Kennedy	11,150,258	13.2	3.0
John King	2,928,398	7.1	2.0
Dan McConnell	1,038,022	2.2	2.0
Alex Yeo ⁽²⁾	218,747	0.6	2.0
Gary Merasty ⁽²⁾	296,645	0.7	2.0

Notes

- (1) Includes any Shares purchased through the open market, and 100% of outstanding time based portion of PSUs, any vested DSUs; all multiplied by the January 31, 2020 closing price of \$27.56.
- (2) Mr. Yeo and Mr. Merasty commenced their employment in 2018 and have until 2023 to meet the minimum ownership guideline.

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SUMMARY OF SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The total number of underlying Shares issuable to any participant pursuant to North West's Share Option Plans and the DSU Plan and all other equity compensation plans of North West will not exceed 10% of the issued and outstanding Shares at the date of any grants. The maximum number of Shares available for issuance under the Share Option Plans is a fixed number set at 4,354,020. The maximum number of Shares available for issuance under the DSU Plan is a fixed number set at 484,970. The maximum number of Shares available for issuance under the PSU plan is a fixed number set at 860,000. The following table provides information on securities authorized for issuance under equity compensation plans as at January 31, 2020:

Equity Compensation Plan	Securities to be issued upon exercise of outstanding options and Director DSUs (A)	Weighted average price of outstanding options and Director DSUs (B)	Securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column A)
Declining Strike Price Options ⁽¹⁾	1,919,959	\$27.34	NA
Standard Options ⁽¹⁾	899,854	\$28.01	NA
Total Options ⁽¹⁾	2,819,813	\$27.55	1,299,818
Director Deferred Share Units	318,227	NA	162,148
Treasury-settled Performance Share Units	243,712	NA	616,288

Note

- (1) The outstanding options have a weighted average remaining life of 3.50 years with the declining strike price having a weighted average remaining life of 2.45 years and standard options having a weighted average remaining life of 5.63 years. Further information on share options, DSUs and PSUs is provided Note 14 to the Company's audited consolidated financial statements for the year ended January 31, 2020 which is available on SEDAR at www.sedar.com or the Company's website at www.northwest.ca.

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ADDITIONAL INFORMATION ON EQUITY COMPENSATION PLANS

The following table provides additional information on the Director Deferred Share Unit Plan and the Share Option Plan for the past three years (2020, 2019 and 2018):

	2020	2019	2018
Total Shares issued and outstanding as at January 31	48,750,929	48,750,929	48,690,212
Total weighted average Shares issued and outstanding for the year ended January 31	48,750,929	48,697,129	48,679,837
Director Deferred Share Units (“DSUs”)			
Number of underlying Shares reserved for issuance upon exercise of all DSUs	318,227	270,277	249,108
DSU Dilution — Shares reserved under the DSU Plan as a % of total Shares issued and outstanding as at January 31	0.65%	0.55%	0.51%
Number of DSUs granted during the fiscal year (February 1 to January 31)	47,949	42,355	36,942
DSU Burn Rate — % of DSUs granted during the fiscal year as a % of weighted average Shares outstanding for the year ended January 31	0.10%	0.09%	0.08%
Number of DSUs available for future issuance under equity compensation plans	162,148	214,693	231,266
Treasury Settled Performance Share Units (“TPSUs”)			
Number of underlying Shares reserved for issuance upon exercise of all TPSUs	243,712	71,491	–
TPSU Dilution — Shares reserved under the TPSU Plan as a % of total Shares issued and outstanding as at January 31	0.50%	0.15%	–
Number of TPSUs granted during the fiscal year (February 1 to January 31)	172,221	71,491	–
TPSU Burn Rate — % of TPSUs granted during the fiscal year as a % of weighted average Shares outstanding for the year ended January 31	0.35%	0.15%	–
Number of TPSUs available for future issuance under equity compensation plans	616,288	788,509	–
Share Option Plan			
Number of underlying Shares reserved for issuance upon exercise of all options	2,819,813	2,398,063	2,919,117
Option Dilution — Shares reserved under Share Option Plans as a % of total Shares issued and outstanding as at January 31	5.78%	4.92%	6.00%
Number of options granted during the fiscal year (February 1 to January 31)	499,311	372,992	505,112
Option Burn Rate — % of options granted during the fiscal year as a % of weighted average Shares outstanding for the year ended January 31	1.02%	0.77%	1.04%
Number of options available for future issuance under equity compensation plans	1,299,818	1,721,568	1,261,231
Total Equity Compensation Plans			
Total Dilution — Shares reserved under all equity compensation plans as a % of total Shares issued and outstanding as at January 31	6.94%	5.62%	6.51%
Total Burn Rate — options and DSUs granted during the fiscal year as a % of weighted average Shares outstanding as at January 31	1.48%	1.00%	1.09%
Total Overhang — options and DSUs available for future issuance plus options and DSUs outstanding but not exercised as a % of Shares issued and outstanding as at January 31	11.21%	11.21%	9.57%

TERMINATION AND CHANGE OF CONTROL BENEFITS

Mr. Edward Kennedy has a formal employment agreement in place which provides for termination and change of control benefits. In addition, the provisions contained in the plan documents for the PSU plan and in the Original Option Plan and Amended and Restated Option Plan for termination and change of control apply to all NEOs.

