

# **COTT CORPORATION**

## **CORPORATE GOVERNANCE GUIDELINES**

### **INTRODUCTION**

The Board of Directors of Cott Corporation (the “Corporation”) is committed to fulfilling its statutory mandate to supervise the management of the business and affairs of the Corporation with the highest standards of ethical conduct and in the best interests of the Corporation. The Board of Directors, acting on the recommendation of its Corporate Governance Committee, has adopted these corporate governance guidelines to promote the effective functioning of the Board of Directors and its committees, to promote the interests of shareowners, and to establish a common set of expectations as to how the Board of Directors, its various committees, individual directors and management should perform their functions. These guidelines are intended to provide a flexible framework within which the Board of Directors may carry out these functions.

### **GUIDELINES**

#### **Board Responsibilities**

The business and affairs of the Corporation are managed by or under the supervision of the Board of Directors in accordance with all applicable laws and regulatory requirements. The responsibility of the Board of Directors is to provide direction and oversight.

In performing their duties, the primary responsibility of the directors is to exercise their business judgment in what they reasonably believe to be the best interests of the Corporation and to perform their duties of care and loyalty. In discharging that obligation, directors should be entitled to rely on the honesty and the integrity of the Corporation’s senior executives and outside advisors and auditors that have been retained by the Board of Directors, its committees or management, as the case may be, to the fullest extent permitted by law. The directors also should be entitled to reasonable directors’ and officers’ liability insurance purchased by the Corporation on their behalf, the benefits of indemnification to the fullest extent permitted by applicable law, and exculpation as provided by applicable law. Each member of the Board of Directors has the power to hire independent legal, financial or other advisors as he or she may deem necessary or appropriate to fulfill his or her duties as a director, without consulting or obtaining the approval of any officer of the Corporation in advance, so long as the lead independent director or independent chairman, as the case may be, is notified in each instance.

In particular, the Board of Directors assumes responsibility for the matters set out in its mandate, a copy of which is attached hereto as Schedule “A”.

#### **Board Size**

It is the current view of the Board of Directors that the Board of Directors should consist of no less than 9 and no more than 15 members to facilitate its effective functioning. The Board of Directors will annually assess, after consideration of any advice or input of the Corporate Governance Committee, the appropriate number of directors.

## **Chairman of the Board and Lead Independent Director**

The Board of Directors believes that if the role of Chairman is filled by a director who is not independent, there should be a “lead independent director” appointed by the Board of Directors from its independent members. If a lead independent director is appointed by the Board of Directors and the role of Chairman is filled by a director who is also independent, the lead independent director shall act in a supportive capacity to the Chairman and shall act as Chairman in the event the Chairman is unavailable. The Board of Directors will from time to time evaluate its leadership structure to determine the most appropriate leadership arrangements for the Corporation.

## **Selection of Directors**

The Corporate Governance Committee will be responsible for identifying and proposing to the Board of Directors individuals qualified to become members of the Board of Directors, and, in so doing, shall adhere to the following criteria:

- Each director should be an individual of the highest character and integrity;
- Each director should have sufficient experience to enable the director to make a meaningful contribution to the Board of Directors and to the Corporation;
- Each director should have sufficient time available to devote to the affairs of the Corporation in order to carry out the responsibilities of a director; and
- The Board of Directors shall be comprised of a majority of independent directors, and each director who is nominated as an independent director shall meet all of the criteria for independent directors established by the New York Stock Exchange, the Toronto Stock Exchange and applicable U.S. and Canadian securities laws.

In addition, the Corporate Governance Committee will consider applicable laws, rules and regulations pertaining to a director’s residence and qualification requirements, the diversity of the Board of Directors as a whole, and any agreements to which the Corporation is a party relating to a third party’s right to have nominated for election as a director a person or persons of such third party’s choice.

The Corporate Governance Committee will be responsible for initially assessing whether a candidate would be independent and advising the Board of Directors of that assessment, including whether the candidate meets any heightened requirements for committee service established by applicable laws, any stock exchange on which the Corporation is listed or by any policy of the Corporation. The Corporate Governance Committee will also be responsible for assessing from time to time, and shall conduct inquiries in that regard on no less than an annual basis, the independence of each member of the Board of Directors, and shall make recommendations to the Board of Directors in respect of the constitution of the Board of Directors and its committees resulting therefrom.

