



NOTICE OF  
ANNUAL AND SPECIAL MEETING  
OF SHAREHOLDERS  
TO BE HELD JULY 21, 2020  
AND  
INFORMATION  
CIRCULAR

# ONEX corporation

## NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

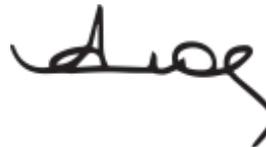
NOTICE IS HEREBY GIVEN that an annual and special meeting of the shareholders of Onex Corporation (the "Corporation") will be held **on Thursday, the 21<sup>st</sup> day of July, 2020 at 10:00 a.m. (Eastern Daylight Savings Time)**. Due to the uncertain public health impact of the global coronavirus (COVID-19) pandemic and in consideration of the health and safety of our shareholders, colleagues and the broader community, this year's meeting will be held in a virtual meeting format only, by way of a live audio webcast. Shareholders will be able to listen and vote at the meeting in real time through a web-based platform instead of attending the meeting in person. You can attend the virtual meeting by joining the live audio webcast online at <https://web.lumiagm.com/191719425>. The purpose of the meeting is the following:

1. to receive and consider the consolidated balance sheets of the Corporation as at December 31, 2019 and the consolidated statements of earnings, shareholders' equity and cash flows for the year then ended, together with the report of the auditor thereon;
2. to appoint an auditor of the Corporation;
3. to authorize the directors of the Corporation to fix the remuneration of the auditor;
4. to elect directors of the Corporation;
5. to consider and approve, on an advisory basis, a resolution accepting the Corporation's approach to executive compensation;
6. to consider and, if thought fit, pass a resolution to confirm the By-Law No. 4 of the Corporation, the full text of which resolution is set out as Schedule "A" to the accompanying management information circular; and
7. to transact such further and other business as may properly come before the meeting or any adjournment to postponement thereof.

If you are unable to attend the virtual meeting, kindly complete, date, sign and return the enclosed form of proxy in the envelope provided for this purpose. Proxies to be used at the meeting must be deposited with the Corporation or AST Trust Company no later than 48 hours preceding the meeting or any adjournment or postponement thereof.

DATED at Toronto, Ontario, the 19<sup>th</sup> day of May, 2020.

BY ORDER OF THE BOARD OF  
DIRECTORS



ANDREA E. DALY  
Managing Director, General Counsel  
and Secretary

# ONEX corporation

## MANAGEMENT INFORMATION CIRCULAR as at May 19, 2020

This management information circular (the “Circular”) is furnished in connection with the solicitation of proxies by or on behalf of the management of Onex Corporation (“Onex” or the “Corporation”) for use at the annual and special meeting of the shareholders of the Corporation (the “Meeting”) to be held by live audio webcast at <https://web.lumiagn.com/191719425> on Thursday, July 21, 2020 at 10:00 a.m. (Eastern Daylight Savings Time), and at any adjournment or postponement thereof, for the purposes set forth in the notice of the Meeting.

Due to the uncertain public health impact of the global coronavirus (COVID-19) pandemic and in consideration of the health and safety of our shareholders, colleagues and the broader community, this year’s Meeting will be held in a virtual meeting format only, by way of a live audio webcast. Shareholders will be able to listen and vote at the Meeting in real time through a web-based platform instead of attending the Meeting in person. Shareholders who log into the Meeting online will be able to listen and securely vote through the web-based platform, provided that they are connected to the internet and follow the instructions provided at the Meeting. To vote during the Meeting rather than submitting a proxy in advance, shareholders will need the control number included on their proxy and the Meeting password (see below). By using the control number and password to log into the Meeting, any vote a shareholder casts at the Meeting will revoke any proxy previously submitted. If a shareholder does not wish to revoke a previously submitted proxy, shareholders are instructed not vote at the Meeting but will still be entitled to join the audio webcast. The virtual meeting platform service provider will make available technical support to assist shareholders seeking to cast their votes at the Meeting. Shareholders can attend the virtual Meeting by joining the live audio webcast online at <https://web.lumiagn.com/191719425>, password: **onex2020** (case sensitive).

### PROXIES

**THE ENCLOSED PROXY IS BEING SOLICITED BY OR ON BEHALF OF THE MANAGEMENT OF THE CORPORATION** and the cost of such solicitation will be borne by the Corporation. The solicitation will be primarily by mail, but officers or employees of the Corporation may also solicit proxies by telephone or in person without special compensation.

Proxies to be used at the Meeting must be deposited with the Corporation or AST Trust Company no later than 48 hours preceding the Meeting or any adjournment or postponement thereof.

A shareholder executing the enclosed form of proxy has the right to revoke it under subsection 110(4) of the *Business Corporations Act* (Ontario) (the “Act”). A proxy may be revoked by depositing an instrument in writing, executed by the registered shareholder or by such shareholder’s attorney authorized in writing, at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment or postponement thereof, at which the proxy is to be used or with the Chairman of the Meeting on the day of the Meeting or any adjournment or postponement thereof or in any other manner permitted by law.

### NOTICE-AND-ACCESS

The Corporation is utilizing the “notice-and-access” process that came into force on February 11, 2013, under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* and National Instrument 51-102 – *Continuous Disclosure Obligations* (“Notice-and-Access”) for distribution of the Meeting materials to shareholders. Notice-and-Access is a set of rules that reduce the volume of materials that must be physically mailed to shareholders by allowing the Corporation to post the Circular and additional

materials online. In accordance with Notice-and-Access, the Corporation has delivered a proxy form, or voting instruction form in the case of beneficial shareholders, and a Notice-and-Access notification to both registered and beneficial shareholders outlining relevant dates and matters to be discussed at the Meeting. The Notice of Annual and Special Meeting, Circular, 2019 Financial Statements and 2019 Management's Discussion and Analysis have been made available to shareholders at <http://www.meetingdocuments.com/astca/ocx>.

## VOTING SHARES

The Corporation has authorized share capital consisting of an unlimited number of senior preferred shares, an unlimited number of junior preferred shares, 100,000 Multiple Voting Shares and an unlimited number of Subordinate Voting Shares.

As at the date hereof, 100,000 Multiple Voting Shares and 97,719,307 Subordinate Voting Shares are issued and outstanding. No senior preferred shares or junior preferred shares are currently issued and outstanding.

The holders of Multiple Voting Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Corporation, other than any meeting of holders of another class of shares who are entitled to vote separately as a class at such meeting and other than with respect to certain matters which are exclusively reserved for the holders of Subordinate Voting Shares. Unless and until the occurrence of an Event of Change (as defined in the articles of the Corporation and set forth below), the holders of Multiple Voting Shares are entitled to such number of votes in the aggregate as represents 60% of the aggregate votes attached to all the outstanding Multiple Voting Shares, Subordinate Voting Shares and other shares of the Corporation that may be created from time to time (if any) having the right to vote generally at annual and special meetings of shareholders. The number of votes will be prorated equally among the outstanding Multiple Voting Shares and will be deemed to be adjusted to maintain the 60% voting level notwithstanding any issue, repurchase or redemption of Subordinate Voting Shares or other shares having general voting rights. The holders of Multiple Voting Shares are entitled to one vote for each such share held at meetings of holders of such shares at which they are entitled to vote separately as a class.

The holders of Subordinate Voting Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Corporation, other than any meeting of holders of another class of shares who are entitled to vote separately as a class at such meeting, and are entitled to one vote for each share Subordinate Voting Share. The holders of Subordinate Voting Shares and all other shares of the Corporation that may be created from time to time (if any) having the right to vote generally at annual and special meetings of shareholders will be entitled in the aggregate to 40% of the aggregate votes attached to all the outstanding Multiple Voting Shares, Subordinate Voting Shares and other shares (if any) of the Corporation that may be created from time to time having the right to vote generally at annual and special meetings of shareholders.

The holders of Multiple Voting Shares are entitled, voting separately as a class, to elect, unless and until an Event of Change occurs, 60% (rounded to the nearest whole number) of the members of the Board of Directors of the Corporation.

From and after the occurrence of an Event of Change, the holders of Multiple Voting Shares, voting separately as a class, will have the right to elect only 20% (rounded to the nearest whole number) of the members of the Board of Directors of the Corporation and otherwise will not be entitled to vote except as provided by the Corporation's articles or by applicable law. The Multiple Voting Shares would be extinguished in their entirety on the third anniversary of the Event of Change. An Event of Change is defined as Gerald W. Schwartz (i) ceasing to hold office as the Chief Executive Officer of the Corporation; (ii) ceasing to hold, directly or indirectly together with his spouse and children, more than 5,000,000 Subordinate Voting Shares; or (iii) ceasing to have the right to vote or direct the vote of a majority of the outstanding Multiple Voting Shares.

The holders of Subordinate Voting Shares are entitled, voting separately as a class, to appoint the auditor of the Corporation and to elect, unless and until an Event of Change occurs, 40% (rounded to the nearest whole number) of the members of the Board of Directors of the Corporation.

Should an Event of Change occur, the holders of Subordinate Voting Shares would become entitled, voting separately as a class, to elect 80% (rounded to the nearest whole number) of the members of the Board of Directors of the Corporation and would otherwise be entitled to one vote per share for each Subordinate Voting Share held.

Holders of Multiple Voting Shares are not entitled to receive dividends. Holders of Subordinate Voting Shares are entitled to receive cash dividends, dividends in kind and stock dividends as and when declared by the Board of Directors. The Multiple Voting Shares have no entitlement to a distribution on winding-up or dissolution other than a payment of the nominal amount in the stated capital account for such shares. The Subordinate Voting Shares are entitled, subject to the prior rights of the senior preferred shares, the junior preferred shares and the Multiple Voting Shares, to receive the remaining assets of the Corporation.

The record date for the determination of shareholders entitled to receive notice of the Meeting has been fixed at May 22, 2020. In accordance with the provisions of the Act, the Corporation will prepare a list of holders of Multiple Voting Shares and Subordinate Voting Shares, respectively, as of such record date. Each holder of Multiple Voting Shares or Subordinate Voting Shares named in the list will be entitled to vote the shares shown opposite his or her name on the list at the Meeting.

To the knowledge of the directors and officers of the Corporation, no person or company beneficially owns, directly or indirectly, or exercises control or direction over securities carrying more than 10% of the voting rights attached to any class of outstanding voting securities of the Corporation other than as set forth below.

Gerald W. Schwartz holds indirectly all the outstanding Multiple Voting Shares of the Corporation. Mr. Schwartz also beneficially owns, controls or directs as at the date of this Circular, directly or indirectly, 11,909,840 Subordinate Voting Shares of the Corporation representing approximately 12.19% of the outstanding Subordinate Voting Shares.

Pursuant to a stock control agreement entered into by Mr. Schwartz, OMIL Holdings Limited, the Corporation and National Trust Company (now The Bank of Nova Scotia Trust Company) for the benefit of the holders of the Subordinate Voting Shares, Multiple Voting Shares may be transferred only with the prior approval of at least two-thirds of the votes cast on separate class votes at meetings of the holders of the Multiple Voting Shares and Subordinate Voting Shares, unless such transfers are made to members of Onex management or represent less than 10% of the outstanding Multiple Voting Shares. Any Multiple Voting Shares so transferred would remain subject to the share terms summarized above, including those relating to an Event of Change, and would also be subject to certain repurchase options and obligations in favour of the Corporation. The stock control agreement remains in full force and effect and no party is in material breach thereof.

#### **APPOINTMENT AND REMUNERATION OF AUDITOR**

The articles of the Corporation provide that the holders of Subordinate Voting Shares, voting separately as a class, have the right to appoint the auditor, although authorization of the directors to fix the auditor's remuneration requires the approval of the holders of Subordinate Voting Shares and Multiple Voting Shares, voting together.

Unless authority to do so is withheld, the Subordinate Voting Shares represented by the proxies solicited in respect of the Meeting will be voted **FOR** the reappointment of the firm of PricewaterhouseCoopers LLP, Chartered Accountants as the auditor of the Corporation and in favour of the authorization of the directors to fix the remuneration of the auditor.

## ELECTION OF DIRECTORS

Twelve nominees are proposed for election the Board of Directors (the “Board”) at the Meeting. As described under “Voting Shares” above, the holders of Subordinate Voting Shares and the holders of Multiple Voting Shares are entitled, voting separately as classes, to elect 40% and 60%, respectively, of the members of the Board, in each case rounded to the nearest whole number. The holders of Subordinate Voting Shares will be entitled to vote in respect of the election of the five directors referred to below as SVS Nominees. Shares represented by proxies solicited by management will be voted **FOR** the SVS Nominees, unless authority to do so is withheld. Each nominee elected will hold office until the close of the next annual meeting of shareholders of the Corporation or until his or her successor is elected or appointed.

All nominees are currently directors of the Corporation. As discussed in detail under “Corporate Governance Practices” below, the Board regularly assesses its membership to with a view to ensuring that an appropriate mix of skills, experience, perspectives and relationships are represented. The Board believes that each incumbent director has provided and is continuing to make a material contribution and provide significant value and does not propose changes for the upcoming year.

The Corporation has adopted a majority voting policy in respect of director elections. Any director who is not elected by at least a majority of the votes cast must immediately tender his or her resignation. The Board will accept the resignation absent exceptional circumstances and will announce its decision within 90 days. All members of the Board received more than 90% support at the Corporation’s last annual meeting.

Throughout this Circular, all amounts are in United States dollars unless otherwise indicated. All references to C\$ are to Canadian dollars.

### I. SVS NOMINEES

The following is a description of the five SVS Nominees to be voted on by the holders of Subordinate Voting Shares of the Corporation:

Name, principal occupation and other major positions with the Corporation	Period during which served as a Director	Beneficial Ownership or Control of Subordinate Voting Shares and Deferred Share Units as of April 30, 2020 <sup>(1)</sup> (#)	Aggregate Value of Subordinate Voting Shares and Deferred Share Units as of April 30, 2020 <sup>(2)</sup> (C\$)
<b>WILLIAM A. ETHERINGTON (LEAD DIRECTOR)</b> <sup>(3)(4)(5)</sup> Mr. Etherington, 78, of Toronto, Ontario, retired as Chair of board and director of Celestica Inc in January 2020, where he had served as a director since 2001. He was the Chairman of the Board of the Canadian Imperial Bank of Commerce until February 2009 and Chairman, President and Chief Executive Officer of IBM World Trade Corporation until 2001. Mr. Etherington holds an Honorary Doctor of Laws degree and Bachelor of Electrical Engineering Science from the University of Western Ontario.	Since September 2007	10,000  71,937	5,257,077.92

Name, principal occupation and other major positions with the Corporation	Period during which served as a Director	Beneficial Ownership or Control of Subordinate Voting Shares and Deferred Share Units as of April 30, 2020 <sup>(1)</sup> (#)	Aggregate Value of Subordinate Voting Shares and Deferred Share Units as of April 30, 2020 <sup>(2)</sup> (C\$)
<p><b>MITCHELL GOLDHAR</b> Mr. Goldhar, 58, of Toronto, Ontario, is Chairman of the Board of SmartREIT. In 1994, Mr. Goldhar founded SmartCentres and developed 265 shopping centres, many of which were anchored by Walmart. Mr. Goldhar is President and CEO of Penguin Investments Inc., a director of Indigo Books &amp; Music Inc., a Director Emeritus with the SickKids Foundation, is on the Advisory Board for the Canadian Sports Concussion Project and is owner of the Maccabi Tel Aviv Football Club. Mr. Goldhar holds a Bachelor of Political Science degree from York University and has been an adjunct professor with the Joseph L. Rotman School of Management, University of Toronto for 14 years.</p>	Since May 2017	—  12,943	830,422.88
<p><b>ARIANNA HUFFINGTON<sup>(6)</sup></b> Ms. Huffington, 69, of New York, New York, is the founder and Chief Executive Officer of Thrive Global, a corporate and consumer well-being and productivity business and is the founder of The Huffington Post Media Group. In May 2005, Ms. Huffington launched The Huffington Post, which won a Pulitzer Prize for national reporting in 2012. She was named to the Forbes Most Powerful Women list in 2013 and was named to the Time 100, Time Magazine's list of the world's 100 most influential people, in each of 2006 and 2011. Ms. Huffington serves on the board of EL PAÍS, a major Spanish language newspaper. Ms. Huffington holds a Master of Arts in Economics from Cambridge University.</p>	Since May 2014	—  23,234	1,490,693.44
<p><b>ARNI C. THORSTEINSON, C.F.A.<sup>(3)(7)</sup></b> Mr. Thorsteinson, 71, of Winnipeg, Manitoba, is the President of Shelter Canadian Properties Limited, a privately owned diversified real estate development and management company. He is also a trustee of Lanesborough Real Estate Investment Trust, a director of Bird Construction Inc. and a member of the board of advisors of Onex Real Estate Partners. He was the Founding Chair of the Board of Trustees of the Canadian Museum for Human Rights and is Vice Chair of the Friends of the Canadian Museum for Human Rights. Mr. Thorsteinson holds Bachelor of Commerce (Honours) and Doctor of Laws (Honours) degrees from the University of Manitoba as well as the Chartered Financial Analyst designation.</p>	Since May 1987	50,425  123,468	11,156,974.88