The following table summarizes the payments that would be received by each NEO pursuant to contractual provisions where the executive ceases to be employed by North West. The amounts calculated are based on compensation as at January 31, 2020.

The actual amount that each NEO could receive in the future as a result of termination of employment or change of control could differ materially from the amounts set forth as a result of a variety of factors, such as changes in Share price or base salary, timing of the termination or change of control, and the vesting and granting of additional Share awards. The following table also does not include any potential common law entitlements arising in the event of termination or change of control, or any amounts that may be agreed upon at the time of termination, or amounts paid at the discretion of the Board.

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	For Cause (\$)	Without Cause (\$)	Change of Control (\$)	Retirement (\$) ⁽²⁾	Death or Disability (\$)	Resignation (\$)
Edward Kennedy⁽¹⁾						
Base/Bonus/Perquisite	–	3,185,668	3,185,668	1,271,550	–	1,271,550
PSUs ⁽³⁾	850,029	4,155,293	4,155,293	4,155,293	4,155,293	4,155,293
Options ⁽⁴⁾	–	4,880,487	4,880,487	4,880,487	4,880,487	4,880,487
Total	850,029	12,221,448	12,221,448	10,307,330	9,035,780	10,307,330

John King						
Base/Bonus/Perquisite	–	–	–	–	–	–
PSUs ⁽³⁾	–	239,681	475,009	475,009	239,681	–
Options ⁽⁴⁾	–	596,629	699,499	699,499	596,629	–
Total	–	836,310	1,174,508	1,174,508	836,310	–

Dan McConnell						
Base/Bonus/Perquisite	–	–	–	–	–	–
PSUs ⁽³⁾	–	265,392	538,166	538,166	265,392	–
Options ⁽⁴⁾	–	384,882	476,997	476,997	384,882	–
Total	–	650,274	1,015,163	1,015,163	650,274	–

Alex Yeo						
Base/Bonus/Perquisite	–	–	–	–	–	–
PSUs ⁽³⁾	–	90,360	258,286	258,286	90,360	–
Options ⁽⁴⁾	–	–	–	–	–	–
Total	–	90,360	258,286	258,286	90,360	–

Gary Merasty						
Base/Bonus/Perquisite	–	–	–	–	–	–
PSUs ⁽³⁾	–	131,404	329,985	329,985	131,404	–
Options ⁽⁴⁾	–	–	–	–	–	–
Total	–	131,404	329,985	329,985	131,404	–

Notes

- (1) The base salary, bonus and perquisite amount (“**Base Amount**”) to be paid to Mr. Kennedy upon termination without cause or change of control is pursuant to the terms of his employment agreement as if such event occurred on or before June 30, 2021. The Base Amount to be paid upon a change of control after June 30, 2021 is \$1,271,550. The Base Amount to be paid to Mr. Kennedy upon retirement or resignation represents amounts owing pursuant to entering into a two year consulting contract with North West in accordance with the terms of his employment agreement.
- (2) The amounts for all NEOs (other than Mr. Kennedy) for retirement assume the NEO retires on or after the age of 55, and that they have been approved as a “Qualified Retirement” by the Board pursuant to the terms of these incentive plans.
- (3) This amount reflects the amounts payable under the plan document for North West’s PSU plan. The value of the PSUs is calculated by multiplying the number of qualified Share units by the fair market value as determined under the PSU plans (\$27.68) as at January 31, 2020. With respect to death or disability, the amounts are prorated as at

January 31, 2020 pursuant to the terms of the PSU plan. For Mr. Kennedy, the amounts are calculated pursuant to the terms of his employment agreement.

- (4) These amounts reflect the amounts payable under the Original Option Plan and Amended and Restated Option Plan. With respect to the amounts payable upon Retirement, the amounts payable assume that all NEOs were approved for “Qualified Retirement” under the Original Option Plan and Amended and Restated Option Plan. The value of the options is calculated by multiplying the number of qualified options by the January 31, 2020 closing Share price of \$27.56, and subtracting from that amount the number of qualified options multiplied by the exercise price or declining strike price of each option. For Mr. Kennedy, the amounts are calculated pursuant to the terms of his employment agreement.

EMPLOYMENT AGREEMENTS/OFFERS OF EMPLOYMENT

President and Chief Executive Officer

Mr. Kennedy's previous contract addressed the terms of his employment until he reached aged 60. Mr. Kennedy turned 60 in July 2019. Mr. Kennedy has expressed an interest in transitioning out of his CEO role while executing succession plans for the Company's leadership. The Board felt it prudent to extend Mr. Kennedy's contract to ensure continuity through this important process and during the leadership of other strategic priorities. Mr. Kennedy's contract extension includes special PSU's that are equally time and performance-based, with the performance-based units predicated on his contributions to the CEO succession process. The key terms of the agreement relating to termination and change of control are as follows:

UPLP Loan⁽¹⁾

North West provided a loan to Mr. Kennedy in the sum of \$107,450 without interest, to reimburse Mr. Kennedy for the net cost incurred by Mr. Kennedy for terminating his participation in North West's former UPLP program, which terminated effective December 31, 2011. This loan is repayable upon the termination of Mr. Kennedy's employment with North West.