In its evaluation of a potential member of the Board of Directors, the Corporate Governance Committee will give consideration to (i) what skills and competencies the Board of Directors should possess, (ii) what skills and competencies each director currently possesses and (iii) what

skills and competencies the potential nominee will bring. This process is designed to ensure that the Board of Directors includes members with diverse backgrounds, skills and experience, including appropriate financial and other expertise relevant to the Corporation's business. The Board of Directors, taking into consideration the recommendations of the Corporate Governance Committee, will be responsible for selecting the nominees for election to the Board of Directors, for appointing directors to fill vacancies, and determining whether a nominee or appointee is independent.

Directors are elected, on an individual basis and in accordance with the Corporation's Majority Voting and Director Resignation Policy, for a term of one year. The Board of Directors has not established a limit on the number of terms that a director may serve. No director may stand for election or re-election to the Board of Directors after the director has reached the age of 75. A director that turns 75 during his or her term, however, may serve out the remainder of that term.

There is no pre-determined limit on the number of boards of directors on which a director may sit, but directors should ensure that they have sufficient time to dedicate to their responsibilities to the Corporation. A director should advise the Chair of the Corporation Governance Committee, with a copy to the Corporation's General Counsel, in the event he or she joins a new board of directors of a publicly traded company.

Individual directors whose principal employment responsibilities change (except for internal promotions within their organization) should volunteer to resign from the Board of Directors. While directors who retire or whose principal employment responsibilities change should not necessarily leave the Board of Directors, the Board of Directors should review the continuation of their service as directors. The Board of Directors, with the assistance of its Corporate Governance Committee, should have an opportunity to review the continued appropriateness of the director's Board membership given his or her changed circumstances.

To retire or resign from the Board of Directors or refuse to stand for re-election, a Board member must deliver written notice to the Chair of the Corporate Governance Committee with a copy to the Corporation's General Counsel. Such written notice shall specify the date of such retirement, resignation, or refusal to stand for re-election.

### **Committee Membership**

Directors are expected to sit on Board committees. Each of the Audit Committee, the Human Resources and Compensation Committee and the Corporate Governance Committee will be composed of no fewer than three members, each of whom will satisfy the membership criteria set out in the relevant committee charter and in accordance with the Corporation's by-laws and applicable laws and regulations. Members and chairs of committees will be appointed by the Board of Directors upon the recommendation of the Corporate Governance Committee. A director may serve on more than one committee and committee membership may be rotated periodically as necessary or advisable. The Board of Directors will review the composition of each committee on an annual basis, or more frequently as it deems necessary.

### **Evaluating Board and Committee Performance**

The Board of Directors and each committee will conduct an annual self-evaluation as provided in each committee's respective charter. The independent directors will periodically review with the

Chief Executive Officer the effectiveness of Board of Directors meetings and the communications between the Board of Directors and the Chief Executive Officer.

### **Board and Committee Meetings**

The Board of Directors and each committee should meet as provided in its respective charter and in accordance with the Corporation's by-laws.

An agenda for each meeting of the Board of Directors and each committee meeting will be provided to each director and each member of the relevant committee, respectively. Any director or member of a committee may suggest the inclusion of subjects on the agenda of meetings of the Board of Directors or a committee, respectively.

Each director and each member of a committee is free to raise, at any meeting of the Board of Directors or a committee, subjects that are not on the agenda for that meeting.

Materials provided to the directors for meetings of the Board of Directors and committee meetings should provide the information needed, and should be distributed sufficiently in advance, for the directors and members of the committee, respectively, to engage in informed discussion and make an informed judgment.

To ensure free and open discussion and communication among directors, the non-management directors will meet in executive session (with no members of management present, including the Chief Executive Officer) after every regularly scheduled meeting of the Board of Directors and otherwise as those directors determine. The independent directors will meet in executive session (with no other directors present) regularly, and otherwise as those directors determine. The lead independent director or independent chairman of the Board of Directors, as the case may be, will preside at these executive sessions.

Unless the Chair of a committee otherwise determines, the agenda, materials and minutes for each committee meeting will be available on request to all directors, and all directors will be free to attend any committee meeting. At any time in a meeting of a committee, directors that are not members may be asked to leave the meeting to ensure free and open discussion and communication among members of the committee. Directors who are not members of a committee will not be compensated for attending meetings of that committee.

### **Committee Chair Responsibilities**

The Chair of each committee shall be responsible for the overall leadership of the committee, including:

- setting an agenda for all meetings of the committee based on consultation with members of the committee, the Board of Directors and management, as appropriate;
- chairing committee meetings and fostering dialogue among members of the committee;
- adopting procedures so that the committee can conduct business and function effectively;
- making arrangements for management, outside advisors and other individuals to attend meetings, as appropriate, to assist the committee to carry out its work;

- ensuring that members of the committee are familiar with their duties and obligations under the charters of the committees;
- promoting honest and ethical decision-making in all aspects of the committee's business;
- ensuring that decisions and actions taken at committee meetings are reported to the Board of Directors; and
- performing any other duties as directed by the Board of Directors.