Name, principal occupation and other major positions with the Corporation	Period during which served as a Director	Beneficial Ownership or Control of Subordinate Voting Shares and Deferred Share Units as of April 30, 2020 <sup>(1)</sup> (#)	Aggregate Value of Subordinate Voting Shares and Deferred Share Units as of April 30, 2020 <sup>(2)</sup> (C\$)
<b>BETH A. WILKINSON</b> Ms. Wilkinson, 57, of Washington, DC is the founder of Wilkinson Walsh & Eskovitz, a specialty trial and litigation law firm. Ms. Wilkinson was previously a partner in two major U.S. law firms and served as General Counsel to Federal National Mortgage Association (Fannie Mae) from 2006 to 2008. Ms. Wilkinson has a Bachelor of Arts from Princeton University and a law degree from the University of Virginia School of Law.	Since May 2018	—  8,558	549,081.28

## II. MVS NOMINEES

The following is a description of the seven directors to be voted on separately by the sole holder of Multiple Voting Shares of the Corporation (“MVS Nominees”):

Name, principal occupation and other major positions with the Corporation	Period during which served as a Director	Beneficial Ownership or Control of Subordinate Voting Shares and Deferred Share Units as of April 30, 2020 <sup>(1)</sup> (#)	Aggregate Value of Subordinate Voting Shares and Deferred Share Units as of April 30, 2020 <sup>(2)</sup> (C\$)
<p><b>GERALD W. SCHWARTZ, O.C.<sup>(8)</sup></b>            Mr. Schwartz, 78, of Toronto, Ontario, is the Founder, Chairman of the Board, President and Chief Executive Officer of Onex. Mr. Schwartz was inducted into the Canadian Business Hall of Fame in 2004 and was appointed as an Officer of the Order of Canada in 2006. He is also an honorary director of The Bank of Nova Scotia and is a director of Indigo Books &amp; Music Inc. Mr. Schwartz is Vice Chairman of Mount Sinai Hospital and is a director, governor or trustee of a number of other non-profit organizations. He holds a Bachelor of Commerce degree and a Bachelor of Laws degree from the University of Manitoba, a Master of Business Administration degree from the Harvard University Graduate School of Business Administration and Honorary Doctorate degrees from six other universities.</p>	Since May 1887	11,909,840	764,135,334.40
<p><b>DANIEL C. CASEY<sup>(4)(9)</sup></b>            Mr. Casey, 72, of Toronto, Ontario is the Chairman of the Board, Chief Executive Officer and President of Creson Corporation, an investment holding company, and is a member of the board of advisors of Onex Real Estate Partners. Mr. Casey holds a Bachelor of Arts in Economics degree from Carleton University.</p>	Since May 1887	97,691	6,267,854.56
<p><b>SERGE GOUIN<sup>(3)(10)</sup></b>            Mr. Gouin, 77, of Outremont, Quebec, was formerly Chairman of the Board of Quebecor Media Inc., a communications and media-cable and entertainment company. Mr. Gouin was appointed as a Member of the Order of Canada in 2018. He is also the former Advisory Director of Citigroup Global Markets Canada Inc. from 1998 to 2003, former President and Chief Operating Officer of Le Groupe Vidéotron Ltée. from 1991 to 1996 and former Chairman of the Board of TVA Group Inc. He is the Chairman of Anges Québec Capital Fund. He previously served on the Advisory Committee of the Ivey Business School for over 20 years. Mr. Gouin holds a Bachelor of Arts degree from the University of Montreal as well as a Bachelor of Arts degree and Master of Business Administration degree from the Ivey Business School at the University of Western Ontario.</p>	Since August 1991	46,248 100,311	9,403,225.44

Name, principal occupation and other major positions with the Corporation	Period during which served as a Director	Beneficial Ownership or Control of Subordinate Voting Shares and Deferred Share Units as of April 30, 2020 <sup>(1)</sup> (#)	Aggregate Value of Subordinate Voting Shares and Deferred Share Units as of April 30, 2020 <sup>(2)</sup> (C\$)
<p><b>EWOUT HEERSINK</b><sup>(11)</sup>  Mr. Heersink, 69, of Oakville, Ontario, is a Senior Managing Director of the Corporation and has been an executive of Onex since 1983. He served as Onex' Chief Financial Officer through 2008 and has also served as a director of several of Onex' operating companies. Mr. Heersink is a former Member of the Advisory Council of the Queen's School of Business. He holds a Bachelor of Honours Business Administration degree from the Ivey Business School at the University of Western Ontario and a Master of Business Administration degree from Queen's University. Mr. Heersink is also a Chartered Accountant.</p>	Since May 2010	944,790  315,365	80,851,544.80
<p><b>JOHN B. MCCOY</b><sup>(4)(12)</sup>  Mr. McCoy, 76, of Columbus, Ohio, retired as Chairman and Chief Executive Officer of Banc One Corporation in December 1999, where he had been Chief Executive Officer since 1984 and Chairman since 1998. Mr. McCoy joined Banc One Corporation in 1970. Mr. McCoy is a director of a number of non-profit institutions. Mr. McCoy holds a Bachelor of Arts degree in History from Williams College and a Master of Business Administration degree in Finance from Stanford University's Graduate School of Business.</p>	Since May 2005	20,000  91,987	7,185,085.92
<p><b>J. ROBERT S. PRICHARD, O.C., O.ONT.</b><sup>(3)(13)</sup>  Mr. Prichard, 71, of Toronto, Ontario, is non-executive Chairman of Torys LLP and was previously President and Chief Executive Officer of Metrolinx and Torstar Corporation. Prior to joining Torstar, he was President of the University of Toronto from 1990 to 2000. He is the lead director of George Weston Ltd., a director of Alamos Gold Inc. and the Chair of the Hospital for Sick Children. Mr. Prichard was also the Chairman of Bank of Montreal until May 2020. Mr. Prichard studied economics at Swarthmore College and holds a Master of Business Administration degree from the University of Chicago, a Bachelor of Laws degree from the University of Toronto and a Master of Laws degree from Yale University. He is also an Officer of the Order of Canada, a Member of the Order of Ontario and a Fellow of the Royal Society of Canada and a Fellow of the Institute of Corporate Directors.</p>	Since May 1994	20,000  94,488	7,345,550.08

Name, principal occupation and other major positions with the Corporation	Period during which served as a Director	Beneficial Ownership or Control of Subordinate Voting Shares and Deferred Share Units as of April 30, 2020 <sup>(1)</sup> (#)	Aggregate Value of Subordinate Voting Shares and Deferred Share Units as of April 30, 2020 <sup>(2)</sup> (C\$)
<b>HEATHER M. REISMAN</b> <sup>(14)</sup>	Since May 2003	1,282,016	87,704,346.08
Ms. Reisman, 71, of Toronto, Ontario, is Chair and Chief Executive Officer of Indigo Books & Music Inc. Prior to co-founding Indigo Books & Music, she held the position of President of Cott Corporation from 1990 to 1992. Ms. Reisman is also a director of Mount Sinai Hospital and a former member of the Bilderberg Meetings Steering Committee. She is a former Governor of the Toronto Stock Exchange and of McGill University. Ms. Reisman was educated at McGill University.		84,947	

Notes:

- (1) Indicates the number of Subordinate Voting Shares (top line) and Deferred Share Units of the Corporation (bottom line) beneficially owned, directly or indirectly, or over which control or direction is exercised. The Directors' Deferred Share Unit Plan is described under "Compensation of Directors and Named Executive Officers of the Corporation and its Subsidiaries — Directors".
- (2) Indicates the aggregate dollar value of the Subordinate Voting Shares and Deferred Share Units of the Corporation beneficially owned, directly or indirectly, or over which control or direction is exercised based on the closing price of the Subordinate Voting Shares on the Toronto Stock Exchange on April 30, 2020.
- (3) Member of the Audit and Corporate Governance Committee.
- (4) Member of the Compensation and Management Resources Committee.
- (5) As of December 31, 2019, Mr. Etherington also held, directly or indirectly, individually or through his personal investment vehicles, investments in: (i) the Onex Partners Funds' operating companies (less than 0.1% of the aggregate invested capital of the Onex group and co-investors at fair market value), (ii) the ONCAP Funds' operating companies (less than 0.1% of the aggregate invested capital of the Onex group and co-investors at fair market value), and (iii) Celestica Inc., an operating company subsidiary of the Corporation not within the private equity fund structure (10,000 subordinate voting shares).
- (6) As of December 31, 2019, Ms. Huffington also held, directly or indirectly, individually or through her personal investment vehicles, investments in: (i) the Onex Partners Funds' operating companies (less than 0.1% of the aggregate invested capital of the Onex group and co-investors at fair market value), and (ii) the ONCAP Funds' operating companies (less than 0.1% of the aggregate invested capital of the Onex group and co-investors at fair market value).
- (7) As of December 31, 2019, Mr. Thorsteinson also held, directly or indirectly, individually or through his personal investment vehicles, investments in: (i) the Onex Partners Funds' operating companies (less than 0.3% of the aggregate invested capital of the Onex group and co-investors at fair market value), (ii) the ONCAP Funds' operating companies (less than 0.4% of the aggregate invested capital of the Onex group and co-investors at fair market value), (iii) Skyview Park, being the remaining investment of Onex Real Estate Partners (less than 0.3% of the Onex group's aggregate invested capital at fair market value), (iv) certain of the products and strategies managed by Onex Credit (\$2.9 million at fair market value) and (v) Incline Aviation Fund, an aircraft investment fund managed by BBAM Limited Partnership, an operating company of Onex Partners III LP ("Incline") (approximately \$1.2 million at fair market value).
- (8) Mr. Schwartz also holds options to acquire 4,277,000 Subordinate Voting Shares. Further as of December 31, 2019, Mr. Schwartz also held, directly or indirectly, individually or through his personal investment vehicles, investments in: (i) the Onex Partners Funds' operating companies (approximately \$207.4 million at fair market value), (ii) the ONCAP Funds' operating companies (approximately \$44.5 million at fair market value), (iii) Skyview Park, being the remaining investment of Onex Real Estate Partners (approximately \$7.3 million at fair market value), (iv) Celestica Inc., an operating company subsidiary of the Corporation not within the private equity fund structure (120,657 subordinate voting shares or approximately \$1.0 million based on the December 31, 2019 closing price), (v) certain of the products and strategies managed by Onex Credit (approximately \$179.8 million at fair market value), (vi) Incline (approximately \$14.4 million at fair market value) and (vii) Ryan Specialty Group LLC (approximately \$1.0 million at fair market value).
- (9) As of December 31, 2019, Mr. Casey also held, directly or indirectly, individually or through his personal investment vehicles, investments in: (i) the Onex Partners Funds' operating companies (less than 0.1% of the aggregate invested capital of the Onex group and co-investors at fair market value), (ii) the ONCAP Funds' operating companies (less than 0.1% of the aggregate invested capital of the Onex group and co-investors at fair market value), and (iii) Skyview Park, being the remaining investment of Onex Real Estate Partners (less than 0.3% of the Onex group's aggregate invested capital at fair market value).
- (10) As of December 31, 2019, Mr. Gouin also held, directly or indirectly, individually or through his personal investment vehicles, investments in: (i) the Onex Partners Funds' operating companies (less than 0.2% of the aggregate invested capital of the Onex group and co-investors at fair market value), (ii) the ONCAP Funds' operating companies (less than 0.3% of the aggregate invested capital of the Onex group and co-investors at fair market value), (iii) Skyview Park, being the remaining investment of Onex Real Estate Partners (less than 0.2% of the Onex group's aggregate invested capital at fair market value), (iv) Celestica Inc., an operating company subsidiary of the Corporation not within the private equity fund structure (40,000 subordinate voting shares), and (v) Incline (approximately \$0.9 million at fair market value).

- (11) Mr. Heersink also holds options to acquire 354,000 Subordinate Voting Shares. Further, as of December 31, 2019, Mr. Heersink also held, directly or indirectly, individually or through his personal investment vehicles, investments in: (i) the Onex Partners Funds' operating companies (less than 0.5% of the aggregate invested capital of the Onex group and co-investors at fair market value), (ii) the ONCAP Funds' operating companies (less than 0.9% of the aggregate invested capital of the Onex group and co-investors at fair market value), (iii) Skyview Park, being the remaining investment of Onex Real Estate Partners (less than 0.8% of the Onex group's aggregate invested capital at fair market value), (iv) Celestica Inc., an operating company subsidiary of the Corporation not within the private equity fund structure (41,103 subordinate voting shares), (v) certain of the products and strategies managed by Onex Credit (\$13.2 million at fair market value), (vi) Incline (approximately \$0.6 million at fair market value) and (vii) Ryan Specialty Group LLC (approximately \$0.6 million at fair market value)..
- (12) As of December 31, 2019, Mr. McCoy also held, directly or indirectly, individually or through his personal investment vehicles, investments in: (i) the Onex Partners Funds' operating companies (less than 0.1% of the aggregate invested capital of the Onex group and co-investors at fair market value), (ii) the ONCAP Funds' operating companies (less than 0.1% of the aggregate invested capital of the Onex group and co-investors at fair market value), (iii) Skyview Park, being the remaining investment of Onex Real Estate Partners (less than 0.1% of the Onex group's aggregate invested capital at fair market value), and (iv) Incline (approximately \$0.3 million at fair market value).
- (13) As of December 31, 2019, Mr. Prichard also held, directly or indirectly, individually or through his personal investment vehicles, investments in: (i) the Onex Partners Funds' operating companies (less than 0.2% of the aggregate invested capital of the Onex group and co-investors at fair market value), (ii) the ONCAP Funds' operating companies (less than 0.2% of the aggregate invested capital of the Onex group and co-investors at fair market value), and (iii) Skyview Park, being the remaining investment of Onex Real Estate Partners (less than 0.2% of the Onex group's aggregate invested capital at fair market value).
- (14) As of December 31, 2019, Ms. Reisman also held, directly or indirectly, individually or through her personal investment vehicles, investments in: (i) the Onex Partners Funds' operating companies (less than 0.1% of the aggregate invested capital of the Onex group and co-investors at fair market value), (ii) the ONCAP Funds' operating companies (less than 0.1% of the aggregate invested capital of the Onex group and co-investors at fair market value), and (iii) Incline (approximately \$1.2 million at fair market value).

## ATTENDANCE OF DIRECTORS AT BOARD AND COMMITTEE MEETINGS

The following table sets forth the attendance of each nominee that is currently a member of the Board at the 2019 Board and Committee meetings.

Director	Board	Compensation and Management		Audit and Corporate Governance Committee	Attendance	
		Resources Committee			Board	Committee
Daniel C. Casey	6 of 6	3 of 3		—	100%	100%
William A. Etherington	6 of 6	3 of 3		2 of 2 <sup>(1)</sup>	100%	100%
Mitch Goldhar	6 of 6	—		—	100%	—
Serge Gouin	6 of 6	—		4 of 4	100%	100%
Ewout R. Heersink	6 of 6	—		—	100%	—
Arianna Huffington	6 of 6	—		—	100%	—
John B. McCoy	6 of 6	3 of 3		—	100%	100%
J. Robert S. Prichard	6 of 6	—		4 of 4	100%	100%
Heather M. Reisman	6 of 6	—		—	100%	—
Gerald W. Schwartz	6 of 6	—		—	100%	—
Arni C. Thorsteinson	6 of 6	—		4 of 4	100%	100%
Beth A. Wilkinson	6 of 6	—		—	100%	—

Note:

- (1) Mr. Etherington joined the Audit and Corporate Governance Committee at the May 9, 2019 Board meeting.

## CORPORATE GOVERNANCE PRACTICES

The Board and management believe that full compliance with applicable laws and stock exchanges requirements and the implementation of appropriate corporate governance practices are important for the effective management of the Corporation and the creation of value for its shareholders.

The Board, both generally and through the Audit and Corporate Governance Committee, is committed to remaining abreast of the ongoing evolution of corporate governance standards and practices in Canada and more broadly. The Corporation also maintains an active investor engagement program, providing an ongoing opportunity for shareholders to raise corporate governance matters directly with the Corporation. While the Board believes the Corporation's corporate governance practices have been thoughtfully developed so as to be appropriate for the Corporation, it also recognizes that practices can and should evolve over time. The Board will

continue to follow market or regulatory initiatives, to remain open to discussions with shareholders and to consider potential changes or refinements when and as appropriate.

## **BOARD COMPOSITION AND INDEPENDENCE**

The Corporation has put forth 12 nominees for election to the Board. The following nine nominees are considered independent under relevant securities guidelines and all have confirmed that they have no direct or indirect business or other relationships that could reasonably be expected to interfere with the exercise of independent judgment:

<b>Name of Director</b>	<b>Independent</b>
Daniel C. Casey	✓
William A. Etherington	✓
Mitchell Goldhar	✓
Serge Gouin	✓
Arianna Huffington	✓
John B. McCoy	✓
J. Robert S. Prichard	✓
Arni C. Thorsteinson	✓
Beth Wilkinson	✓

While Mr. Schwartz, the President and Chief Executive Officer of the Corporation as well as its founder and controlling shareholder, his spouse, Ms. Reisman, and Mr. Heersink, a Senior Managing Director of the Corporation are not “independent” within the meaning of relevant securities guidelines, the Board believes that their status does not preclude them from exercising independent judgment with a view to the best interests of the Corporation.