- ⁽¹⁾ North West's policy is not to grant loans to executives, however this UPLP loan is intended to reimburse Mr. Kennedy for the actual loss he incurred as a result of the requirement to sell the Shares he owned pursuant to the termination of the UPLP program in order to repay the loan that had been extended to Mr. Kennedy for the purpose of purchasing Shares through the open market under this program.

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Termination for Cause

North West may immediately terminate Mr. Kennedy's employment contract for cause. In the event of termination for cause, North West is obligated to pay base salary and expenses owing at the termination date. Mr. Kennedy's Special RSUs that have not become earned as of the termination date shall become earned on the Earned Dates, and Special PSUs that have not become earned as of the termination date shall be immediately forfeited. Any RSUs, PSUs that are not earned as at the termination date and unvested options as at the termination date are forfeited with no further value.

Resignation for "Good Reason" as defined in the Employment Agreement

Mr. Kennedy may, within six months of the event of a Good Reason, terminate his employment, and will be entitled to the equivalent of two times the annual average of his base salary, perquisite allowance and STIP paid to Mr. Kennedy in the three years in which Mr. Kennedy was paid the greatest base salary, perquisite allowance and STIP (the "**Termination Payment**"). All of Mr. Kennedy's Special RSUs and Special PSUs that have not become earned as of the termination date shall become earned on the Earned Dates, with the amounts of the Special PSUs being in the Board's sole discretion, based on achievement of performance criteria. In addition, all unearned RSUs shall become earned as of the termination date, all unearned PSUs shall become earned as of the original scheduled dates as granted if the applicable performance criteria have been achieved, and all unvested options shall continue to vest in accordance with the option plan. In the event Mr. Kennedy engages in a competitive activity as defined in his contract for a period of two years following the termination date, all unvested Special PSUs, RSUs, PSUs and options existing at that time shall be forfeited with no further value.

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**Resignation for
“Good Reason” as
defined in the
Employment
Agreement after
June 30, 2021**

Mr. Kennedy may, within six months of the event of a Good Reason, terminate his employment, and will enter into a two-year consulting agreement with North West, and shall be entitled to his base salary for the first year, and half of his base salary for the second year during the term of the consulting agreement. All of Mr. Kennedy's Special RSUs and Special PSUs that have not become earned as of the termination date shall become earned on the Earned Dates, with the amounts of the Special PSUs being in the Board's sole discretion, based on achievement of performance criteria. In addition, all unearned RSUs shall become earned as of the termination date, all unearned PSUs shall become earned as of the original scheduled dates as granted if the applicable performance criteria have been achieved, and all unvested options shall continue to vest in accordance with the option plan. In the event Mr. Kennedy engages in a competitive activity as defined in his contract for a period of two years following the termination date, all unvested Special PSUs, RSUs, PSUs and options existing at that time shall be forfeited with no further value.

**Retirement or
Resignation (other
than for “Good
Reason” as defined
in the Employment
Agreement)**

Mr. Kennedy is required to provide six months' notice, and upon the expiry of such notice, will enter into a two-year consulting agreement with North West, and shall be entitled to his base salary for the first year, and half of his base salary for the second year during the term of the consulting agreement. The amount due to Mr. Kennedy in the second year during the term of the consulting agreement shall be reduced by four percent for each full month by which the expiry of the notice period is prior to June 30, 2021. All of Mr. Kennedy's Special RSUs and Special PSUs that have not become earned as of the termination date shall become earned on the Earned Dates, with the amounts of the Special PSUs being in the Board's sole discretion, based on achievement of performance criteria. In addition, Mr. Kennedy shall be entitled to all vested and unvested RSUs, PSUs and options, and all unvested RSUs, PSUs and options shall vest in accordance with their respective plans. In the event Mr. Kennedy engages in a competitive activity as defined in his contract for a period of two years following the termination date, all unvested Special PSUs, RSUs, PSUs and options existing at that time shall be forfeited with no further value.

Change of Control

If Mr. Kennedy terminates his employment within 12 months of a change of control event, he will be entitled to the Termination Payment. In addition, all unearned Special PSUs, Special RSUs, PSUs and RSUs shall be deemed to be earned under the PSU Plans as at the termination date, with applicable performance criteria deemed to have been achieved. All unexercised and unvested options shall be deemed to be vested as at the termination date and exercisable during the one year period thereafter, after which all options shall be cancelled and not exercisable.

**Change of Control
after June 30, 2021**

If Mr. Kennedy terminates his employment within 12 months of a change of control event, he will enter into a two-year consulting agreement with North West, and shall be entitled to his base salary for the first year, and half of his base salary for the second year during the term of the consulting agreement. In addition, all unearned Special PSUs, Special RSUs, PSUs and RSUs shall be deemed to be earned under the PSU Plans as at the termination date, with applicable performance criteria deemed to have been achieved. All unexercised and unvested options shall be deemed to be vested as at the termination date and exercisable during the one year period thereafter, after which all options shall be cancelled and not exercisable.