## **Director Compensation**

The form and amount of non-employee director compensation will be determined by the Board of Directors upon the recommendation of the Human Resources and Compensation Committee from time to time. In discharging this duty, the Human Resources and Compensation Committee shall endeavor to adhere to the following principles: compensation should fairly pay non-employee directors for work required in a company of the Corporation's size and scope; compensation should align such directors' interests with the long-term interests of the Corporation's shareowners; and the structure of non-employee director compensation should be simple, transparent and easy for shareowners to understand.

## **Expectations of Directors**

The Board of Directors has developed the following specific expectations of directors to promote the discharge by the directors of their responsibilities and to promote the efficient conduct of the Board of Directors.

***Commitment and Attendance.*** All directors should strive to attend all meetings of the Board of Directors and the committees of which they are members. Attendance by telephone or video conference may be used when necessary to facilitate a director's attendance.

***Participation in Meetings.*** Each director should be sufficiently familiar with the business of the Corporation, including its financial statements and capital structure, and the risks and the competition it faces, to ensure active and effective participation in the deliberations of the Board of Directors and of each committee on which he or she serves. Each director should review meeting materials in advance of the meeting.

***Loyalty and Ethics.*** In their roles as directors, all directors owe a duty of loyalty to the Corporation. This duty of loyalty mandates that the best interests of the Corporation take precedence over any other interest of a director. Directors should conduct themselves in accordance with the Corporation's Code of Business Conduct and Ethics and other applicable policies and procedures.

***Contact with Management.*** All directors should be free to contact the Chief Executive Officer and other members of the Corporation's Management Committee at any time to discuss any aspect of the Corporation's business. The Board of Directors expects that there will be frequent opportunities for directors to meet with the Chief Executive Officer and other members of management in meetings of the Board of Directors and committees, or in other formal or informal settings.

***Succession Planning.*** The Board of Directors should make an annual review of management succession planning. The entire Board of Directors will work with the Human Resources and Compensation Committee to nominate and evaluate potential successors to the Chief Executive Officer. The Chief Executive Officer should at all times make available his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

***Confidentiality.*** The proceedings and deliberations of the Board of Directors and its committees are confidential. Except as otherwise required by applicable law, each director will maintain the confidentiality of information received in connection with his or her service as a director.

***Share Ownership.*** Directors are expected to maintain the level of share ownership in the Corporation prescribed by the Board of Directors from time to time.

### **Orientation and Continuing Education**

Management, working with the Corporate Governance Committee, will provide an orientation and education program for new directors to familiarize them with the Corporation and its business, including its strategic plans, its significant financial, accounting and risk management issues, its policies and its executive officers. All new directors will participate in this program, which should be completed within four months of a director first joining the Board of Directors. In addition, management will schedule periodic presentations for the Board of Directors to ensure the Board is aware of major business trends and industry and corporate governance practices.

### **Review of Related Party Transactions**

The Corporate Governance Committee shall review transactions between the Corporation and any related party, regardless of whether the transactions are reportable pursuant to Item 404 of Regulation S-K under the Securities Exchange Act of 1934, as amended. After considering advice from the Corporate Governance Committee, the Board of Directors shall review, and, if appropriate, approve or ratify, such related party transactions. For purposes of these guidelines, a “related party transaction” is any transaction in which the Corporation was or is to be a participant and in which any related party has a direct or indirect material interest, other than transactions that (i) are available to all employees generally, (ii) involve compensation of executive officers or directors duly authorized by the appropriate Board committee, or (iii) involve reimbursement of expenses in accordance with the Corporation’s established policy.

For purposes of these guidelines, a “related party” is any person who is, or at any time since the beginning of the Corporation’s last fiscal year was, an executive officer or director (including in each case nominees for director), any shareowner owning in excess of five percent of the Corporation’s common shares, or an immediate family member of an executive officer, director, nominee for director, or five percent shareowner.

For purposes of these guidelines, an “immediate family member” includes a person’s spouse, parents, stepparents, children, stepchildren, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law, and anyone (other than employees) who shares such

person's home.

**Disclosure**

These guidelines shall be made available on the Corporation's website.