None of the Corporation’s current and proposed directors are members of the boards of more than two additional public companies. Only one nominee, Ms. Heather M. Reisman, the founder, Chair and Chief Executive Officer of Indigo Books & Music Inc., is chief executive officer of a public company other than the Corporation. Ms. Reisman does not sit on any other public company boards. There is only one circumstance in which two or more of the Corporation’s current and proposed directors serve together on the board of any other public company. Ms. Reisman and Messrs. Schwartz and Goldhar are directors of Indigo Books & Music Inc.

## **INDEPENDENT FUNCTIONING OF THE BOARD**

Mr. Schwartz is Chairman of the Board of Directors as well as the founder, President and Chief Executive Officer of the Corporation. The Board firmly believes that it derives substantial advantages from having Mr. Schwartz in each of those roles and has implemented appropriate protections to ensure its independence is not impaired. Among other protections:

- nine of the Corporation’s 12 current and proposed directors are independent;
- the Board selects and appoints a Lead Director to ensure that the Board functions independently of management, particularly in circumstances in which the joint role of the Chairman and Chief Executive Officer may be, or may be perceived to be, in conflict (see also “Formal Board Mandate and Structure – Key Position Descriptions” below);
- each scheduled Board meeting includes an in-camera session in the absence of management and any non-independent directors;
- Mr. Schwartz’ performance and compensation are considered in the absence of Mr. Schwartz, Ms. Reisman and Mr. Heersink;

- any director may provide to the Lead Director agenda items for discussion at any meeting and the Lead Director has the right to place items on the Board's agenda in his or her discretion;
- any two directors may convene a meeting of the directors at any time to discuss any matter of concern;
- the two standing committees of the Board are comprised entirely of independent directors;
- in addition to the two standing committees, independent committees may be struck from time to time if necessary or appropriate; and
- each member and committee of the Board is permitted to engage outside advisors at the expense of the Corporation, and with notice to the Lead Director, as appropriate.

The position of Lead Director is currently held by Mr. Etherington. In connection with its regular assessment of Board composition and refreshment generally, the Board appointed Mr. Etherington as Lead Director on May 9, 2019 and the Board expects to consider rotation of the role from time to time as appropriate.

#### **DIRECTOR EDUCATION**

The Corporation's directors continually seek to improve their knowledge of the Corporation and the opportunities and risks facing its business and have adopted a number of practices designed to achieve that result. Among other things:

- in advance of each regular meeting, the Board receives written information and updates on the activities and performance of each of the Corporation's investment platforms generally and also in respect of the operating companies within its core private equity business. The Corporation's management team is available to answer questions and to receive Board input and guidance;
- the Board receives detailed material in advance of any proposed significant transaction by the Corporation or within its core private equity business and has appropriate time to review the materials, to ask questions of management and to otherwise discuss the proposal. If a significant new investment or acquisition proceeds, a detailed discussion of the new business, often including participation by senior executives of that operating company, generally occurs at a subsequent Board meeting;
- most regularly scheduled Board meetings include a similar in-depth presentation and question-and-answer session with the senior executives of one of the Corporation's operating company affiliates. The selection of the operating company invited to present depends on various factors, including the size and nature of the investment, the opportunities being considered and challenges being faced by the business, and the time that has elapsed since the Board last interacted with the operating company's executive team;
- the Board is invited to participate in an annual two-day off-site session with the Onex management team, the senior management of each of its asset management platforms, the Corporation's full private equity investment team and the senior executives of a significant number of its private equity operating companies. That off-site allows the Board to stay well-informed as to material developments in the Corporation's business and activities, to understand the key risks and challenges then being faced and to help guide management in continuing to grow the business and address those challenges; and
- Board meetings frequently include in-depth sessions led by an outside expert or a member of the Corporation's senior management team regarding emerging issues or specific areas of the Corporation's business.

The directors believe that these practices together with their regular interaction with the Corporation's management team and other professionals allow them to acquire and maintain a deep understanding of the

Corporation, its businesses, and the continually changing risks and opportunities they face. The Board held an additional meeting between its regular late February and mid-May meetings to specifically consider and discuss the impact of the ongoing COVID-19 pandemic on Onex, its asset management platforms and its private equity operating companies, the actions being taken in response thereto, and Management's perspective on opportunities that may emerge in the near- and medium-term.

### **Director Tenure**

The Board has not adopted formal, prescriptive term limits or a mandatory retirement age but rather assesses its size and composition on an ongoing basis. In particular, the Board does not view experience and long tenure as negative but rather believes that it is most often a distinct advantage which needs to be balanced against the potential benefits of renewal according to a predetermined schedule. The nature of the Corporation's business is such that it takes considerable time for a new director to reach the highest levels of full and effective participation. This long learning and integration process arises principally from the Corporation's ongoing evolution as a multi-platform asset manager, the fact that such a large portion of the Corporation's capital nonetheless is invested in private equity, and the nature and variety of the operating businesses within the private equity funds, whether by industry, geography or complexity. Many of these and the Corporation's other investments and initiatives involve substantial commitments of capital and resources and can take considerable time to understand sufficiently in depth to allow a director to add maximum value, particularly as the mix of businesses changes through the investment-to-realization cycle. In fact, one of the principal items the Board considers in recruitment is a potential director's willingness to serve for a meaningful period of time. The Board also notes that new directors are required to build a significant economic stake in the Corporation (a minimum of five times the annual retainer), a requirement that suggests and supports a longer tenure.

### **BOARD AND CORPORATE DIVERSITY**

The Board continues to focus on director renewal and diversity in the ordinary course without forcing change in a manner or at a pace it believes may not serve shareholders well. The Board has adopted a measured approach to director turnover while continuously seeking to identify individuals who would make a valuable contribution to the mix of skills, experience, perspectives and relationships represented on the Board. The Board recognizes that broader perspectives can contribute to the Corporation's innovation and growth but also understands that diversity is multi-faceted and increased diversity is a long-term goal. Consistent with other public companies and with regulatory and shareholder perspectives and initiatives, the Board has focused on gender diversity as the first step toward this achieving broader diversity in the longer term. Two of the last three directors elected to the Board were women and three of the 12 (or 25%) nominees currently proposed for election to the Board are women. The Board endeavors to ensure that at least 20% of its members are women at all times. The Board supports the Corporation's broader Diversity Policy described below and intends to take other measures of diversity into consideration as it assesses its composition in the future.

The Corporation adopted a formal written diversity and inclusion policy ("Diversity Policy") in January 2019, the objective of which is to support the inclusion of individuals from diverse backgrounds, having regard to gender as well as other dimensions of diversity, while ensuring that the Corporation's senior leadership team is comprised of highly qualified and high performing individuals. The Diversity Policy targets maintaining a minimum 20% female representation in senior management positions. Five of twelve (29%) of those positions are currently held by women, including the Managing Directors leading the Corporation's Client and Product Solutions, Legal, Talent Management, Business Solutions & Operations and Information Technology groups. The Diversity Policy also provides that the Corporation's investment professional and operational teams should include a meaningful number of women. Accomplishing this goal can be particularly challenging in the investment team. Management has actively worked to ensure that a substantial and growing portion of the new investment professional candidate pool are women, that the investment professional team has increased representation of women year over year and that all investment professionals are provided with equal opportunity for career advancement. The Corporation has also formally recognized in the Diversity Policy that diversity is not limited to gender and has committed to supporting increased diversity broadly in the future.

## SKILLS MATRIX

The independent directors have diverse business and professional backgrounds and a wide range of public and private company experience. Consistent with the view that the Board should be comprised of directors with a broad range of experience and expertise, the Board has developed a skills matrix to identify those areas which contribute to the Board's ability to carry out its mandate effectively.

<b>Director; Specific Industry Experience &amp; Expertise</b>	<b>Location</b>	<b>CEO Experience</b>	<b>Finance &amp; Accounting</b>	<b>Capital Markets</b>	<b>Corporate Governance</b>	<b>Risk Management &amp; Compliance</b>	<b>Governmental, Public-Policy, Intergovernmental Affairs</b>	<b>Human Resources &amp; Compensation</b>	<b>Information Technology &amp; Cybersecurity</b>	<b>International Business</b>
<b>Daniel C. Casey</b> industrial operations and manufacturing; real estate development; building products; hospitality	Canada	✓	✓	✓				✓		✓
<b>William A. Etherington</b> financial services and insurance; business services; industrial operations and manufacturing; marketing; technology and new media; operational restructuring	Canada	✓	✓		✓	✓		✓	✓	✓
<b>Mitchell Goldhar</b> real estate development; retail; residential; e-commerce	Canada	✓	✓				✓			✓
<b>Serge Gouin</b> asset management and investment; capital markets; financial services and insurance; industrial operations and manufacturing; healthcare; consumer and retail; marketing; media and communications	Canada	✓	✓	✓	✓	✓		✓		✓
<b>Ewout R. Heersink</b> auditing; consulting; finance leadership	Canada		✓	✓	✓	✓		✓		
<b>Arianna Huffington</b> media and communications	U.S.	✓								✓
<b>John B. McCoy</b> financial services	U.S.	✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>J. Robert S. Prichard</b> media and communications; technology and new media; financial services and insurance; law; complex and regulated industries	Canada	✓	✓		✓	✓	✓	✓		
<b>Heather M. Reisman</b> retail; e-commerce; marketing	Canada	✓	✓		✓		✓	✓	✓	
<b>Gerald W. Schwartz</b> asset management and investment; capital markets; business services; industrial operations and manufacturing; health-care; aerospace; real estate development; building products; consumer and retail; financial restructuring; operational restructuring	Canada	✓	✓	✓	✓	✓	✓	✓		✓

<b>Director; Specific Industry Experience &amp; Expertise</b>	<b>Location</b>	<b>CEO Experience</b>	<b>Finance &amp; Accounting</b>	<b>Capital Markets</b>	<b>Corporate Governance</b>	<b>Risk Management &amp; Compliance</b>	<b>Governmental, Public-Policy, Intergovernmental Affairs</b>	<b>Human Resources &amp; Compensation</b>	<b>Information Technology &amp; Cybersecurity</b>	<b>International Business</b>
<b>Arni C. Thorsteinson</b> real estate; finance; investment banking; corporate governance; hospitality	Canada	✓	✓	✓	✓	✓	✓	✓		
<b>Beth A. Wilkinson</b> legal; complex and regulated industries; financial services; media rights; governmental and regulatory investigations; government contracts	U.S.	✓			✓	✓	✓	✓		

## **DIRECTOR RECRUITMENT, NOMINATION AND PERFORMANCE REVIEW**

The Board is maintained at an appropriate size to facilitate effective decision-making. The entire Board, which is 75% independent, acts as a nominating committee in identifying and recruiting new members. The Board considers the competencies, skills and perspectives that the Board, as a whole, should possess or that may provide incremental value and evaluates each current Board member and prospective new directors against that framework.

It is the responsibility of the Audit and Corporate Governance Committee to oversee the orientation of new directors. Orientation is tailored to the particular background of the new director and would typically include a review of the Board’s mandate and policies, the mandates of Board committees and past Board materials, a discussion of expected time commitment and participation, exposure to the Corporation’s senior management team and, over time, interaction with key management of the Corporation’s various asset management platforms and significant operating companies. Typically, new Board members already have a deep understanding of the duties and responsibilities of corporate directors and of board and governance processes generally as a result of past board experience or their professional backgrounds.

Each Board member completes an annual corporate governance questionnaire to assist in assessing the effectiveness of the Board and its committees, as well as formal peer reviews to evaluate the contribution and performance of each individual director. The questionnaire addresses Board and committee structure and composition, Board leadership, strategic planning, risk management, operational performance and Board processes and effectiveness and asks directors not only to comment on the Board’s current structure and practices but also to propose improvements. The results are discussed in depth by the Audit and Corporate Governance Committee and any recommendations or material observations are presented to the full Board.

## **SHAREHOLDER ENGAGEMENT**

Onex takes a proactive approach to shareholder engagement. Its dedicated Investor Relations team interacts with investors on an ongoing basis through frequent in-person meetings and calls in which shareholders are free to raise any corporate governance issues or concerns. Excluding Subordinate Voting Shares held by Onex’ directors and management (17%) and those shareholders the Corporation is unable to identify based upon the best information available (15%), the Corporation’s Investor Relations team has interacted with shareholders representing more than 70% of the Subordinate Voting Shares in the past 18 months.

## **ENVIRONMENTAL, SOCIAL AND GOVERNANCE FRAMEWORK**

Onex views sound governance and good environmental and social practices as important aspects of responsible and successful investing. Onex has been a responsible investor for more than 36 years and manages and invests capital on behalf of itself, its investors and its employees. The Corporation has adopted an Environmental, Social and Governance (“ESG”) Framework that captures the principles of: (i) encouraging environmental stewardship and protection throughout its operating companies; (ii) promoting equal, diverse and inclusive work environments; (iii) adherence to the highest level of ethical conduct, fairness and transparency; and (iv) mandatory adoption by all operating companies of effective ESG programs supported by annual reporting and certification obligations. Onex believes that integrating ESG considerations into its investment decisions can have a direct and positive influence in creating long-term value and mitigating risk for its shareholders.

Onex recognizes that formally integrating ESG factors into investment decisions and operating company management is becoming increasingly important to shareholders, clients, employees and limited partners. Onex has implicitly considered ESG factors in past investment decisions; however, management believes that ESG risks and opportunities need to be formally acknowledged and systemically integrated to drive responsible and successful investment decisions. To further enhance its ESG Framework, in 2019 the Corporation became an Alliance Member of the Sustainability Accounting Standards Board (“SASB”). The Corporation also reconfirmed its adoption of the American Investment Council Guidelines for Responsible Investing, which were developed under the umbrella of the United Nations-backed Principles for Responsible Investing.

SASB is an independent, nonprofit standard-setting organization that develops and maintains robust reporting standards which enable businesses around the world to identify, manage and communicate financially-material sustainability information to investors. SASB reporting standards are intended to identify the sustainability issues most likely to materially impact financial performance of companies in 77 different industries and serve as a coherent framework for companies to organize, consider and communicate ESG matters to investors. As part of the Corporation’s ESG Framework, management expects that SASB standards will provide a well-designed and consistent means of aptly framing, identifying and quantifying ESG risks, allowing management and the Corporation’s investment professionals to appropriately price, improve and/or mitigate such risks and in certain circumstances, SASB standards may assist in identifying and measuring value creation opportunities and investment strategies. The Corporation has formed a dedicated ESG Committee comprised of representatives from across all investment platforms and the corporate office to implement and steer the implementation of SASB standards and to oversee the continuing development and enhancement of the Onex ESG Framework. Additional details on the Corporation’s ESG Framework can be reviewed at [www.onex.com/environmental-social-governance](http://www.onex.com/environmental-social-governance).

## **CODE OF BUSINESS CONDUCT AND ETHICS**

The Board has adopted a Code of Business Conduct and Ethics (the “Code”) to reflect the Corporation’s commitment to a culture of honesty, integrity and accountability and to outline the basic principles and policies with which all directors, officers and employees of Onex are expected to comply. A copy of the Code is available on written request made to the Corporation at 161 Bay Street, 49th Floor, Box 700, Toronto, Ontario M5J 2S1, Attention: Managing Director, General Counsel and Secretary.

The Board is responsible for monitoring compliance with the Code. This monitoring is achieved through systems and processes implemented by Onex management that are designed to result in wide dissemination of the Code, to encourage compliance with its provisions, to encourage consultation with appropriate members of management to the extent that guidance is necessary or desirable, and to facilitate the reporting of actual or suspected breaches. Any breach or concern would be investigated by management as appropriate and, depending upon the circumstances, either dealt with by management with the results reported to the Board or referred to the Board for further action. The Code specifies that no individual who reports a violation or potential violation or who cooperates in the investigation of a violation or potential violation will be subject to harassment, discipline or retaliation as a result of such report. The chief executive officer of each of Onex’ operating companies is required

to certify annually that he or she has caused the Code (or a comparable code of business conduct and ethics adopted by the Board of the particular operating company) to be disseminated to all employees and is not aware of any instance of non-compliance or breach.

#### **DIRECTOR SHARE OWNERSHIP REQUIREMENT**

In order to promote alignment of the interests of directors with shareholders of the Corporation, the Board requires each non-management director joining the Board after May 2013 to invest in shares of the Corporation in an amount equal to five times the current \$240,000 annual retainer. New directors have up to six years to achieve the minimum ownership level and Deferred Share Units may be applied towards the share ownership requirement. The director share ownership requirement was previously fixed at 30,000 shares and directors in office at May 2013 remain subject to that requirement. The current holdings of each director are set forth in this Circular under “Election of Directors”. Almost all members of the Board are also materially invested directly in the funds, operating companies and other investee entities that collectively comprise the business of the Corporation. As a result, directors are well aligned with the interests of public shareholders.