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Change of Control Definition

Change of control occurs if: a) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisitions occurs where existing Shareholders then hold less than 50% of the voting Shares; b) the sale, lease, exchange or other disposition of assets, rights, or properties of North West which have an aggregate book value of greater than 60% of the book value of North West on a consolidated basis; c) a resolution to windup, dissolve or liquidate North West; d) any person or entity, acting jointly or in concert, acquires control or direction over the voting Shares, which, when added to the voting Shares over which the acquirer exercises control or direction over, would entitle the acquirer to cast a vote of 50% or more of the votes attached to all of the voting securities; e) as a result of or in connection with the contested election of Directors of North West, the nominees named in the most recent management information circular shall not constitute a majority of Directors of North West immediately prior to such an event; f) any person or entity acting jointly or in concert with each other, acquired beneficial ownership acquires ownership by way of takeover bid provisions of more than 50% of the voting Shares; or g) the Board adopts a resolution to the effect that a change of control as defined in this paragraph has occurred or is imminent. Mr. Kennedy must exercise his right to termination of employment within twelve months after the change of control event occurred, provided that his employment agreement has not otherwise been terminated.

Termination without Cause

Mr. Kennedy is entitled to the Termination Payment. All of Mr. Kennedy's Special RSUs and Special PSUs that have not become earned as of the termination date shall become earned on the Earned Dates, with the amounts of the Special PSUs being in the Board's sole discretion, based on achievement of performance criteria. In addition, all unearned RSUs shall become earned as of the termination date, all unearned PSUs shall become earned as of the original scheduled dates as granted if the applicable performance criteria have been achieved, and all unvested options shall continue to vest in accordance with the option plan. In the event Mr. Kennedy engages in a competitive activity as defined in his contract for a period of two years following the termination date, all unvested Special PSUs, RSUs, PSUs and options existing at that time shall be forfeited with no further value.

**Termination without
Cause after
June 30, 2021**

Mr. Kennedy will enter into a two-year consulting agreement with North West, and shall be entitled to his base salary for the first year, and half of his base salary for the second year during the term of the consulting agreement. All of Mr. Kennedy's Special RSUs and Special PSUs that have not become earned as of the termination date shall become earned on the Earned Dates, with the amounts of the Special PSUs being in the Board's sole discretion, based on achievement of performance criteria. In addition, all unearned RSUs shall become earned as of the termination date, all unearned PSUs shall become earned as of the original scheduled dates as granted if the applicable performance criteria have been achieved, and all unvested options shall continue to vest in accordance with the option plan. In the event Mr. Kennedy engages in a competitive activity as defined in his contract for a period of two years following the termination date, all unvested Special PSUs, RSUs, PSUs and options existing at that time shall be forfeited with no further value.

Death

All of Mr. Kennedy's unearned Special PSUs, Special RSUs, PSUs and RSUs shall be deemed to be earned under the PSU Plans, with applicable performance criteria deemed to have been achieved. In addition all unexercised and unvested options shall be deemed to be vested as at the date of death and exercisable during the one year period thereafter, after which all options shall be cancelled and not exercisable.

**Non-Competition/
Non-Solicit**

For a period of two years following the termination of his employment with North West however caused, Mr. Kennedy shall not as an individual or in any other capacity, either directly or indirectly, own, operate, carry on or be engaged in or be concerned with or interested in or connected with or advise, lend money to, guarantee the debts or obligations of, or permit his name or any part thereof to be used in or employed by any party engaged in any business or activity in any province or state in which North West carries on business whose business or activities compete directly with a material retail business or activity of North West. In addition, for the same two-year period, Mr. Kennedy shall not influence any supplier of North West to withdraw, cancel, or curtail business with North West; nor attempt to induce any employee, officer, or consultant of North West to terminate his employment or relationship with North West, or attempt to offer such person employment with or engagement by any other party other than North West.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVES

None of the Directors or executives of North West or its affiliated entities, nor any associate or affiliate of any of them, is or was indebted, directly or indirectly, to North West or any of its affiliated entities at any time since February 1, 2015, the beginning of the most recently completed financial year, other than as set out below.

As a term of Mr. Edward Kennedy's employment agreement entered into effective February 1, 2011, North West agreed to loan Mr. Edward Kennedy the sum of \$107,450 without interest, in order to reimburse Mr. Kennedy for the net cost incurred by Mr. Kennedy for terminating his participation in North West's former Unit Purchase Loan Program that was terminated effective December 31, 2010. This loan is repayable upon the termination of Mr. Kennedy's employment with North West. See "PART IV — COMPENSATION DISCUSSION AND ANALYSIS — TERMINATION AND CHANGE OF CONTROL BENEFITS — EMPLOYMENT AGREEMENTS/OFFERS OF EMPLOYMENT" on page 85 of this Circular.

DIRECTOR AND OFFICER LIABILITY INSURANCE

North West maintains a Director and Officer liability insurance program. The program covers costs to defend and settle claims against North West's Directors and officers to an annual limit of \$50 million, with additional \$25 million coverage in Side A DIC coverage. The primary policy includes a \$100,000 deductible for an indemnifiable occurrence with no deductible for a non-indemnifiable occurrence. The cost of coverage for the period July 1, 2019 to July 1, 2020 was approximately \$181,194. Directors and officers do not pay premiums, and no indemnity claims were made or paid in 2019.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Management of North West is not aware of any material interest, direct or indirect, of any informed person (being a director or executive officer of North West or a person who beneficially owns or controls, directly or indirectly, more than 10% of the voting rights attached to Shares of North West) or any associate or affiliate of any of the foregoing persons, in any transaction since the commencement of our most recently completed financial year or in any proposed transaction which has materially affected or would materially affect us or any of our subsidiaries.