*Revised February 2019*

**SCHEDULE “A”**  
**COTT CORPORATION (the “Corporation”)**  
**MANDATE OF THE BOARD OF DIRECTORS**

**Purpose:**

The purpose of this mandate is to set out the responsibilities of the Board of Directors of the Corporation. The Board of Directors is committed to fulfilling its statutory mandate to supervise the management of the business and affairs of the Corporation with the highest standards of ethical conduct and in the best interests of the Corporation. The Board of Directors approves the strategic direction of the Corporation and oversees the performance of the Corporation’s business and management. The management of the Corporation is responsible for presenting strategic plans to the Board of Directors for review and approval and for implementing the Corporation’s strategic direction. This mandate should be read in conjunction with the Corporate Governance Guidelines of the Corporation which set out additional responsibilities of the Board of Directors and contain guidelines pertaining to, inter alia, board size, selection, expectations, committees and meetings.

**Responsibilities:**

The Board of Directors shall:

1. Satisfy itself as to the integrity of the Chief Executive Officer and other senior officers and that the Chief Executive Officer and other senior officers create a culture of integrity throughout the Corporation.
2. Review and approve the annual operating plan (including the capital budget), long- and short-term strategic plans (which take into account, among other things, the opportunities and risks facing the Corporation’s business) and business objectives of the Corporation that are submitted by management and monitor the implementation by management of the strategic plan.
3. Identify and review the principal business risks of the Corporation’s business and oversee, with the assistance of the Audit Committee, the implementation and monitoring of appropriate risk management systems and the monitoring of risks.
4. Ensure, with the assistance of the Corporate Governance Committee, the effective functioning of the Board of Directors and its committees in compliance with the corporate governance requirements of stock exchange listing rules and applicable law, and that such compliance is reviewed periodically by the Corporate Governance Committee.
5. Develop the Corporation’s approach to corporate governance. The Corporate Governance Committee shall develop a set of corporate governance principles and guidelines that are specifically applicable to the Corporation. The Board of Directors shall review and approve the principles and guidelines applicable to the Corporation and its officers, directors, and employees, including the Code of Ethics for Senior Officers and the Code of Business Conduct and Ethics.



6. Satisfy itself that internal controls and management information systems for the Corporation are in place, are evaluated as part of the internal auditing process and reviewed periodically at the initiative of the Audit Committee.
7. Assess the performance of the Corporation's executive officers, including establishing and monitoring appropriate systems for succession planning as set forth in the Corporate Governance Guidelines of the Corporation (including appointing, training and monitoring senior management) and for periodically monitoring the compensation levels of such executive officers based on determinations and recommendations made by the Human Resources and Compensation Committee.
8. Ensure that the Corporation has in place a policy for effective communication with shareowners, other stakeholders and the public generally.
9. Review and, where appropriate, approve the recommendations made by the various committees of the Board of Directors, including, without limitation, to: select nominees for election to the Board of Directors; appoint directors to fill vacancies on the Board of Directors; appoint and replace, as applicable, the chairman, the lead independent director, the members of the various committees of the Board of Directors and the chair of each such committee; and establish the form and amount of director compensation.

The Board of Directors has delegated to the Chief Executive Officer, working with the other executive officers of the Corporation and its affiliates, the authority and responsibility for managing the business of the Corporation.

The Chief Executive Officer shall seek the advice and, in appropriate situations, the approval of the Board of Directors with respect to extraordinary actions to be undertaken by the Corporation, including those that would make a significant change in the financial structure or control of the Corporation, the acquisition or disposition of any significant business, the entry of the Corporation into a major new line of business or transactions involving related parties.

#### **Measures for Receiving Shareowner Feedback:**

The Corporation shall provide a mechanism for receiving feedback from shareowners regarding its publicly disseminated materials and otherwise. The Board of Directors, upon recommendation of the Corporate Governance Committee, will adopt specific procedures for permitting shareowner feedback and communication with the Board of Directors, including procedures that address consideration of persons suggested by shareowners as potential director nominees. Shareowners must comply with the "advance notice" requirements of the Corporation's by-laws to suggest a nominee to the Board of Directors, unless such requirements are waived by the Board of Directors.

#### **Expectations of Directors:**

The Board of Directors shall develop and update, in conjunction with the Corporate Governance Committee, specific expectations of directors. Such expectations shall be set out in the Corporate Governance Guidelines of the Corporation.

#### **Annual Evaluation:**

At least annually, the Board of Directors through the Corporate Governance Committee shall, in a manner the Board of Directors determines to be appropriate:

- Conduct a review and evaluation of the performance of the Board of Directors and its members, its committees and their members, including the compliance of the Board of Directors with this mandate and of the committees with their respective charters.
- Review and assess the adequacy of this mandate.

**No Rights Created:**

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

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