### **FORMAL BOARD MANDATE AND STRUCTURE**

#### **MANDATE OF THE BOARD OF DIRECTORS**

The Board has adopted a written mandate setting out its responsibilities for the stewardship of the Corporation. The mandate of the Board is to oversee the management of the business of the Corporation by the executive officers and managers of the Corporation and includes the following duties and responsibilities:

- approving the Corporation’s long-term strategy and monitoring its overall performance against that strategy;
- reviewing annually the strategic plan, including opportunities and risks, and approving significant new initiatives;
- assessing the principal risks inherent in the business activities of the Corporation and the mechanisms available to manage and monitor those risks;
- reviewing succession planning and the appointment of senior executives of the Corporation;
- overseeing the development and implementation of the Corporation’s compensation policies and programs;
- approving and monitoring compliance with the Corporation’s Code of Business Conduct and Ethics;
- satisfying itself as to the integrity of the Chief Executive Officer and other senior executives and that they foster a culture of integrity within the Corporation;
- reviewing financial performance and reporting and the integrity of the Corporation’s internal control and management information systems; and
- reviewing and monitoring the Corporation’s adherence to high standards of corporate governance and openness to shareholder feedback.

#### **KEY POSITION DESCRIPTIONS**

The broad mandate of the Board, and its duties and responsibilities as described above, serve to define the relationship between the Board and management. They work together in a collegial manner without an excessively structured or hierarchical format, consistent with the highly entrepreneurial nature of the Corporation. The following are position descriptions for the Chairman and the Lead Director:

### **Chairman**

The Chairman is to manage the affairs of the Board, ensuring the Board meets its obligations and responsibilities and functions effectively, and to see that the interests of the shareholders are achieved. In that capacity he ensures the Board has adequate resources and the full, timely and relevant information required to enable responsible decision-making. The Chairman provides the principal point of contact between management and the Board and facilitates effective interaction between Board members and management.

### **Lead Director**

The Lead Director is appointed to facilitate the functioning of the Board independently of management, to ensure directors have an independent contact on matters of concern to them and to ensure the Board's agenda will enable it to successfully carry out its duties. In particular, the Lead Director will provide leadership to the Board if circumstances arose in which the joint role of the Chairman and Chief Executive Officer may be, or may be perceived to be, in conflict and chairs those Board sessions that are attended only by independent directors. To carry out his duties the Lead Director, who is also a member of the Corporation's Audit and Corporate Governance Committee, is knowledgeable on corporate governance practices and developments and is able to provide the necessary guidance. The Lead Director also leads the regular and ongoing assessment of the effectiveness of individual Board members. The position of Lead Director is currently held by Mr. Etherington. In connection with its regular assessment of Board composition and refreshment generally, the Board expects to consider rotation of the role from time to time as appropriate.

## **COMMITTEES OF THE BOARD**

The Board has established two standing committees, the Audit and Corporate Governance Committee and Compensation and Management Resources Committee, the responsibilities of each of which are summarized below. Other committees may be appointed from time to time if required. The proceedings of committees are reviewed by, and their recommendations are brought for consideration to, the full Board. The Board considers modifications to committee responsibilities and procedures as regulatory expectations and best practices and processes continue to evolve and as and when the Canadian securities regulators put forth proposed changes to applicable rules and guidelines.

### **Compensation and Management Resources Committee**

The Compensation and Management Resources Committee is comprised of three members, all of whom are independent and unrelated directors within the meaning of applicable securities guidelines. The Committee is comprised of Mr. McCoy (Chair), Mr. Casey and Mr. Etherington. The Board recognizes the importance of appointing to the Committee individuals whose business background and other professional activities would allow them to be thoughtful and knowledgeable stewards of the Corporation's compensation philosophy and practices. In addition to compensation matters generally, the Board believes it is important that the Committee members understand the interaction of compensation and risk management considerations and also the manner in which compensation practices for an asset management and private equity business would appropriately differ from those of a conventional operating company. The Board notes that in addition to their substantial and varied business and professional backgrounds generally, Messrs. Etherington and McCoy have served on the compensation committees of the boards of other prominent international businesses and that Mr. Casey has a long history both with the Corporation and in other private investing businesses. Accordingly, the Board believes that the Committee as currently comprised is highly qualified to develop and oversee the implementation of appropriate and effective compensation practices at the Corporation.

The Committee establishes and administers the compensation policies and remuneration levels for the executive officers and managers of the Corporation and reviews and approves the Corporation's disclosure with respect thereto (see "Compensation Discussion and Analysis" below). In addition to its responsibilities in respect of compensation matters, the Committee has principal responsibility for the oversight of certain non-compensatory plans and programs under which members of senior management and investment professionals are

required to invest in, or acquire other contingent entitlements in respect of, acquisition and investment transactions undertaken by the Corporation. These plans and programs are outlined under “Management Alignment of Interests with Shareholders” of this Circular and are similar in substance to those in place at other leading private equity firms. The Committee’s recommendations are submitted to and reviewed by the Board.

### **Audit and Corporate Governance Committee**

The Audit and Corporate Governance Committee is currently comprised of four directors, Messrs. Thorsteinson (Chair), Etherington, Gouin and Prichard. Each member of the Committee is an independent director pursuant to the applicable guidelines and the heightened independent requirements applicable to audit committee members under Canadian securities laws. The Committee reviews the financial qualifications of its members and has determined that each member of the Committee is financially literate and that at least one has the experience level of a financial expert, all as contemplated by applicable law. Its responsibilities include the review and assessment of the Corporation’s external audit plan, accounting policies, internal controls, access granted to the Corporation’s records and co-operation by management in the audit process, accounting systems, financial risk management, adequacy of insurance coverage, and quarterly and annual financial reporting. The Committee reviews the annual and quarterly consolidated financial statements, Management’s Discussion and Analysis of the financial results, the external auditor’s report and press releases on earnings, reports its findings to the Board of Directors for consideration by the Board when approving the financial statements for issuance or, as appropriate, approves the issuance of quarterly financial statements pursuant to the authority delegated to it by the Board. The Committee meets without the presence of management, except at the Committee’s invitation, and has direct access to representatives of the auditors. The Committee is responsible for assessing the independence of the auditors and sets the criteria for non-audit services the external auditor is prohibited from providing. The Committee also has a broad responsibility for reviewing and monitoring the Corporation’s corporate governance policies and related disclosures. In addition, the Committee annually reviews the adequacy and forms of compensation for directors. This review is completed with reference periodically to outside surveys of directors’ compensation for corporations of similar size and complexity. Finally, the Committee monitors compliance with the Corporation’s Code of Business Conduct and Ethics. The Committee’s formal charter is set forth at Appendix A of the Corporation’s Annual Information Form dated February 27, 2020.

### **ADVISORY RESOLUTION ON APPROACH TO EXECUTIVE COMPENSATION (SAY-ON-PAY)**

The Corporation’s compensation programs are designed to pay for performance and to align the interests of the Corporation’s executives with the long-term interests of shareholders. The Board believes that shareholders should have the opportunity to fully understand the objectives, philosophy and principles underpinning compensation decisions and to participate in an advisory vote on the Board’s approach to executive compensation. A “say-on-pay” advisory vote was conducted at the Corporation’s most recent annual meeting, with approximately 97.5% of votes cast in support of the Corporation’s approach to compensation.

The Board will again put forth the following advisory resolution giving shareholders an opportunity to express their support for the Corporation’s approach to executive compensation as described under “Compensation Discussion and Analysis” below (the “Say-on-Pay Resolution”):

**“BE IT RESOLVED**, on an advisory basis and without diminishing the role and responsibilities of the Board of Directors, that the shareholders of the Corporation accept the approach to executive compensation disclosed in the management information circular delivered in advance of the annual and special meeting of the shareholders of the Corporation held on July 21, 2020.”

While the results of an advisory resolution are not binding on the Board, the Committee will consider those results when reviewing the Corporation’s executive compensation programs in the future and may make recommendations to the Board. The Corporation will publicly disclose the Say-on-Pay Resolution voting results following the Meeting. As discussed in detail under “Compensation Discussion and Analysis” below, the

Corporation's approach to executive compensation and investment programs was thoroughly considered in 2019 and certain changes have been implemented both at 2019 year-end and for 2020 and future years. **Accordingly, shareholders considering the Corporation's approach to executive compensation and voting on this advisory resolution are strongly encouraged to review the Compensation Discussion and Analysis thoughtfully and to base their voting decision on an assessment of the Corporation's go-forward policies and programs.**

The Board and management recommend that the shareholders vote **FOR** the approval of the foregoing resolution. Unless contrary instructions are given, the persons named on the proxy form or on the voting instruction form will vote FOR the approval of this resolution.

## COMPENSATION DISCUSSION AND ANALYSIS

One of the principal responsibilities of the Compensation and Management Resources Committee (the "Committee") is to establish and administer the compensation policies and programs for the Corporation's executives, including the corporate executives identified in the Summary Compensation Table of this Circular (the "NEOs" or "Named Executive Officers"), and to oversee the Corporation's investment programs in which the NEOs participate. The Committee's recommendations are communicated to the Board and, with respect to the Chief Executive Officer, are submitted for Board approval. Mr. Schwartz, Ms. Reisman and Mr. Heersink are not present for and do not participate in the Board's deliberations concerning Mr. Schwartz' compensation. The discussion below is generally as at and to December 31, 2019 unless otherwise indicated.

### ONEX' COMPENSATION POLICY AND PRACTICES

#### General

The Corporation is a leading investor and asset manager with operations and interests across a wide variety of companies, industries, geographies and asset classes. Understanding and assessing the Corporation's executive compensation and investment policies and programs, particularly at the parent company level and with specific focus on the NEOs, requires an understanding of the history and evolution of the Corporation's business and the roles of its NEOs and other corporate executives.

Onex was founded in Toronto in 1984 to make private equity investments in companies located primarily in North America. Since that time, the Corporation has grown and expanded its investment activities and created a leading asset management business, managing and investing capital across private equity, credit and wealth management platforms on behalf of shareholders, institutional investors and high net worth private clients. Among other things, Onex has:

- in its core private equity business:
  - invested in and built more than 105 operating businesses with an aggregate transaction value of \$81 billion over more than 35 years;
  - since inception, generated a gross multiple of capital invested of 2.5 times, resulting in a 27% gross internal rate of return on realized, substantially realized and publicly traded investments;
  - sponsored nine private equity funds across two investment platforms, Onex Partners (starting in 2003) and ONCAP (starting in 1999). Within those platforms, as at December 31, 2019, the Corporation managed and invested an aggregate of \$14.3 billion of third-party capital and \$6.0 billion of Onex' own invested and committed capital (in each case including co-investment); expanded and grown its private equity team to 84 investment professionals in Toronto, New York and London;
- launched a Credit investment platform in 2007 that, as at December 31, 2019, managed more than \$11.6 billion, including \$0.7 billion of Onex capital, primarily in non-investment grade debt through collateralized loan obligations, direct lending and other credit strategies; and

- in June 2019, acquired Gluskin Sheff, a preeminent Canadian wealth management firm serving high net worth families and institutional investors and, as at December 31, 2019, managed approximately \$6.6 billion (C\$8.6 billion) of client capital across a number of public and private debt and equity strategies.

Throughout that evolution, the Corporation has maintained an approach to compensation that has among its principal tenets the desire to attract, motivate and retain top quality professionals, to align their interests with those of the Corporation and its shareholders over the long term and to emphasize and reward the long-term creation of tangible value for Onex and its shareholders. The importance of delivering on the Corporation's core business objective of creating demonstrable value for shareholders is woven through the Corporation's compensation philosophy, which seeks to ensure that total compensation is aligned with an individual's particular role and responsibilities and contributions to the Corporation.

### **Compensation and Investment Program Developments**

The roles and responsibilities of Onex investment professionals and corporate executives have evolved as the Corporation has expanded its asset management business, grown its fee-generating assets and built a larger and more diverse portfolio of investments. The structure and operation of Onex' compensation and investment programs must necessarily adapt to reflect that evolution. For instance, as successive Onex Partners private equity funds have more than quadrupled in size from the first Onex Partners fund established in 2003 to the most recent fund launched in 2017, Onex Partners investment professionals have become more focused and only occasionally direct efforts outside their core private equity mandate. Conversely, while Onex corporate executives historically spent a large proportion of their time supporting Onex private equity investment activities, the development of new investment platforms and expansion of the asset management business now requires those executives to take a more holistic approach to managing the organization. Finally, the NEOs serving on Onex' Executive Committee, all of whom were fundamental to the growth of Onex' private equity platforms, now each have their own unique roles and responsibilities with respect to Onex' core private equity business, the oversight of the Corporation's other investment platforms and the strategic leadership of the organization.

To address some of these changes, Onex management, under the supervision of the Committee, undertook a comprehensive review of the origins and objectives of the existing compensation and investment programs, the overall organizational structure of Onex and its growing investment platforms, and the changing roles and responsibilities of Onex investment professionals and corporate executives. This review focused principally on the compensation and investment programs applicable to the corporate executives and Onex Partners private equity investment professionals, including the NEOs. Onex Partners' large-cap private equity represents the original business of the Corporation, continues to be Onex' largest investment management platform and the business in which the substantial majority of its capital is invested, and is the investment platform in which the NEOs (other than the Chief Financial Officer) are principally involved, in addition to their broader responsibilities at the Onex parent company level.

After considerable analysis and discussion, the Board, on the recommendation of the Committee, has approved several meaningful changes to Onex compensation and investment programs going forward. Overall, the changes: (i) simplify the programs to make them transparent, easier to understand and less costly for Onex to administer; (ii) respect and further improve the alignment of Onex, its shareholders and its limited partners with that of Onex investment professionals and corporate executives according to their dedicated roles and responsibilities; (iii) maintain consistent levels of at-risk investment opportunities for investment professionals without increasing dilution for Onex and its shareholders; (iv) treat the investment of Onex capital in private equity on a similar basis as third-party capital; and (v) ensure that compensation and investment programs fairly and consistently reward performance for all Onex team members. The revised policies and programs are discussed and summarized below and are all those in which the NEOs and parent company executives participate.

### *Replacement of Management Investment Plan with Onex Capital Carry Plan*

The Corporation's Management Investment Plan ("MIP") is an investment program originally adopted in 1996 to provide the then-small team of Onex investment professionals with personal at-risk investment opportunities on a transaction-by-transaction basis alongside Onex invested capital. At the time, Onex was typically investing only its own capital in private equity opportunities and the size and nature of the opportunity for the MIP participants was driven exclusively by the extent to which Onex realized a return on its invested capital in a specific transaction above a defined performance return hurdle. Many years later, Onex began managing third-party capital which, consistent with industry norms, has as a core concept the requirement that relevant investment professionals invest personal at-risk capital and have a corresponding opportunity to share in a portion of the net gains generated for those third parties ("Third-Party Carry").

While the MIP and Third-Party Carry investment programs had similar goals, they related to different pools of invested capital (Onex capital on the one hand and third-party capital on the other), they were fundamentally different in structure and operation (transaction-by-transaction on the one hand and whole-fund on the other), and they rewarded performance subject to the achievement of different performance return hurdles (15% on the one hand and 8% on the other). The result was complexity in application, increased administration costs and, on occasion, the potential for misalignment between the two pools of invested capital. Accordingly, the Committee has determined that the MIP as historically structured will cease to be available and will be replaced by a carried interest program in respect of Onex capital (including Onex co-invested capital) that has financial, structural and operational features analogous to those applicable to Third-Party Carry.

The new carried interest investment program on Onex invested capital and the Third-Party Carry are collectively referred to in this Circular as the "Carried Interest Investment Programs".

### *Reduced Focus on Variable Cash Compensation for NEOs and other Investment Professionals*

Annual variable cash compensation of Onex investment professionals with primary responsibilities in Onex' core private equity activities has been substantially driven by the Corporation's success in completing new acquisitions, growing and improving the performance and results of its operating businesses over the long term and realizing on investments in existing operating companies, as well as each individual's contribution to those successes. Of these factors, the greatest emphasis has been placed on the demonstrable creation of value through the successful realization of investments. In the Onex Partners platform, the Corporation has historically awarded relatively large variable cash compensation in a particular year to those individuals most significantly involved in an investment successfully realized in the year – i.e., the investment's "deal team" (including the NEOs where relevant). Going forward, Onex intends to substantially reduce the extent to which it awards large, episodic variable cash compensation to deal teams.

### *Onex Performance-Based Option Awards*

As discussed below in "Elements of Compensation" and "Stock Option Plan", Onex' compensation program includes performance-based stock options. The Board views equity-based compensation as an essential and effective means of incentivizing Onex corporate executives and other employees to deliver value over the long term and aligning their interests with those of Onex and the Onex shareholders.

The CEO and the Corporation's Senior Managing Directors (including all NEOs other than the Chief Financial Officer) were historically and continue to be leaders of the Onex Partners investment team but are also the Corporation's leadership team and comprise its Executive Committee. The manner and extent to which each of those executives participates in the Corporation's Stock Option Plan and Carried Interest Investment Programs has been carefully reviewed and adjusted to match more closely his particular role and responsibilities. These adjustments, which are reflected in the relative size of each NEO's 2019 option grant, did not impact the relative economic opportunity provided to each of the NEOs from the compensation and investment programs as a whole. The specific mix of compensation and investment opportunities available to each NEO is unique to that individual.