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PART V — ADDITIONAL INFORMATION

Current financial information for North West is provided in North West's comparative financial statements and management's discussion and analysis for the most recently completed financial year. This information and additional information relating to North West can be found under North West's profile on the SEDAR website at www.sedar.com and on North West's website at www.northwest.ca.

Copies of North West's Annual Information Form, Annual Report (including Management's Discussion and Analysis), financial statements, and this Circular may be obtained upon request to the Corporate Secretary of North West. North West may require the payment of a reasonable charge if the request is made by a person who is not a Shareholder of North West.

PART VI — DIRECTORS' APPROVAL

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

Winnipeg, Manitoba, Canada
April 27, 2020.

By ORDER OF THE BOARD OF DIRECTORS

"Amanda Sutton"

Amanda Sutton
Vice President, Legal and Corporate Secretary
The North West Company Inc.

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Schedule “A” — Mandate of the Board of Directors

The Board of Directors (the “Board”) of The North West Company Inc. (“North West”) is responsible for the stewardship of North West, providing independent and effective leadership in supervising the business and affairs of North West. The Board will discharge this responsibility by developing and determining policies by which the business and affairs of North West are to be managed, and by overseeing the management of North West.

A. COMPOSITION, BOARD ORGANIZATION, AND MEETINGS

- The Board will be comprised of between three and thirteen Directors, with the number of Directors from time to time being fixed by the Board. The Board will be constituted with a majority of individuals who are “independent” within the meaning of the corporate governance policies of National Instrument 58-101 Disclosure of Corporate Governance Practices.
- All Directors will have the skills and abilities appropriate to their appointment as a Director.
- The Directors will be elected at each annual meeting of shareholders subject to North West’s bylaws, and may be elected at a special meeting of shareholders, in each case to hold office for a term expiring at the close of the next annual meeting of shareholders following such an election.
- The Board is responsible for establishing formal delegations of authority, which define the limits of management’s power and authority, and delegating to management certain powers to manage the affairs of North West. The Board has delegated to the Chief Executive Officer (“CEO”) certain powers and authorities to manage the business and affairs of North West, subject to the limitations of North West’s governing legislation. Any power or authority not so delegated remains within the Board.
- The Board has established the following committees to assist in discharging its duties: the Audit Committee, the Governance and Nominating Committee, and the Human Resources, Compensation and Pension Committee. Each committee has its own Board approved mandate. The Board may establish additional Committees or merge or dispose of any committee, as circumstances require. The Board is responsible for overseeing the duties delegated to each committee.
- Quorum for a Board meeting will be a majority of the Directors. All directors are expected to attend, review all meeting materials and be prepared to participate at every Board meeting.

- In fulfilling its responsibilities, the Board shall have unrestricted access to management, and authority to select, retain, terminate and approve the fees of any independent advisor to assist it in performing its responsibilities.
- The independent members of the Board will meet separately after every regularly scheduled Board meeting without the non-independent members of the Board or management in attendance. The independent directors may also hold other meetings at such times and with such frequency as the independent directors consider necessary.
- Minutes of the Board and its committees shall be recorded and maintained by the Corporate Secretary, and subsequently presented to the Board or its committees for approval.

B. DUTIES AND RESPONSIBILITIES

The Board's duties include:

1. Strategic Planning

- Providing oversight and guidance on the strategic issues facing North West.
- Requiring the CEO, in collaboration with the Board, to develop and present to the Board for approval, North West's long-term strategic plan.
- Approving North West's financial objectives and annual operating plan, including capital allocations, expenditures, and transactions exceeding threshold amounts set by the Board.
- Monitoring implementation and effectiveness of the approved strategic and operating plans.
- Approving major business decisions not specifically delegated to management.

2. Identification and Management of Risks

- Ensuring that processes are in place to identify and manage the principal risks inherent in North West's business and operations.
- Reviewing the systems that are implemented by management to manage and monitor those risks.
- Reviewing the processes that ensure compliance with applicable legal and regulatory requirements.

3. Financial Performance and Internal Controls

- Overseeing the financial reporting and disclosure obligations of the Board.

- Recommending the appointment and remuneration of North West's external auditors to North West's shareholders.
- Overseeing the integrity of North West's management information systems and the effectiveness of North West's internal controls.
- Reviewing and approving North West's annual and quarterly financial statements, management's discussion and analysis, annual information form, management proxy circular, and other public disclosure documents that require board approval.
- Overseeing compliance with applicable audit and accounting requirements.
- Approving the issuance of securities and the declaration of dividends.

4. Communications and Public Disclosure

- Approving North West's communication policies.
- Overseeing establishment of processes for accurate, timely, and appropriate full public disclosure.
- Approving a written disclosure policy, and monitoring compliance of such policy and applicable corporate, securities and exchange requirements.

5. Human Resources Management, Succession Planning and Executive Compensation

- Supervising the succession planning processes of North West, and approving the selection, appointment, development, evaluation and compensation of the CEO and other senior officers.
- Overseeing North West's executive compensation program and overall compensation philosophy for all other employees.
- Monitoring North West's approach to human resource management.
- Ensuring there are policies and practices in place to enable North West to attract, develop, and retain the human resources required by North West to meet its business objectives.