As other Onex corporate executives who are not also part of the core Onex Partners investment team have broadened their responsibilities to support the evolution of Onex across new business platforms, the Committee has determined that they will no longer participate in the Carried Interest Investment Programs; rather, those corporate executives will participate exclusively in the Onex Stock Option program, which more clearly aligns their equity-based financial opportunity to the successful performance of Onex overall. The Chief Financial Officer is among the corporate executives and the only NEO who will cease to participate in the Carried Interest Investment Programs entirely.

### **Say-on-Pay Recommendation**

The Corporation believes that the changes in the Corporation's approach to executive compensation and investment should affect both how shareholders view compensation amounts for 2019 and prior years and also how they decide to endorse the Corporation's approach to executive compensation by voting in favour of the Say-on-Pay Resolution.

The Corporation acknowledges that these changes and their anticipated effects are likely difficult or impossible to capture in the quantitative models used by proxy advisory firms and certain institutional shareholders to assess the Corporation's executive compensation. Management believes that standardized formulaic approaches have generally failed to appropriately recognize the specifics of Onex' business and activities and, even more so, may not be well-suited to evaluating and driving recommendations when material changes to compensation and other programs are being implemented.

Management and the Committee have sought in this Compensation Discussion and Analysis to provide the context and information they believe are critical to a shareholder's thoughtful assessment of the Corporation's approach to executive compensation. The Say-on-Pay Resolution is necessarily a vote to support the new, forward-looking compensation and investment programs and not a vote for or against the historical approach and amounts reflected in the Summary Compensation Table. The Corporation encourages investors to consider the fundamental objectives of the revised compensation and investment programs, and the Corporation's revised approach to the same, in the context of Onex' evolution, its strategic objectives for rewarding pay-for-performance in future years and the overall improvement in aligning interests between Onex executives and shareholders.

### **Elements of Compensation**

Compensation of the Corporation's executives consists of three principal components – base salary, variable cash compensation and long-term performance-based equity compensation. Each component has a different purpose but all work together to reward and incentivize individual and corporate performance.

#### *Base Salary*

With respect to the NEOs, the Corporation has adopted the conventional compensation structure used throughout the alternative investment industry, in which salaries are set at relatively modest levels to provide a baseline amount of current cash income and are intended to comprise a relatively small portion of aggregate annual compensation. The changes described earlier in this Compensation Discussion and Analysis do not affect the Corporation's approach to base salary. The base salaries of the NEOs and other corporate executives is largely unchanged and most often remains flat year-over-year.

#### *Variable Cash Compensation (Bonuses)*

The second component of executive compensation is the variable cash compensation opportunity.

Prior to the adoption of the Corporation's revised approach to executive compensation as described above, a large portion of the annual variable cash compensation awarded to executives and professionals with primary responsibilities in the Corporation's core private equity activities (including all NEOs other than the Chief Financial Officer) was driven by the Corporation's success in completing new acquisitions, growing and improving the performance and results of its private equity operating businesses over the long term and realizing on investments in existing operating companies, as well as each individual's contribution to those successes. Of

these factors, the greatest emphasis was placed on the demonstrable creation of value through the successful realization of private equity investments. The variable cash compensation of corporate executives with broader responsibilities, particularly those with significant involvement in the growth and ongoing operation of the Corporation's multiple investment platforms and asset management business, has also reflected their contributions to those activities.

As discussed above, 2019 is expected to be the final year where variable cash compensation is materially impacted by the amount of the Corporation's realized net gain from a particular private equity investment. Rather, variable cash compensation awards will reflect an executive's contribution to the Corporation's success across its investment and asset management platforms, the strategic leadership of the firm, and the executive's efforts and successes in the key workstreams in which he or she has been involved in the year. The Corporation does not believe, given the nature of its business and activities, that there is a particular formula to determine variable cash compensation that could be appropriately adopted and, after careful and regular deliberation, continues to believe that discretionary compensation awards are both appropriate and necessary.

#### *Equity Compensation (Performance-Based Options)*

The third component of executive compensation takes the form of options to acquire Onex shares. Equity-based compensation is viewed by the Board as an essential and effective means of incentivizing executives and other key professionals to deliver value over the longer term and of aligning the interests of the Corporation's management directly with those of shareholders. The Board has determined that those objectives are best achieved by the award of options the terms of which have been thoughtfully designed. Specifically, options issued under the Corporation's stock option plan have several features that differentiate them from the options typically issued by other public companies.

- *Performance Threshold.* Options are exercisable only if the share price is at least 25% above the trading price at the date the options were issued. The Board and the Committee believe this feature significantly differentiates the Corporation's option plan from the plans of most public companies. The Corporation's executives can exercise options and realize value only if the Corporation has delivered substantial value to shareholders as demonstrated by a corresponding 25% increase in the share price.
- *Long Vesting Period.* The emphasis on long-term value creation is bolstered by a vesting period (five years) that is longer than a standard option plan vesting period (four years) and meaningfully longer than the typical vesting periods of the performance stock units and restricted stock units that many other issuers use as their principal form of long-term equity compensation (three years).
- *Long Term to Expiry.* Options issued under the Corporation's stock option plan typically have a ten-year term. The Board and Committee believe that the long period of exercisability directly incentivizes employees to continue to create value well after their options have vested and, importantly, over the relatively long hold and value creation period of most private equity investments. Other than in the event of death or the retirement of a long-serving executive, the exercise period will terminate 90 days after the departure of an optionholder from the Corporation, ensuring that the holder benefits from value created during his or her tenure but not from the subsequent efforts of others.

Accordingly, the structure of the Corporation's option plan is consistent with the overall success of the Corporation and the best interests of its public shareholders over the longer term and, in the Committee's view, is particularly favourable to shareholders relative to market norms.

#### **Evaluating Performance**

The implementation of the Corporation's compensation philosophy and the assessment of corporate and individual performance involve both objective and subjective considerations. The Compensation and Management Resources Committee does not rely upon specific financial statement, share price or other similar

fixed quantitative measures to establish precise compensation levels and does not believe that a formulaic approach to compensation is realistic or appropriate given the nature of the Corporation's business, the substantial and inevitable changes in the mix of the Corporation's activities and investments and the performance of those investments year-to-year, and the material likelihood that inappropriate compensation decisions would result from the application of specific quantitative measures. Further, the Committee believes that a rigid formulaic approach to compensation would be inconsistent with accepted practice within its industry and would negatively affect the Corporation's ability to attract and retain top talent.

Accordingly, the Committee periodically receives comparative compensation data and analysis from independent financial services industry experts and also conducts thorough qualitative reviews with respect to all of the Corporation's executives, senior management and certain other professionals annually. Corporate and individual performance are considered against key indicators relevant to the Corporation's investing and asset management business, including acquisitions completed, investment realizations, performance of the Corporation's operating companies and investment platforms, fundraising and capital development activity and changes in the Corporation's share price during the year, among other factors. In assessing individual performance, the Committee considers matters such as demonstrated leadership ability and the management of major projects, the relatively small number of executives and other professionals charged with executing the Corporation's long-term strategic objectives, and the role and contribution of each of those executives and professionals to the success of the firm.

#### **Independent Compensation Consultant**

On a bi-annual basis the Committee is provided with an independent comparative marketplace study of compensation to assist it in evaluating the Corporation's compensation program and gathering the information and advice necessary to allow it to make thoughtful and appropriate compensation decisions. In 2019, Onex engaged McLagan (a division of Aon plc), a leading provider of compensation data and consulting to the financial services industry, to provide this information. McLagan has deep expertise in asset management and is a trusted source of in-depth compensation data in the private equity sector.

Compensation and benchmarking information for firms and executives similar to the Corporation is extremely difficult to obtain. The vast majority of private equity and asset management firms the size, scope, activities and talent base of which are most closely comparable to those of the Corporation are not publicly-traded, such that their compensation information is not available to the Corporation or publicly. The core business of McLagan involves gathering from its client firms detailed and confidential information on compensation and investment program structure and quantum and using that information to provide tailored benchmarking and other compensation program advice. McLagan is bound by strict obligations of confidentiality such that no client firm may access the information of another. The Committee believes that while most Canadian public companies can identify a group of publicly-traded Canadian peers against which specific compensation data can be compared, such an approach is not feasible for the Corporation. Rather, the Committee believes that an informed assessment of the size, scope and competitiveness of its executive and investment professional compensation program necessarily requires access to confidential information and that it is not only appropriate but necessary to rely meaningfully on the work of a well-positioned expert like McLagan.

The benchmarking methodology employed by McLagan includes consideration of the Corporation's position-specific data and information as against a combination of: (i) proprietary and confidential comparator data for other private equity firms determined by McLagan to be of comparable size, track record and investment focus; (ii) reference data for other firms with comparable professional positions within the financial services industry more broadly; and (iii) market hiring and compensation trends, including with respect to the demand for talented private equity investment professionals. McLagan completed a detailed review of Onex' investment professional structure and compensation information and positioning within the market for comparably-sized private equity firms in late 2019. McLagan's analysis and conclusions specifically included the NEOs other than the Chief Financial Officer who, by the nature of his role, was not within the scope of the study. McLagan

concluded that the compensation proposals under consideration at that time were consistent with competitive market norms appropriate in the context of the market.

## **CONSIDERATION AND MITIGATION OF RISK IN COMPENSATION DECISIONS**

### **General**

The Committee believes it is essential that the Corporation's executives and employees be highly focused on the management of risk and the long-term best interests of the Corporation and not financially motivated to pursue short-term successes at the expense of those long-term interests. This belief drives the Corporation's approach not only in respect of compensation matters but also in respect of the non-compensatory investment and reinvestment plans and programs described later in this Circular. With respect to compensation:

- *Variable Cash Compensation (Bonuses).* A discussion of risk in the context of bonus compensation typically relates to such matters as whether quotas, targets or formulas used to drive bonus opportunities encourage excessive risk-taking or malfeasance, or whether bonuses are awarded based on activities undertaken in the current period but sized in anticipation of future success that may ultimately not be achieved, for example. While all of the Corporation's employees, including its executives, are required to set goals and performance is assessed in the context of those goals, the Corporation does not award executive bonuses based on targets, quotas, forward-looking financial or other metrics or expectations, nor does it specifically reward financial or operational achievements in a year that may reasonably be expected to reverse in a future period. The Corporation's discretionary and measured approach to variable cash compensation does not, in the view of the Committee, lend itself to excessive risk-taking.
- *Equity-Based Compensation.* The Corporation's stock option plan is its only form of equity-based compensation. The plan is meaningfully performance-based, incentivizes executives and other participants to work to achieve the Corporation's financial goals over the longer term and aligns their interests with those of shareholders. The terms of the plan, particularly the relatively long vesting and exercise periods and the requirement that the market price of the Corporation's shares be at least 25% above the exercise price before an option can be exercised (an objective and externally-determined fact), are clearly consistent with the overall success of the Corporation and the best interests of its public shareholders over the longer term and not with excessive risk-taking for short-term gain.

### **Clawback of Incentive Compensation**

Clawback and recoupment concepts have always been an embedded and fundamental aspect of the Corporation's executive equity compensation and non-compensatory investment programs. In particular, the Corporation's stock option plan and investment programs provide for the forfeiture and, in many cases, clawback of the proceeds of option exercises and realized investments gains following specified types of conduct injurious to the Corporation. In consideration of evolving corporate governance practices as well as feedback from shareholder engagement, the Board supplemented these existing protections by adopting an incentive compensation clawback policy in January 2019. The policy provides for the recoupment of up to two years of variable cash compensation awards if an NEO has engaged in misconduct (i) that requires a material restatement of financial results and has received incentive compensation that would have been lower based on the restatement or (ii) that caused material financial, operational or reputational harm to the Corporation.

### **Prohibition on Insider Trading and Hedging**

The Corporation's insider trading policy, which includes an anti-hedging policy, further demonstrates the Corporation's commitment to the optimal alignment of interests as between Board, senior management and shareholders. Onex' insider trading policy: (i) specifically states that active trading in its securities is strongly discouraged and that trades should be exclusively for investment, and not speculative, purposes; (ii) prohibits executives and employees from trading in the Corporation's shares at any time without first obtaining the consent of each of its Chief Financial Officer and Managing Director, General Counsel; and (iii) expressly provides that

the policy applies not only to buying and selling Onex shares but also to creating, buying or selling any convertible or exchangeable security, put or call option, or other financial instrument designed to hedge or offset a change in the market value of Onex shares and to any other transaction that involves the acquisition or disposition of all or part of the economic risk or return associated with the ownership of Onex equity or with its financial performance.

## 2019 COMPENSATION CONSIDERATIONS

### General

Consistent with its approach to compensation generally, the Committee considered (i) the performance of the Corporation's management, of each of its sponsored funds and their operating companies, and of the Corporation overall, (ii) the management of the Corporation's core private equity funds, credit and wealth management investment platforms and asset management business throughout the year and (iii) relevant market and industry conditions in determining variable compensation levels for 2019. Among the factors specifically considered by the Committee were:

#### *Private Equity*

- the completion or announcement of a number of new investments or transformative transactions, including:
  - the acquisition of WestJet, Canada's second-largest airline;
  - the merger of SMG, an existing Onex Partners operating company, with AEG Facilities to create a new standalone global facility management and venue services company operating as ASM Global;
  - the establishment of Convex, a de novo specialty property and casualty insurance company focused on underwriting complex specialty risks;
  - the acquisition of International Language Academy of Canada, the largest private English language school in Canada; and
  - the acquisition of Enertech, a leading provider of wireless infrastructure services to telecommunications carriers and tower owners throughout the Southern, Central and Pacific Northwest regions of the United States;
- the realization of value through:
  - the merger of Clarivate Analytics with Churchill Capital Corp., a publicly-listed special purpose investment vehicle, to take the company public at an implied enterprise value of \$4.2 billion followed by two subsequent secondary offerings in which net proceeds to the Onex group were a combined \$1.0 billion, with the Onex group continuing to hold approximately 30% of the company valued at \$1.5 billion as at December 31, 2019 based on the closing price and adjusted for a marketability discount;
  - two secondary offerings of SIG Combibloc in which net proceeds to the Onex group were a combined \$782 million, with the Onex group continuing to hold approximately 32% of the company valued at \$1.6 billion as at December 31, 2019 based on the closing price and adjusted for a marketability discount;
  - the sale of BrightSpring Health Services for total net proceeds to the Onex group of \$787 million, equal to a gross multiple of invested capital of 5.7 times including prior distributions and a 17% gross rate of return; and

- the sale of Jack’s Family Restaurants for total net proceeds to the Onex group of \$727 million, equal to a gross multiple of invested capital of 3.6 times including prior distributions and a 38% gross rate of return,
- partially offsetting those successes, however, were the comprehensive reorganization of the capital structure of the Survitec Group and Save-A-Lot Food Stores, ultimately resulting in the Onex group writing off its investment in both businesses;

#### *Credit Strategies*

- the continued positive performance of Onex Credit Partners, the Corporation’s credit strategies platform, including:
  - meaningful growth in assets under management and run-rate management fees to \$11.6 billion and \$53 million, respectively, at December 31, 2019; and
  - the establishment of three new CLOs aggregating \$1.5 billion as well as the establishment of two warehouses for potential future CLOs.

#### *Wealth Management*

- the acquisition of Gluskin Sheff + Associates Inc. (“Gluskin Sheff”) as the foundation of the Corporation’s new wealth management platform with approximately \$6.6 billion (C\$8.6 billion) of client capital under management and \$69 million in run-rate management fees at December 31, 2019. In addition, the platform provides a potential new distribution channel for the Corporation’s private equity and private credit funds in appropriate circumstances; and
- the investment of more than \$400 million by Gluskin Sheff clients in certain Onex Credit and Onex Partners private vehicles.

When compared to 2018, the Committee considered 2019 to be a stronger year for the Corporation and its stakeholders. However, volatile global market and economic conditions, widespread political, economic and trade uncertainty particularly in the United States and the European Union, and challenges faced by certain of the Corporation’s private equity operating companies and the industries in which they operate remain concerns to the Corporation’s management. While the Board and management continue to work to deliver value to shareholders over the longer term, and are acutely focused on improvement, they recognize that its results in 2019 were improved over 2018. By objective measure, 2019 performance included:

- a 33% increase in Onex’ fee-generating assets under management to \$27.5 billion, primarily driven by the acquisition of Gluskin Sheff;
- realizations and distributions to Onex of \$1.2 billion from its private equity investing activities;
- a 21% gross increase in the value of Onex’ private equity investments and 7% increase in the value of its credit investments, respectively, including realizations and distributions;
- an 11% increase in Onex’ investing capital per share to \$63.77 (C\$82.83), after adjusting for the capital to acquire Gluskin Sheff and the expected acquisition of the remaining interest in the Onex Credit Asset Manager;
- an increase of 11% in Onex’ share price in Canadian dollars, which reflects the negative impact of the 5% depreciation in the U.S. dollar (being the natural currency of a large portion of the Corporation’s investments) relative to the Canadian dollar. The share price in U.S. dollars increased by 16%; and
- the return of value to public shareholders through the payment of regular dividends and the purchase of 629,027 Subordinate Voting Shares under an active share buyback program.

## **Chief Executive Officer and other NEO Compensation**

Executive compensation for Mr. Schwartz, Onex' Chairman, President and Chief Executive Officer, is considered and determined by the Compensation and Management Resources Committee and approved by the Board in the absence of Mr. Schwartz, Ms. Reisman and Mr. Heersink. Compensation for the other NEOs is generally determined by the Committee with information and assistance from Mr. Schwartz. It generally consists of base salary and variable cash compensation and may include performance-based options under the Corporation's Stock Option Plan.

### *Chief Executive Officer*

In establishing the overall approach to the Chief Executive Officer's compensation, the Committee is mindful of the unique demands arising from the magnitude and diversity of the Corporation's business, its expansion and evolution over time, and the constantly changing mix of businesses that comprise the total business and operations of the Corporation. The Committee then generally takes into consideration Mr. Schwartz' leadership in the management of the Corporation and its subsidiaries, efforts to safeguard and grow shareholder value and the value of the Corporation's underlying assets, the development of strategic initiatives as Onex continues to become a larger and more diversified asset manager, the financial performance of operating subsidiaries and other investments, the effective development and growth of the Corporation and its team of professionals, completed acquisitions and dispositions, and the development of new business platforms and channels, investment opportunities and relationships for the Corporation and its subsidiaries. Finally, the Committee recognizes that compensation arrangements for Mr. Schwartz should reflect U.S. and other global practices and levels for chief executives having similar roles and responsibilities.

In determining Mr. Schwartz' variable compensation for 2019, the Committee considered Mr. Schwartz' efforts and achievements in each of the areas outlined above, all within the context of the additional factors taken into account by the Committee in determining executive compensation generally. The Committee recommended that Mr. Schwartz be awarded variable cash compensation of \$4.6 million for 2019, part of which reflected Mr. Schwartz' role in respect of the creation of value in the private equity investments realized by the Corporation during the year. Further, the Committee recommended that Mr. Schwartz' base salary for 2020 remain unchanged at \$1.3 million. Mr. Schwartz' base compensation has not changed since 2010. The independent members of the Board unanimously approved the Committee's recommendations.

The final element of Mr. Schwartz' compensation for 2019 was the granting of 327,000 stock options. Mr. Schwartz had last received an award of stock options in early 2014, at which time the Board determined that no additional options would be issued to Mr. Schwartz for the next five years. The Committee and the Board remain firmly of the view that stock options are an integral part of executive compensation and are fundamental to the alignment of interests and the incentivization of future performance. As discussed above, the stock options include such performance-based features as a 25% performance threshold, extended vesting periods and long expiry periods, all of which were thoughtfully designed to deliver value over the longer term and to align the interests of executives directly with those of shareholders.

### *Other NEO Compensation*

The compensation of the other NEOs, three of whom serve on the Onex Executive Committee together with Messrs. Schwartz and Heersink, is generally driven by similar considerations used to determine the Chief Executive Officer's compensation.

Consistent with its compensation practices generally, the Corporation's approach to NEO compensation ordinarily involves the payment of base salary and variable cash compensation, a portion of which typically constitutes a fundamental part of basic annual earnings and the balance of which is based on corporate and personal achievements, as well as the award of stock options to drive future performance.

Prior to the broad changes to the Corporation's compensation and investment programs adopted at the end of 2019, variable cash compensation for the NEOs substantially involved in the Corporation's Onex Partners

private equity platform was driven substantially by the realizations of investments in that platform during the year and an NEO's personal role in respect of that investment and realization. That approach contributed a relatively modest portion of the 2019 variable compensation of Messrs Schwartz and Le Blanc. With the changes in the Corporation's approach to executive compensation detailed above, future variable cash compensation awards to the NEOs will reflect both corporate and personal performance but should generally be more predictable and stable year to year.

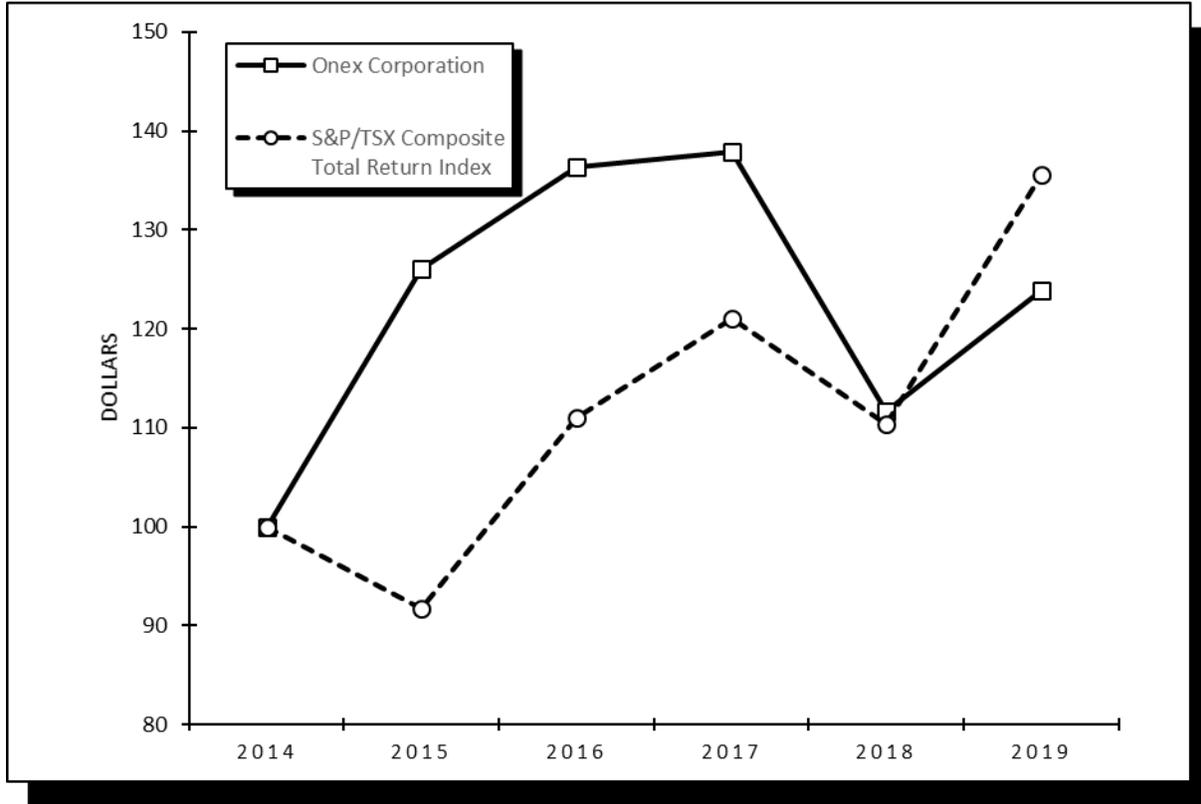
Awards of stock options in 2019 were materially affected by two factors: (i) the changes in the Corporation's approach to executive compensation and investment opportunities as discussed above and (ii) a decision by the Committee to make multi-year awards to the NEOs other than the CEO with the intention that they not be eligible for further option grants until 2022. Specifically:

- the precise mix of stock option awards and the carried interest investment opportunities for each of the NEOs was carefully considered. The resulting decisions and awards were different for each individual, reflecting his unique role and responsibilities across the firm. For example, the three Senior Managing Directors of the Corporation included in the Summary Compensation Table all received different option awards in December 2019; a Senior Managing Director receiving a relatively lower stock option opportunity will generally have a relatively larger opportunity under the Carried Interest Investment Program, and vice versa; and
- the option grants to each of the NEOs other than the CEO in 2019 were intended to equate to three years of expected annual option awards. The Committee considered its approach to be appropriate both having regard to the meaningful impact on each NEO of the changes in the Corporation's compensation and investment programs and, separately, to certain pending tax changes in Canada.

The Committee therefore awarded the NEOs other than the CEO and a small group of other long-tenured corporate executives stock options equivalent to three years of expected annual awards and determined that no further grants would be made to those individuals during that three-year period. Accordingly, the 2019 stock option awards reflected in the Summary Compensation Table for NEOs other than the CEO are not representative of anticipated future annual option awards (if any). The Corporation notes that the options will vest over five years to and including December 2024 and have a ten-year term. Accordingly, the Committee is satisfied that the grants were appropriate and will continue to function as long-term incentive.

### SHARE PERFORMANCE GRAPH

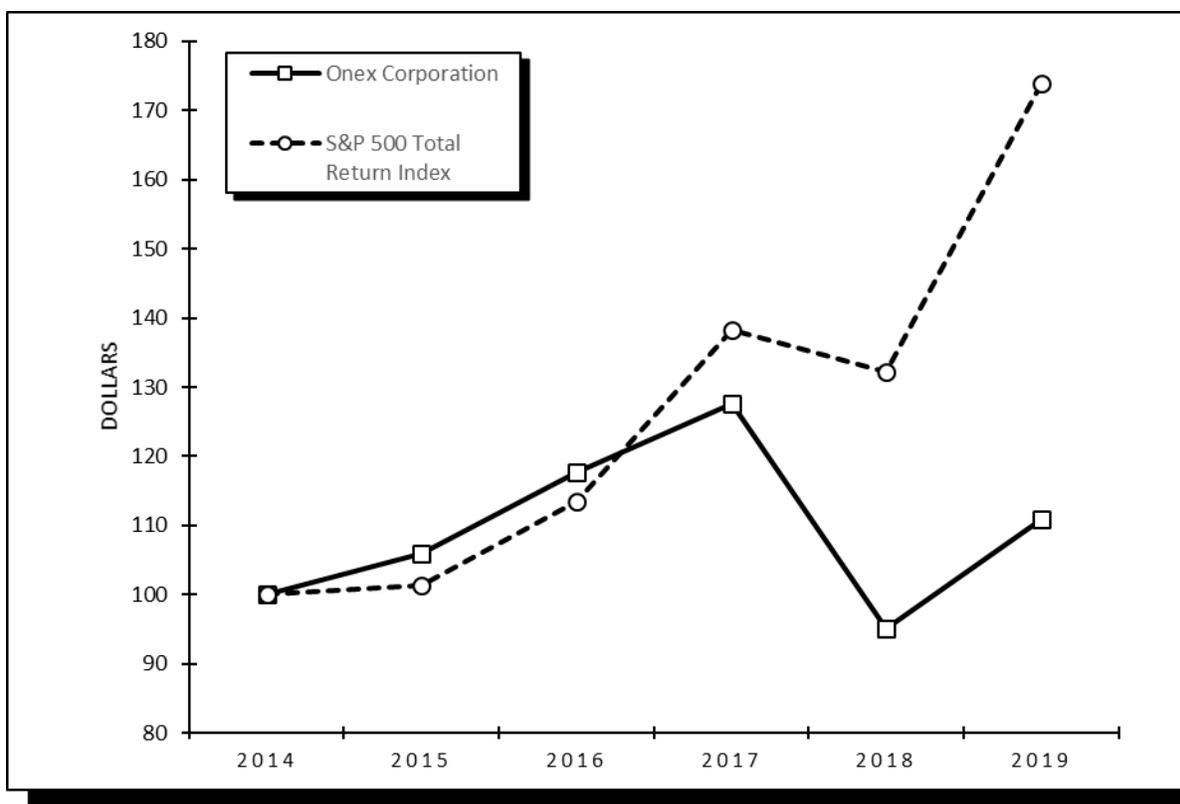
The following chart compares the total cumulative shareholder return (assuming re-investment of dividends) for C\$100 invested in the Corporation's Subordinate Voting Shares on December 31, 2014 with the comparative cumulative total return for C\$100 invested in the S&P/TSX Composite Index for the Corporation's five most recently completed financial years.



Onex 5 Year Total Shareholders' Return

	December 31, 2014	For the Financial Years				
		2015	2016	2017	2018	2019
Onex Corporation	C\$100.00	C\$126.11	C\$136.30	C\$137.91	C\$111.61	C\$123.94
S&P/TSX Composite Total Return Index	C\$100.00	C\$91.68	C\$111.01	C\$121.11	C\$110.34	C\$135.59

The following chart compares the total cumulative shareholder return in U.S. dollars (assuming re-investment of dividends) for C\$100 invested in the Corporation's Subordinate Voting Shares on December 31, 2014 and C\$100 invested in the S&P 500 Index for the Corporation's five most recently completed financial years.



Onex 5 Year Total Shareholders' Return (U.S. dollars)

	For the Financial Years					
	December 31, 2014	2015	2016	2017	2018	2019
Onex Corporation	\$100.00	\$105.93	\$117.70	\$127.69	\$95.15	\$110.92
S&P 500 Total Return Index	\$100.00	\$101.38	\$113.51	\$138.29	\$132.23	\$173.86

The Compensation and Management Resources Committee does not seek to specifically tie decisions as to executive or other compensation directly to share price performance over a defined period, nor do the Board and management believe that such an approach would be appropriate for the reasons discussed at length under “Compensation Discussion & Analysis”. Rather, the Board and management are confident that the Corporation’s compensation policies and practices are designed to reward performance that will drive shareholder value, and share price, over the long term and are effective in achieving that goal.

## COMPENSATION OF DIRECTORS AND NAMED EXECUTIVE OFFICERS OF THE CORPORATION AND ITS SUBSIDIARIES

### DIRECTORS

Each of the directors of the Corporation other than Mr. Schwartz and Mr. Heersink is currently paid an annual retainer of \$240,000 which consists of \$50,000 payable quarterly in the form of cash or director deferred share units (“Director DSUs”) at the choice of each director and the balance of \$190,000 payable as a single annual amount in the form of Director DSUs. An additional \$5,000 per committee meeting is currently paid in respect of directors’ participation on the Compensation and Management Resources Committee and the Audit and Corporate Governance Committee of the Board. One half of the committee meeting fee is provided for telephone attendance. In addition, the independent Lead Director receives an annual amount of \$40,000. The Chair of the

Audit and Corporate Governance Committee receives \$30,000 and the Chair of the Compensation and Management Resources Committee receives \$20,000 annually in their capacities as committee Chairs. The members of the Audit and Corporate Governance Committee, other than the Chair, each receive an annual amount of \$7,500. The members of the Compensation and Management Resources Committee, other than the Chair, each receive an annual amount of \$4,500. The directors are also reimbursed for any expenses incurred in respect of their activities as directors. Directors do not receive Board meeting fees or any other form of per diem amount. All Committee and Lead Director fees are payable quarterly in the form of cash or Director DSUs at the choice of each committee member and Lead Director.

A Deferred Share Unit Plan for directors (“Directors’ DSU Plan”) was adopted in 2004 with a view to aligning directors’ compensation with the long-term interests of shareholders and allows directors the opportunity to benefit from the appreciation in the value of Onex’ Subordinate Voting Shares through a redemption of Director DSUs for cash upon retirement from the Board. The Directors’ DSU Plan provides that a director may elect annually to receive all or a portion of his or her directors’ annual retainer in Director DSUs. The number of Director DSUs received in respect of the portion of the annual retainer required to be paid in the form of Director DSUs (\$190,000 in 2019) is calculated by reference to the closing market price of the Subordinate Voting Shares on the trading day immediately preceding the Corporation’s annual meeting of shareholders. The number of Director DSUs received in respect of a quarterly amount is calculated by reference to the entitlement for that quarter and the market price of Subordinate Voting Shares at the end of the quarter. Director DSUs vest immediately, are redeemable only once the holder retires from the Board and must be redeemed within one year following the year of retirement. Director DSUs are redeemable only for cash and no shares or other securities of the Corporation will be issued on the exercise, redemption or other settlement thereof.

Compensation levels for the directors of the Corporation are considered by the Audit and Corporate Governance Committee annually. This consideration includes a review of the compensation paid to directors of similarly-sized businesses in Canada and the U.S. while also taking into account the unique circumstances arising from the diversity of the revenue and asset base of the Corporation through both its operating companies, credit and wealth management platforms and its asset management businesses and the rapid evolution of those businesses. The total compensation to the directors of the Corporation for the year ended December 31, 2019 was \$2,636,333, comprised of the amounts set forth in the table below.

Director	Retainers					Total Fees Earned <sup>(1)</sup> (\$)	Portion of total fees received in DSUs
	Board (\$)	Lead Director (\$)	Committee Chair (\$)	Committee Member (\$)	Committee Meetings (\$)		
Daniel C. Casey	240,000	—	—	4,500	15,000	259,500	100%
William A. Etherington <sup>(1)(2)</sup>	240,000	25,778	—	9,333	30,000	305,111	100%
Mitch Goldhar	240,000	—	—	—	—	240,000	100%
Serge Gouin	240,000	—	—	7,500	20,000	267,500	100%
Arianna Huffington	240,000	—	—	—	—	240,000	100%
John B. McCoy	240,000	—	20,000	—	15,000	275,000	100%
J. Robert S. Prichard	240,000	—	—	7,500	20,000	267,500	100%
Heather M. Reisman	240,000	—	—	—	—	240,000	100%
Arni C. Thorsteinson <sup>(3)</sup>	240,000	14,222	30,000	—	17,500	301,722	100%
Beth A. Wilkinson	240,000	—	—	—	—	240,000	100%

Notes:

- (1) Mr. Etherington is a member of the board of directors of Celestica Inc., a subsidiary of the Corporation. Mr. Etherington received compensation from Celestica of \$360,000 for his services as a director in 2019, all of which was received in the form of deferred share units.
- (2) Mr. Etherington was appointed Lead Director and a member of the Audit and Corporate Governance Committee on May 9, 2019. Mr. Etherington received prorated fees in respect of these appointments for the period May 9, 2019 to December 31, 2019.
- (3) Mr. Thorsteinson was the Lead Director from January 1, 2019 to May 8, 2019 and received prorated Lead Director fees for this period.