6. Governance

- Developing a set of corporate governance principles and guidelines.
- Establishing appropriate structures and procedures to allow the Board to function independently of management.
- Establishing Board committees and defining their mandates to assist the Board in carrying out its roles and responsibilities.

- Approving the compensation of the Directors and the Chairperson of the Board.
- Setting expectations and responsibilities of Directors, including attendance at, preparation for, and participation in meetings.
- Undertaking regular evaluations of the Board, its committees, its members, and reviewing its composition with a view to the effectiveness and independence of the Board and its members.
- Ensuring that each new Director engages in a comprehensive orientation process and that all directors are provided with continuing education opportunities.
- Identifying competencies and skills necessary for the Board as a whole and for each individual Director.
- Identifying individuals qualified to become new Directors.
- Reviewing the Board mandate on a regular basis, or as a result of legislative or regulatory changes, to ensure it appropriately reflects the Board's stewardship responsibilities.

7. Integrity, Ethics and Social Responsibility

- Establishing North West's values, including approving North West's Code of Conduct.
- Monitoring compliance with the Code of Conduct.
- Approving other policies and practices for dealing with matters related to integrity, ethics, environmental and social responsibility.
- To the extent possible, satisfying itself of the integrity of the CEO and other senior officers and that the CEO and other senior officers create a culture of integrity throughout North West.

C. NO RIGHTS CREATED

This mandate is a broad policy statement and is intended to be part of the Board's flexible governance framework. While this mandate should comply with all applicable laws and North West's constating documents, including articles and by-laws, this mandate does not create any legally binding obligations on the Board, any committee, any director or North West.

Approved by the Board of Directors effective March 12, 2015 and amended by the Board of Directors effective June 12, 2019.

Schedule “B” — Human Resources, Compensation and Pension Committee Mandate

The Human Resources, Compensation, and Pension Committee (“Committee”) of the Board of Directors (the “Board”) of The North West Company Inc. (“North West”) has the oversight responsibility and specific duties described below.

1. Purpose:

The primary purpose of the Committee is to assist the Board in fulfilling its oversight or direct responsibilities with respect to:

- (a) development, compensation, and retention of Senior Management and Executives of North West and its subsidiaries (as defined herein);
- (b) recruitment, appointment, development, performance evaluation, compensation and retention of the Chief Executive Officer (“CEO”) of North West;
- (c) key compensation and human resources strategies and policies;
- (d) succession planning systems and processes relating to the CEO, Executives and Senior Management;
- (e) regulatory duties related to compensation, benefit plans and pension plans; and
- (f) share ownership guidelines for the CEO and Executives.

2. Committee Composition:

- (a) The Committee will be comprised of at least three Directors. All Committee members will be independent Directors (within the meaning of National Instrument 58-101 Disclosure of Corporate Governance Practices). Any Committee member who, for any reason, is no longer independent immediately ceases to be a Committee member.
- (b) The membership of the Committee will represent a diverse background of experience and skills, including members with retail, human resources (including executive compensation), financial and management experience.
- (c) Committee members will be appointed and removed by the Board. The Committee Chairperson will be appointed by the Board.

3. Reports

The Committee shall report to the Board on a regular basis, including before the public disclosure by North West of its Management Information Circular, or as required by continuous disclosure legislation on executive compensation.

4. Responsibilities

Subject to the powers and duties of the Board, and with the requirement that the Committee provides timely summary reports to the Board on its activities, the Board hereby delegates to the Committee the following powers and duties to be performed by the Committee on behalf of and for the Board:

(a) Appointment and Compensation of Key Personnel

The Committee:

- (i) shall review and recommend to the Board, the appointment and terms of employment of the CEO;
- (ii) shall review and approve the appointment and terms of employment of any members of senior management who report directly to the CEO (“Executives”);
- (iii) shall review and approve annually a salary grid level for senior management who are not Executives, and who hold the title of either “Vice President”, “Director” or “General Manager” for North West and its subsidiaries (“Senior Management”);
- (iv) may obtain compensation data as necessary concerning entities that would be comparable to North West, and other data deemed appropriate by the Committee, and to the extent possible, understand the basis upon which comparable entities compensate their Executives and Senior Management;
- (v) shall review and recommend to the Board the compensation and design of incentive plans for the CEO, Executives, and Senior Management. In its review the Committee will assess the linkage of its compensation philosophy and incentive plans to North West’s financial and non-financial performance, support for North West’s business strategy, and alignment with North West’s employee compensation philosophy;
- (vi) shall review and recommend to the Board, periodic changes to compensation guidelines and benefit plans;
- (vii) shall review and recommend to the Board:
 - a. payouts and grants pursuant to North West’s Share based incentive plans for the CEO;

- b. the CEO's annual short term incentive plan payment and measures;
 - c. any discretionary bonuses for the CEO; and
 - d. the adjudication of any matters impacting North West's incentive plans relating to the CEO,
- (viii) shall review and approve, for Executives and Senior Management:
- a. payouts and grants pursuant to North West's Share based incentive plans;
 - b. any discretionary bonuses for Executives and Senior Management proposed by the CEO;
 - c. for Executives, the payments and measures under North West's annual short term incentive plan; and
 - d. the adjudication of matters impacting North West's incentive plans relating to Executives and Senior Management,
- (ix) shall identify and mitigate risks associated with North West's compensation guidelines and benefit plans;
- (x) shall annually review and recommend for approval to the Board, the Compensation Discussion and Analysis for inclusion in the Management Proxy Circular; and
- (xi) shall review all other compensation-related disclosure before North West publicly discloses such information.

(b) Human Resource Leadership

The Committee shall:

- (i) review North West's key human resources strategies and policies for general adequacy, competitiveness, internal equity and cost effectiveness and, in the Committee's discretion, make recommendations to the Board for consideration;
- (ii) approve in each instance, the participation by the CEO on the board of Directors of any other commercial entity (not including a not-for-profit board), not directly related to the interests of the North West (an "Outside Board"), and the Committee shall review participation by any Executive of North West, as approved by the CEO, to any Outside Board (except for any appointment to a not-for-profit Outside Board);

- (iii) periodically review any policy on Share ownership for Executives and Senior Management, and at the Committee's discretion, make recommendations to the Board for consideration. The Committee shall review as required the actual ownership position relative to ownership guidelines; and
- (iv) review the results of periodic employee opinion surveys.

(c) Chief Executive Officer (CEO)

The Committee shall:

- (i) annually review, and in the Committee's discretion, make recommendations to the Board for consideration regarding the CEO's corporate goals and objectives, performance measurement indicators; compensation, and incentive plans; and
- (ii) annually evaluate the performance of the CEO, and based on the evaluation, in the Committee's discretion, make recommendations, including with respect to CEO compensation, to the Board for consideration.

(d) Succession and Development

The Committee shall:

- (i) obtain reasonable assurance that North West has appropriate strategies, systems and processes for the evaluation of Executive and Senior Management, talent development and succession within North West, and shall review at least annually with the CEO the performance of and potential for advancement of each Executive and Senior Management. The Committee may also at its discretion request information on the management resources of any part of the North West or its subsidiaries;
- (ii) report to the Board at least annually its appraisal of the North West's Executive and Senior Management succession circumstances and practices, including the effectiveness of identifying, training and preparing high-potential candidates for advancement;
- (iii) determine periodically, as a separate and supplementary contingency plan to the succession process, the identity of immediate replacements in the event of an emergency for the CEO and the Chief Financial Officer, and make recommendations to the Board for consideration; and
- (iv) review and approve any proposed appointments of Executive, and the organizational structure of Executive and Senior Management reporting directly to the CEO, and as recommended by the CEO, and if such changes are material in nature as determined by the Committee, recommend approval to the Board.

(e) Executive Pension Plan

Plan Design

The Committee shall:

- (i) review and recommend to the Board for approval all decisions to initiate, merge or terminate the Executive Pension Plan, or otherwise fundamentally change the nature of the pension arrangement for the Executive Pension Plan, taking into account among other things, North West's attraction and retention goals for its Executive and Senior Management;
- (ii) approve any trust agreement with North West as the sponsor of the Executive Pension Plan; and
- (iii) review and recommend to the Board for approval, all amendments to the Executive Pension Plan.

Valuation and Funding

The Committee Shall:

- (i) review and recommend to the Board for its approval on a regular basis, a funding policy which sets out guidelines with respect to the valuation and funding of the liabilities of the Executive Pension Plan;
- (ii) review and approve, at least annually, the major actuarial assumptions for the valuation and funding of the liabilities of the Executive Pension Plan, as recommended by the Chief Financial Officer of North West and external advisors, as required;
- (iii) review and approve, at least annually, the actuarial report of the Executive Pension Plan; and
- (iv) review and recommend for approval to the Board, at least annually, the contributions to the pension funds of the Executive Pension Plan, as recommended by the Chief Financial Officer of North West and external advisors, as required.

Risk Management

The Committee shall:

- (i) establish and periodically review, the goals, objectives and long-term asset mix policy for the Executive Pension Plan, in terms of the proportion of the assets to be invested in various asset classes on average over the long term;

- (ii) establish and periodically review, the goals, objectives and investment program for the Executive Pension Plan, in terms of the number and types of investment options to be offered to the members of the plan;
- (iii) periodically review the performance of the investments for The Executive Pension Plan and meet annually with the investment advisor for the Executive Pension Plan; and
- (iv) meet as required with any advisors of the Executive Pension Plan.

Communication and Education

The Committee shall review and approve the communications plan and any material individual communications to members of the Executive Pension Plan relating to the education of such members of the pension plan.

Operations and Implementation

The Committee shall:

- (i) approve and periodically review and approve a pension expense policy which sets out guidelines for the payment of expenses incurred in the management and administration of the Executive Pension Plan from the assets of the pension funds;
- (ii) periodically review the pension administration policies approved management, in order to ensure that it sets out appropriate guidelines and procedures for the effective administration of the Executive Pension Plan, and ensuring compliance with any applicable legislation;
- (iii) appoint the actuary of the Executive Pension Plan;
- (iv) appoint an investment manager for the Executive Pension Plan; and
- (v) appoint a service provider for the Executive Pension Plan.