## NAMED EXECUTIVE OFFICERS

Under applicable securities legislation, the Corporation is required to disclose certain financial information relating to the compensation of its Chief Executive Officer, Chief Financial Officer and the Corporation's three most highly compensated executive officers (other than the Chief Executive Officer and Chief Financial Officer) (collectively, the "NEOs").

The Summary Compensation Table which follows provides a summary of compensation earned during each of the NEOs for the last three fiscal years. Specific aspects of their compensation are dealt with in further detail on the following pages.

Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Share- based awards (\$)	Option-based awards <sup>(1)(2)</sup> (\$)	Non-equity incentive plan compensation			All other compensation (\$)	Total compensation (\$)
					Annual incentive plans (\$)	Long-term incentive plans (\$)	Pension value (\$)		
Mr. Gerald W. Schwartz, Chief Executive Officer	2019	1,300,000	—	5,057,731	4,607,316	—	—	—	10,965,047
	2018	1,300,000	—	—	—	—	—	—	1,300,000
	2017	1,300,000	—	—	7,939,440	—	—	—	9,239,440
Mr. Christopher A. Govan, Chief Financial Officer	2019	301,520	—	6,480,701	1,319,183	—	—	—	8,101,404
	2018	308,760	—	—	—	—	—	—	308,760
	2017	308,480	—	972,583	1,066,992	—	—	—	2,348,055
Mr. Robert M. Le Blanc, Senior Managing Director	2019	400,000	—	2,876,874	3,046,090	—	—	—	6,322,964
	2018	400,000	—	—	—	—	—	—	400,000
	2017	400,000	—	—	11,732,505	—	—	—	12,132,505
Mr. Seth M. Mersky, Senior Managing Director	2019	400,000	—	7,919,138	2,666,058	—	—	—	10,985,196
	2018	400,000	—	—	—	—	—	—	400,000
	2017	400,000	—	—	2,756,368	—	—	—	3,156,368
Mr. Anthony Munk, Senior Managing Director	2019	400,000	—	5,475,342	2,655,651	—	—	—	8,530,993
	2018	400,000	—	—	—	—	—	—	400,000
	2017	400,000	—	—	7,769,829	—	—	—	8,169,829

Notes:

- (1) The amounts shown under "Option-based awards" represent the dollar amount computed by the Corporation based on the individual award grant date fair value, in accordance with International Financial Reporting Standards' authoritative guidance, and include amounts from awards granted in the respective fiscal years.
- (2) See "Onex' Compensation Policies and Practices – Compensation and Investment Program Developments – Stock Option Awards" and "2019 Compensation Considerations" in the Compensation Discussion and Analysis section of this Circular for a discussion of the matters considered in awarding stock options in 2019. The manner and extent to which each NEO participates in the Corporation's Stock Option Plan and Carried Interest Investment Programs has been carefully reviewed and adjusted to match more closely his particular role and responsibilities. These adjustments, which are reflected in the relative size of each NEO's 2019 option grant, did not impact the relative economic opportunity provided to each of the NEOs from the compensation and investment programs as a whole. The specific mix of stock option compensation and investment opportunities available to each NEO is unique to that individual.

## INCENTIVE PLAN AWARDS

The following table provides information with regard to the outstanding option awards held by the NEOs as at December 31, 2019. All awards were made pursuant to the Corporation's Stock Option Plan. The terms and conditions of the Plan are described in detail below under "Stock Option Plan" and provide that vested options may be exercised only if the market value of an Onex Subordinate Voting Share (based on a five-day average closing price) is at least 25% above the relevant exercise price. The Corporation does not use other share-based awards in its compensation program.

### Outstanding Option-Based Awards<sup>(1)</sup>

Name	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration Date	Value of unexercised in-the-money options <sup>(2)</sup> (\$)
<b>Mr. Gerald W. Schwartz:</b>				
January 16, 2014 Award	3,950,000	57.45	January 16, 2024	97,644,000
December 18, 2019 Award	327,000	82.10	December 18, 2029	—
<b>Mr. Christopher A. Govan:</b>				
December 13, 2011 Award	25,000	33.11	December 13, 2021	1,226,500
December 4, 2012 Award	25,000	40.35	December 4, 2022	1,045,500
December 10, 2013 Award	20,000	56.92	December 10, 2023	505,000
December 9, 2014 Award	50,000	63.53	December 9, 2024	932,300
November 27, 2015 Award	30,000	81.76	November 27, 2025	—
December 6, 2016 Award	30,000	93.94	December 6, 2026	—
January 25, 2018 Award	50,000	92.15	January 25, 2028	—
December 18, 2019 Award <sup>(3)</sup>	419,000	82.10	December 18, 2029	—
<b>Mr. Robert M. Le Blanc:</b>				
December 15, 2010 Award	25,000	29.29	December 15, 2020	1,322,000
December 13, 2011 Award	25,000	33.11	December 13, 2021	1,226,500
December 4, 2012 Award	50,000	40.35	December 4, 2022	2,091,000
December 10, 2013 Award	850,000	56.92	December 10, 2023	21,462,500
December 18, 2019 Award <sup>(3)</sup>	186,000	82.10	December 18, 2029	—
<b>Mr. Seth M. Mersky:</b>				
December 13, 2011 Award	25,000	33.11	December 13, 2021	1,226,500
December 4, 2012 Award	50,000	40.35	December 4, 2022	2,091,000
December 10, 2013 Award	850,000	56.92	December 10, 2023	21,462,500
December 18, 2019 Award <sup>(3)</sup>	512,000	82.10	December 18, 2029	—
<b>Mr. Anthony Munk:</b>				
December 10, 2013 Award	200,000	56.92	December 10, 2023	5,050,000
December 18, 2019 Award <sup>(3)</sup>	354,000	82.10	December 18, 2029	—

Notes:

- (1) All amounts are presented in Canadian dollars unless otherwise indicated.
- (2) Options are reflected as being in-the-money only if the applicable 25% performance threshold was met or exceeded at December 31, 2019.
- (3) The option grants to each of the NEOs other than the CEO in 2019 were intended to equate to three years of expected annual awards. See “2019 Compensation Considerations – Chief Executive Officer and other NEO Compensation – Other NEO Compensation” above.

The following table provides information with regard to options vested during 2019 under the Corporation's stock option plan. Presented amounts show the aggregate dollar value that would have been realized if such options had been exercised on the vesting date.

<u>Name</u>	<u>Option-Based Awards Value Vested During the Year<sup>(1)</sup> (S)</u>	<u>Non-Equity Incentive Plan Compensation Value Earned During the Year (S)</u>
Mr. Gerald W. Schwartz	38,380,813	—
Mr. Christopher A. Govan	122,575	—
Mr. Robert M. Le Blanc	—	—
Mr. Seth M. Mersky	—	—
Mr. Anthony Munk	—	—

Note:

- (1) The Onex Corporation stock option plan provides that vested options may be exercised only if the market value of an Onex Subordinate Voting Share (based on a five-day average closing price) meets or exceeds a performance threshold set at 25% above the relevant exercise price. Options for which the market value of such shares is above the exercise price are reflected as being in-the-money only if such 25% performance threshold was met or exceeded at December 31, 2019. The terms and conditions of the Corporation's stock option plan are described in detail below under "Stock Option Plan".

## STOCK OPTION PLAN

The Corporation's stock option plan (the "Option Plan") is designed to enhance shareholder value by: (i) providing a long-term incentive to the Corporation's executives, senior management and certain other employees; (ii) improving the ability of the Corporation to attract, retain and motivate its key personnel; and (iii) encouraging participants in the Option Plan to maintain a significant level of investment in the Corporation, thereby closely aligning their personal interests with those of shareholders. The Corporation is of the view that the design of its Option Plan, which involves a significant 25% performance threshold as a condition of exercisability, is more rigorous than both traditional stock option plans and conventional performance share unit and restricted share unit plans commonly used by other public companies. Further, the option vesting and exercise periods reflect an emphasis on the long-term effort needed to maximize shareholder value, particularly in the Corporation's core private equity business. See above "Equity Compensation (Performance-Based Options)" of this Circular.

The maximum number of Subordinate Voting Shares issuable under the Option Plan has remained fixed at 16 million since 2004 and can be amended only with shareholder approval. The Corporation has purchased for cancellation a substantial number of its outstanding Subordinate Voting Shares under its normal course issuer bids and other exempt transactions since the adoption of the Option Plan and the establishment of the number of Subordinate Voting Shares issuable thereunder, including 629,027 shares repurchased in 2019. As a result of those cumulative repurchases, the total number of authorized options as at December 31, 2019 represented 13.8% of the outstanding Subordinate Voting Shares on a fully-diluted basis (16.0% on an undiluted basis). At December 31, 2019, options were outstanding to purchase 14,013,050 Subordinate Voting Shares, representing 12.1% of the outstanding Subordinate Voting Shares on a fully-diluted basis (14.0% on an undiluted basis).

The Option Plan expressly precludes a grant of new options if the grant would result in (i) the number of Subordinate Voting Shares reserved for issuance pursuant to options granted to insiders exceeding 10% of the issued and outstanding Subordinate Voting Shares, (ii) the issuance to insiders within a one-year period of a number of Subordinate Voting Shares exceeding 10% of the issued and outstanding shares or (iii) the issuance to any one insider and his or her associates, within a one-year period, of a number of Subordinate Voting Shares exceeding 5% of the issued and outstanding shares.

The exercise price for each grant is determined by the Compensation and Management Resources Committee and may not be less than the closing price of the shares on the trading day immediately preceding the date of grant. Options vest ratably over five years and may be exercised only if the market value of a share (based

on a five-day average closing price) meets or exceeds a performance threshold of 25% above exercise price. The Committee has generally approved the issuance of options with a ten-year term.

The Option Plan contains detailed provisions relating to the continuation or forfeiture of rights following an optionholder’s departure from Onex and generally provide for: (i) a 90-day grace period to exercise vested options, provided the 25% performance threshold has been met or exceeded; (ii) an extension of the exercise period for up to five years in the event of an optionholder’s retirement after long service to the Corporation, (iii) forfeiture of all vested but unexercised options where the 25% performance threshold is not met at the end of the relevant grace period; and (iv) forfeiture of all vested and unvested options on termination for cause. The Option Plan also provides for forfeiture and a clawback of value realized on the exercise of options within the preceding year where the optionholder resigns and subsequently engages in a business competitive with that of the Corporation within one year thereafter or if the optionholder was terminated for cause. The Option Plan does not provide for accelerated or automatic vesting of options in the event of a change of control of the Corporation. In the event of retirement after an optionholder’s long service to the Corporation as mentioned above, an extension of the exercise period for up to five years fairly exposes the optionholder to both the upside potential and downside risk and reduces excessive risk taking prior to retirement.

The following table sets forth information in respect of the options outstanding or available for future issuance as of December 31, 2019. The Corporation has no other equity-based compensation plans. See also “Compensation Discussion and Analysis – Onex’ Compensation Policies and Practices” of this Circular.

	Number of securities issuable upon exercise of outstanding options as at December 31, 2019 (#)	Weighted average exercise price of outstanding options <sup>(1)</sup> (\\$)	Number of securities remaining available for future issuance under equity compensation plans as at December 31, 2019 (excluding shares issuable upon the exercise of outstanding options) (#)
Equity compensation plans approved by securityholders	14,013,050	68.50	1,986,950
Equity compensation plans not approved by securityholders	—	—	—

Note:

- (1) Vested options may be exercised only if the market value of an Onex Subordinate Voting Share (based on a five-day average closing price) meets or exceeds a performance threshold set at 25% above the relevant exercise price.

The annual burn rate (the “ABR”) of the Option Plan is expressed as a percentage and calculated by dividing the number of options granted in the applicable fiscal year by the weighted average number of securities outstanding for the applicable fiscal year. For 2019, the ABR was 2.73% (2018 – 2.06%; 2017 – 0.17%). The ABR for a particular year reflects the time at which the Corporation makes year-end compensation decisions, including the issuance of options. Specifically, options in respect of 2018 and 2019 service were granted in December of those years while 2017 options were issued in January 2018. The average ABR for the three years 2017-2019 was 1.65%.

#### TERMINATION AND CHANGE IN CONTROL BENEFITS

The Corporation has not entered into agreements with any of the NEOs that provide for benefits on termination, resignation, retirement, change in control or change in responsibility. There is an agreement between Mr. Schwartz and the Corporation confirming his continuation in office as Chief Executive Officer of the Corporation and specifying the circumstances in which he may be removed from office. The agreement does not deal with termination entitlements. Each of the other NEOs has entered into an agreement providing for certain confidentiality, non-competition and non-solicitation covenants that would survive the termination of his employment, but the agreements do not deal with termination entitlements. The rights and entitlements, if any, of the NEOs in the event of termination of employment or change in control of the Corporation arising under the

Corporation's investment and related other programs and the Option Plan are described under "Stock Option Plan" of this Circular.

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

There were no loans from the Corporation to present or former directors, officers and employees of the Corporation outstanding at April 30, 2020

The aggregate indebtedness to the Corporation (including indebtedness guaranteed by the Corporation) of present and former directors, officers and employees, excluding routine indebtedness, as at April 30, 2020 was nil.

Routine indebtedness includes (i) indebtedness arising by reason of purchases made on usual trade terms or of ordinary travel or expense advances or for similar reasons and (ii) loans to directors and executive or senior officers who are full-time employees, which loans are fully secured by their residences and do not exceed annual salary in amount, of which there are none.

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

The Corporation purchased directors' and officers' liability and professional liability insurance of \$60 million in respect of the Corporation and certain of its subsidiaries for a period of one year expiring on November 30, 2020 for an annual total premium of \$1.6 million.

### **MANAGEMENT ALIGNMENT OF INTERESTS WITH SHAREHOLDERS**

#### **GENERAL**

Management and the Board believe that the strong alignment of interests among Onex' shareholders, limited partners and clients, NEOs, senior management and investment professionals is critical to the success of the Corporation. As the Corporation has grown and its business has evolved, alignment is promoted through a number of plans and programs, some of which are specific to one or more of the Corporation's asset management platforms or to the Corporation's executive and senior management teams and others of which are broader.

The details of Onex' compensation and investment programs may be different among its various asset management platforms, as between those platforms and the parent company's corporate office, and as between roles and functions. However, they are fundamentally similar in that compensation of management and key investment professionals and, where relevant, their opportunity to earn meaningful investment returns is tied closely to the generation of investment returns, performance fees and/or carried interest to Onex for the benefit of all shareholders.

#### **MANAGEMENT OWNERSHIP**

The Corporation's distinctive ownership culture encourages and, in many cases, requires its executives, senior management and other professionals to have a significant ownership stake in Onex shares and to invest meaningfully in its funds, strategies, products and, where appropriate, in its private equity funds' operating companies. As at December 31, 2019, the Onex executives, senior management and investment professionals:

- were the largest shareholder in Onex, with combined holdings of approximately 15.8 million Subordinate Voting Shares, or 16.0% of outstanding shares, and approximately 0.7 million Management DSUs;
- had a total investment in the Corporation's private equity operating companies of approximately \$500 million (at market);
- had a total investment in Onex' credit strategies of approximately \$280 million (at market); and

- had started to invest meaningfully as clients of Gluskin Sheff, the wealth management platform acquired by the Corporation in June 2019.

## **MATERIAL INVESTMENT PROGRAMS AND PLANS**

The Corporation's Executive Committee members and private equity investment professionals are generally required to invest personal capital alongside the Corporation's private equity investments, subjecting these personal investments to the risk of loss while also providing the potential for risk-adjusted gains where certain minimum performance return hurdles are met or exceeded. Personal investment in or through the Corporation's other asset management platforms is not generally required but is encouraged.

The discussion below focuses on the investment plans and programs applicable to the Executive Committee members (four of five of whom are also NEOs) as well as the investment professionals in the Corporation's core private equity business. As discussed earlier in this Circular, Onex' business is rooted in private equity investing and while the business has changed and evolved substantially, private equity remains Onex' largest investment platform with respect to both its own invested capital and also the potential to generate fees and carried interest. As at December 31, 2019, excluding cash and near-cash items, (i) approximately 85% of the Corporation's shareholder capital was invested in or committed to private equity and (ii) of that amount, approximately 77% was invested in or committed to the Onex Partners platform. Accordingly, among the various means by which the Corporation seeks to align economic interests, the most impactful to shareholders are those that relate to (i) investments in Onex shares, (ii) direct exposure to the Onex share price, or (iii) personal financial exposure to the success the Onex Partners platform. Those plans and programs have been carefully designed to focus almost exclusively on the success of the Corporation's business over the long term and to specifically align any investment gains to participants with the delivery of tangible value to the Corporation's shareholders and investors.