(f) Staff Pension Plan

The Pension Benefits Act of Manitoba (“Act”) and The North West Company Staff Pension Plan (the “Plan”) provide that the Pension Committee established pursuant to the Act (the “Pension Committee”) may delegate all or part of its powers and responsibilities to the Board or the Committee. Pursuant to the Delegation Agreement entered into between the Pension Committee and North West effective September 28, 2011, the Committee shall:

- (i) recommend to the Board for approval, the adoption, amendment, merger or consolidation, and windup of the Plan and related documentation, including changes requiring amendments related to Plan design, benefit structure, and membership eligibility;

- (ii) recommend to the Board for approval, the Plan's governance structure and the Plan's governance objectives;
- (iii) receive the report of the Plan's auditor;
- (iv) receive and approve the Plan's audited financial statements, and accounting policies;
- (v) approve, and at the Committee's discretion, delegate to the CEO, the appointment and removal of North West's representatives on the Pension Committee;
- (vi) recommend to the Board for approval, the Plan's funding policies;
- (vii) authorize Executives of North West to accept such delegation from the Pension Committee as they deem appropriate;
- (viii) provide a report to the Board on the Plan, at least on an annual basis, on relevant pension and compliance issues;
- (ix) generally oversee the administration of the Plan and the related fund;
- (x) approve the statement of investment policies and procedures for the Plan and to monitor compliance with such documents;
- (xi) appoint, retain, or terminate certain persons who provide goods or services in respect of the Plan, including but not limited to investment managers, trustee, custodian, auditor, actuary, advisors and DC record keeper with respect to the administration of the Plan;
- (xii) approve the asset mix structure and target and strategic ranges of asset class allocations for the defined benefit portion of the Plan;
- (xiii) make such regulations for itself as to the conduct of its activities as the Committee deems appropriate; and
- (xiv) provide a report to the Pension Committee of its activities, not less annually, in such form and content as the Pension Committee deems appropriate to fulfil its general duty of oversight of the Plan, and to meet its obligations as administrator of the Plan.

5. Structure

- (a) The Board shall appoint one of the Committee members to act as Chairperson of the Committee.
- (b) The Committee will appoint the Corporate Secretary of North West as secretary of the Committee, who will keep minutes of all meetings. In absence of the Corporate Secretary, the Committee will appoint an acting secretary who will keep minutes of the meeting.

- (c) The Committee will meet as many times as is necessary to carry out its responsibilities but in no event will the Committee meet less than quarterly each year. Meetings will be at the call of the Chairperson. Notwithstanding the foregoing, any member of the Committee may call a meeting of the Committee. The Committee may hold a meeting by telephone conference call.
- (d) No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present or by a resolution in writing signed by all the members of the Committee. A majority of the members of the Committee shall constitute a quorum provided that if the number of members of the Committee is an even number one half of the number of members plus one shall constitute a quorum.
- (e) Any member of the Committee may be removed or replaced at any time by the Board or shall cease to be a member of the Committee as soon as such member ceases to be a Director. Subject to the foregoing, each member of the Committee shall hold such office until the next annual meeting of shareholders.
- (f) The time at which and the place where the meetings of the Committee shall be held, the calling of meetings and the procedure in all respects of such meeting shall be determined by the Committee, unless otherwise provided for in North West's bylaws, or otherwise determined by resolution of the Board.
- (g) Members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may from time to time determine.

6. Chairperson of the Committee

The Chairperson of the Committee (the "Chairperson") is responsible for the effective functioning of the Committee.

7. Independent Advice

The Committee shall:

- (a) have sole authority to retain, oversee, compensate and terminate independent advisors who assist the Committee in its activities. The Committee shall pre-approve all services to be provided by the independent compensation consultant. The Committee may, at its discretion, delegate to the Chairperson the authority to grant pre-approvals provided that those pre-approvals are presented in writing to the Committee at the next regularly scheduled meeting;

- (b) evaluate any independent compensation consultant's qualifications and performance, and take all reasonable steps to be confident that the independent compensation consultant does not provide services that would bring into question its independence; and
- (c) receive adequate funding from North West for any independent advisors and ordinary administrative expenses that are needed or appropriate for the Committee to carry out its duties.

8. Evaluation

The Committee shall:

- (a) regularly review and assess the adequacy of its Mandate, and recommend any proposed changes to the Governance and Nominating Committee, for recommendation to the Board for approval; and
- (b) participate in a regular performance evaluation of the Committee, the results of which will be reviewed by the Governance and Nominating Committee, and the Board.

9. No Rights Created

This mandate is a broad policy statement and is intended to be part of the Committee's flexible governance framework. While this mandate should comply with all applicable laws, regulations and listing requirements and North West's articles and by-laws, this mandate does not create any legally binding obligations on the Committee, the Board or North West.

Approved by the Board of Directors effective December 10, 2014 and amended by the Board of Directors effective June 12, 2019.

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Nor'Westers are associated with the vision, perseverance, and enterprising spirit of the voyageurs who pushed past limits to further our Company's growth during the fur trade. We trace our roots to 1668, and the establishment of one of North America's early trading posts at Waskaganish on James Bay. Today, we continue to embrace this pioneering culture as true "frontier merchants."

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