The material terms of the key programs by which the Corporation seeks to align personal economic interests of management and private equity professionals with those of shareholders are summarized in the table below and in the pages that follow as well as under "Stock Option Plan" in this Circular.

Investment Program	Minimum Performance Return Hurdle	Vesting	Management Investment & Application
Management Investment Plan <sup>(1)</sup>	15% Compounded Return	6 years	<ul style="list-style-type: none"> <li>• personal “at risk” equity investment required</li> <li>• applicable to: <ul style="list-style-type: none"> <li>– Onex capital invested in Onex Partners I-IV transactions</li> <li>– certain Onex capital invested outside Onex Partners prior to 2020</li> </ul> </li> <li>• not applicable to: <ul style="list-style-type: none"> <li>– Onex Partner V transactions</li> <li>– future Onex transactions</li> </ul> </li> </ul>
Onex Partners Carried Interest Program	8% Compounded Return	6 years <sup>(2)</sup>	<ul style="list-style-type: none"> <li>• personal “at risk” equity investment required</li> <li>• applicable to: <ul style="list-style-type: none"> <li>– third-party capital invested in Onex Partners I-IV transactions</li> <li>– Onex and third-party capital invested in Onex Partners V transactions</li> <li>– Onex capital invested in Onex Partners originated co-investments and direct investments after 2019</li> </ul> </li> </ul>
ONCAP Carried Interest Program	8% Compounded Return	5 years <sup>(3)</sup>	<ul style="list-style-type: none"> <li>• personal “at risk” equity investment required</li> <li>• applicable to Onex and third-party capital invested in ONCAP transactions</li> </ul>
Management DSU Plan	N/A	N/A	<ul style="list-style-type: none"> <li>• investment of elected portion of annual variable cash compensation in Management DSUs</li> <li>• value reflects changes in Corporation’s share price, including risk associated with price decrease</li> <li>• units not redeemable until retirement</li> </ul>
Onex Partners Reinvestment Program	N/A	N/A	<ul style="list-style-type: none"> <li>• required purchase of Subordinate Voting Shares or Management DSUs for up to 25% of gross MIP and Onex Partners Carried Interest proceeds</li> </ul>
Option Plan	25% Share Price Appreciation	5 years	<ul style="list-style-type: none"> <li>• satisfaction of exercise price (market value at grant date)</li> </ul>

Notes:

- (1) As discussed in this Circular in “Compensation and Investment Program Developments”, commencing in 2020 the Management Investment Plan (i) for all investments made in Onex Partners V and subsequent Onex Partners funds, will be replaced by the Onex capital carried interest program and (ii) for all investments made in Onex Partners IV and predecessor funds, will retain its historical terms and structure other than to conform the participant’s allocation of realized net gains above the performance return hurdle to match the 12% allocation provided by the Onex Partners third-party carried interest program.
- (2) Each of Onex Partners I, II and III is fully vested; Onex Partners IV vests equally over six years ending in August 2020, Onex Partners V vests equally over six years ending in November 2024.
- (3) ONCAP II and III are fully vested; ONCAP IV vests equally over five years ending in November 2021.

## **MANAGEMENT INVESTMENT PLAN AND CARRIED INTEREST PROGRAM**

### **Background**

The alignment of an investment professional's personal economic interests with investor interests is a fundamental feature of the private equity industry. That alignment is generally created by requiring that professional to invest personal, at-risk capital alongside investors' capital and providing him or her with a corresponding opportunity to share in a portion of investors' realized gains above a specified performance hurdle. That obligation and opportunity are collectively referred to in the private equity industry as "carried interest" participation.

The Corporation established its Management Investment Plan ("MIP") in 1996 as a mechanism for the Corporation's senior management and investment professionals to invest personal capital alongside the Corporation in each of its acquisitions. Specifically, participants were required to make personal cash investments to fund 1.5% of Onex' interest in each acquisition or investment and, upon realization of that investment, had the opportunity to receive the proceeds of their personal investment plus 7.5% of Onex' realized gain from the investment subject to a net 15% internal rate of return. Accordingly, the MIP was and is a carried interest program for participants with respect to Onex' invested capital.

The Corporation later began managing third-party capital in a series of Onex-sponsored private equity Funds. Consistent with industry norms, an aggregate of 20% of the investment returns generated for third-party investors above an 8% compound annual preferred return are allocated to an Onex affiliate (as to 8%) and to relevant team of Onex Partners investment professionals and, historically, certain members of the Corporation's senior management team (as to 12%). The participating individuals are required to invest personal at-risk capital in each of the Fund's investments to order to receive a corresponding opportunity to share in the investment team's allocation of third-party investment gains. That obligation and opportunity constitute the Corporation's carried interest participation program with respect to third-party capital.

Accordingly, the MIP and the third-party carry programs strongly and directly incentivize participants to drive attractive risk-adjusted investment returns for Onex and thereby for the benefit of all shareholders, as their personal opportunity to realize substantial gains on their investments through the carried interest participation depends entirely on that outcome.

### **Review and Amendment of Programs**

The MIP was revised in early 2020 with a view to, among other things, achieving consistency with the structure and terms of the Onex Partners third-party carried interest program. While the two programs always had similar goals and purposes, they provided the participants with the opportunity to invest and to realize gains on different pools of invested capital (Onex capital on the one hand and third-party capital on the other), they were fundamentally different in structure and operation (transaction-by-transaction on the one hand and whole-fund on the other), and they rewarded performance subject to the achievement of different performance return hurdles (15% on the one hand and 8% on the other). As described earlier in this Circular under "Compensation and Investment Program Developments", the MIP is being fundamentally restructured such that its historical terms will not apply to future Onex transactions, or to any Onex Partners transactions commencing with Onex Partners V (the Onex Partners fund that is currently investing), and are being replaced by a carried interest program in respect of Onex capital that has financial, structural and operational features analogous to those applicable to third-party capital, as summarized below. In connection with those changes, Management has also implemented a conforming change for existing Onex Partners I – IV investments such that the allocation to participants of investment gains above the performance hurdle may be consistent to their allocation under the third-party carry program.

The MIP and Onex Partners carried interest programs are collectively referred to in this section as the "Onex Partners Carried Interest Program".

## **CARRIED INTEREST PROGRAM**

### **General**

In 1999, the Corporation established the first of the “ONCAP Funds”, a series of private equity funds formed to provide capital for future Onex-sponsored investments in small-to-mid cap operating companies. Later, in 2003, the Corporation launched a second series of private equity funds, the “Onex Partners Funds” to provide capital for larger Onex-sponsored operating company investments. Each of those Funds gave rise to carried interest obligations and opportunities for the relevant group of executives, senior management and investment professionals. The summary below relates to the Onex Partners Funds, as the Corporation’s single largest asset management platform, and to the Onex Partners Carried Interest Program. However, Management notes that the fundamental concepts of personal at-risk investment and the opportunity to receive a portion of investors’ gains after achievement of a performance hurdle are identical with respect to the ONCAP Funds. For clarity, the NEOs do not participate in the ONCAP carried interest program but have historically participated in the MIP and the Onex Partners third-party carried interest program and, with the exception of the Chief Financial Officer, will participate in the revised, combined Onex Partners Carried Interest Program going forward.

### **Personal Capital Commitments**

The NEOs and other investment professionals eligible to participate in the Onex Partners Carried Interest Program (the “Participants”) committed, as a group, to invest a minimum percentage of the aggregate committed capital of each of the Onex Partners Funds, with the minimum percentage ranging from 1% to 2% and the maximum ranging from 4% to 10%. The total amount invested by the Participants on that basis in the year ended December 31, 2019 was \$37.2 million. Their aggregate personal investments in Onex Partners private equity operating companies was \$385.7 million at year end (at market).

### **Carried Interest Opportunity, Vesting and Clawback**

In consideration of their personal investments, the Participants will receive a carried interest of 12% of realized gains attributable to investors in each Onex Partners Fund (including both third-party limited partners and Onex as an investor in the Fund) subject to an 8% compound annual preferred performance return. Carried interest proceeds actually received by Participants will be determined based on the overall performance of the relevant Fund, after application of the catch-up and clawback provisions customary in the private equity market.

The Participants’ opportunity in respect of their respective shares of the carried interest vest ratably on each of the first six anniversaries of the later of the first drawdown of capital commitments by the relevant Fund and the date on which the Participant is first allocated a carried interest opportunity. A Participant who leaves the Corporation and subsequently breaches certain customary restrictive covenants not only loses his or her non-vested and vested carried interest but must repay to the Corporation the after-tax proceeds received in respect of the carried interest in the year before departure.

### **Investments and Realizations in 2019**

In 2019, the Participants invested approximately \$14.7 million in respect of the Onex Partners Carried Interest Program. Total proceeds paid to the Participants under that Program in 2019 were \$86.3 million, including \$23.8 million to Mr. Schwartz, \$2.6 million to Mr. Govan, \$8.3 million to Mr. Le Blanc, \$7.5 million to Mr. Mersky and \$7.3 million to Mr. Munk. Each of the NEOs other than Mr. Schwartz reinvested 25% of those amounts (on a pre-tax basis) in Subordinate Voting Shares and/or Management DSUs pursuant to the Reinvestment Program described below.

### **Further Information**

Additional information concerning the MIP and the Onex Partners and ONCAP carried interest programs is contained in note 26 to the audited consolidated financial statements of the Corporation for the year ended December 31, 2019.

## **MANAGEMENT SHARE OWNERSHIP PROGRAM (ONEX PARTNERS INVESTMENT PROFESSIONALS)**

The Corporation's mandatory share ownership program (the "Reinvestment Program") was adopted in 2006 as a further means of aligning the interests of the investment professionals in the Corporation's Onex Partners private equity platform with those of Onex shareholders. Under the Reinvestment Program, Participants in the Onex Partners Carried Interest Program (including the NEOs) are required to invest up to 25% of the gross proceeds realized by them thereunder to purchase Subordinate Voting Shares or Management DSUs. The size of the reinvestment requirement generally increases with the seniority of the Participant and the cumulative proceeds he or she has realized in respect of the Onex Partners carried interest. All purchases of Subordinate Voting Shares under the Reinvestment Program take place in the secondary market through the facilities of the Toronto Stock Exchange at then-current market price. Shares purchased under the Reinvestment Program generally must be held for a minimum of three years.

An aggregate of C\$10 million was required to be invested under the Reinvestment Program in 2019.

## **MANAGEMENT DEFERRED SHARE UNIT PLAN (CORPORATE EXECUTIVES AND SENIOR MANAGEMENT)**

The Corporation has adopted a Management Deferred Share Unit Plan (the "Management DSU Plan") as a further means of encouraging personal and direct economic interest in the performance of the Subordinate Voting Shares by the Corporation's NEOs and other corporate executives. Under the Management DSU Plan, eligible participants are given the opportunity to designate all or a portion of their annual variable cash compensation toward the purchase of Management DSUs in lieu of cash. Importantly, the Management DSU Plan does not provide for any incremental compensation but rather allows participants to choose not to receive a portion of their annual variable cash compensation and to effectively put that amount at risk alongside the Corporation's shareholders for the duration of their tenure at Onex. A participating executive must hold his or her Management DSUs until retirement from the Corporation.

The number of Management DSUs credited to a participant in the plan for a particular year will be equal to the amount of variable cash compensation designated by the participant divided by the then-current market price of the Onex Subordinate Voting Shares, without discount. Management DSUs are redeemable by the participant only after he or she has left Onex for a cash payment equal to the then-current market price of the Subordinate Voting Shares. To hedge the Corporation's exposure to changes in the trading price of the Subordinate Voting Shares associated with Management DSUs, the Corporation has entered into forward agreements with a counterparty financial institution for all outstanding Management DSUs and generally intends to enter into a similar arrangement for each year in which Management DSUs are granted under the Management DSU Plan. The costs of those arrangements are borne entirely by participants in the plan. Management DSUs are redeemable only for cash and no shares or other securities of the Corporation will be issued on the exercise, redemption or other settlement thereof.

## **DIRECT PRIVATE EQUITY CO-INVESTMENTS**

The Corporation's management and certain other professionals are generally able to make voluntary personal co-investments in the Corporation's private equity operating companies that are incremental to the mandatory investments by carried interest participants described above. Such co-investments are made on the same terms as the Corporation's corresponding investment. As of December 31, 2019, an aggregate of \$357.6 million was co-invested on this basis (at market), including \$23.3 million invested during 2019.

## **CONFIRMATION OF BY-LAW NO. 4**

Shareholders will be asked to consider, and if thought fit, to confirm a resolution passed by the board of directors of the Corporation on December 19, 2019 to adopt By-Law No. 4 of the Corporation ("By-Law No. 4").

By-Law No. 4 was adopted by the Corporation on December 19, 2019 and reflects requirements set out by the Canadian Transportation Agency in connection with the Corporation's acquisition of the WestJet Group of

Companies (“Westjet”) by requiring that a majority of directors voting on or signing a written Onex Board resolution in respect of any matters pertaining to or affecting WestJet are Canadian.

The full text of the resolution and of By-Law No. 4 are set forth in Schedule A to this Circular. To be effective, the resolution must be approved by a simple majority of the votes cast at the meeting, with the holders of Subordinate Voting Shares and Multiple Voting Shares voting together. The holder of the Multiple Voting Shares has advised the Corporation that it intends to vote all such shares FOR the resolution.

The Board and management recommend that the shareholders vote **FOR** the adoption of By-Law No. 4. Unless contrary instructions are given, the persons named on the proxy form or on the voting instruction form will vote FOR the adoption of By-Law No. 4.

### **NORMAL COURSE ISSUER BID**

On April 13, 2020, the Corporation filed Notice of Intention to make a normal course issuer bid to permit repurchases of Subordinate Voting Shares commencing April 18, 2020 and terminating on April 17, 2021. The Corporation is permitted to effect such purchases from time to time during the period of the issuer bid when it determines such purchases to be advantageous to the Corporation. Any purchases made under the issuer bid and other permitted exempt transactions will be effected in accordance with the rules and policies of the Toronto Stock Exchange. Any shareholder of the Corporation may obtain a copy of the Notice of Intention, without charge, by writing the Corporation at its head office.

### **ADDITIONAL INFORMATION**

Any shareholder of the Corporation may obtain copies of the Corporation’s annual information form, annual report, interim quarterly reports, and management’s discussion and analysis, without charge, by writing to the Corporation at its head office. Additional copies of this Circular are also available on request. Such documents are also available through the internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) which can be accessed at [www.sedar.com](http://www.sedar.com). Information relating to fees paid to the external auditor can be found in the section of the Corporation’s Annual Information Form dated February 27, 2020 entitled “External Auditor Service Fees”.

### **APPROVAL OF BOARD OF DIRECTORS**

The contents of this Circular and the sending of it to the shareholders of the Corporation, to each director of the Corporation, to the auditor of the Corporation and to the appropriate governmental agencies have been approved by the Board of Directors of the Corporation.

DATED the 19<sup>th</sup> day of May, 2020.

A handwritten signature in black ink, appearing to read 'A. Daly', with a long horizontal stroke extending to the right.

ANDREA E. DALY  
Managing Director, General Counsel  
and Secretary

**SCHEDULE A**  
**CONFIRMATORY RESOLUTION OF THE SHAREHOLDERS**

BE IT RESOLVED THAT:

1. By-Law No. 4 of the Corporation as authorized, approved and adopted by the Board of Corporation on December 19, 2019 and the full text of which is set forth below is hereby confirmed.
2. Each of the directors and officers of the Corporation is hereby authorized and directed to do all things and execute documents necessary or desirable to give effect to the foregoing.

**ONEX CORPORATION**

**BY-LAW NO. 4**

A by-law respecting matters pertaining to WestJet

1. Interpretation. In this by-law, unless the context otherwise specifies or requires:
  - (a) “**Canadian**” means a Canadian citizen or a permanent resident as defined in subsection 2(1) of the Immigration and Refugee Protection Act, S.C. 2001, c. 27.
  - (b) “**WestJet Matter**” means any matter pertaining to or affecting WestJet Airlines Ltd., WestJet and/or Swoop Inc.

**SPECIAL PROCEDURES RELATED TO WESTJET MATTERS**

2. Quorum for WestJet Matters. In addition to any requirement of any other by-law of the Corporation with respect to a quorum of directors, a quorum of directors for the transaction of any business constituting a WestJet Matter shall require that a majority of directors voting on or signing a resolution in respect of such WestJet Matter be Canadian.
3. Termination. This by-law shall apply only for so long as Onex Corporation, and of its affiliates or any investment vehicle sponsored or managed by Onex Corporation or its affiliates owns a direct or indirect interest in WestJet Airlines Ltd., WestJet and/or Swoop, and thereafter shall automatically terminate and be of no further force or effect, without any further act by the directors of the Corporation or otherwise.

**ONEX**corporation