



CHEMTRADE

2020

Chemtrade Logistics Income Fund

Notice of our 2020 annual meeting of unitholders
Management information circular

March 2, 2020



CHEMTRADE

NOTICE OF OUR 2020 ANNUAL MEETING OF UNITHOLDERS

When

10 a.m. (Toronto time)
Thursday, May 14, 2020

Where

the Gallery
TMX Broadcast Centre
The Exchange Tower
130 King Street West
Toronto, Ontario M5X 1J2

Items of business

- 1 Receive the financial statements of Chemtrade Logistics Income Fund for the year ended December 31, 2019 and the auditors' report
- 2 Appoint the auditors and authorize the trustees to set the auditors' fees
- 3 Elect the trustees
- 4 Approve the amended deferred unit plan and ratify prior grants of deferred units under the plan
- 5 Vote on the advisory resolution on our approach to executive pay
- 6 Transact any other business that may properly come before the meeting

If you held units of Chemtrade Logistics Income Fund at the close of business on March 17, 2020 (the *record date*), you are entitled to attend and vote at our 2020 annual meeting, or at a reconvened meeting if the meeting is postponed or adjourned. You can read about each item of business beginning on page 6 of the attached management information circular which forms part of this notice.

By order of the board of trustees,

Susan M. Paré
Corporate Secretary
Chemtrade Logistics Income Fund
Toronto, Ontario
March 2, 2020

Important

Due to COVID-19 and the concerns about large gatherings, we encourage you to vote by proxy and follow the webcast of our meeting, rather than attend the meeting in person. We will post information about how to access the webcast on our website before the meeting. We will also notify you by news release and on our website if, due to changing circumstances, the meeting location or date changes or if we decide to conduct the meeting (in whole or in part) through electronic means.

MESSAGE TO UNITHOLDERS

Dear fellow unitholder,

2019 was a busy year for Chemtrade and its board of trustees. Many of the matters were regular business, and the important matters have been described in our disclosure documents. I would like, however, to draw your attention to some of the notable matters the board addressed in the past year, a number of which are directly based on feedback received from investors.

Engagement

Last year a number of investors expressed concerns about our executive compensation program as well as the other topics listed below. Following our 'say on pay' vote, I spoke with a number of key unitholders. We listened carefully and have outlined our responses below. The board understands that one of its principal responsibilities is to serve the interests of investors, so it takes these engagements seriously. Our investor engagement policy may be found on our website.

Board refreshment

Several years ago, we began planning for board renewal and refreshment. Recently, three long-serving trustees have retired or announced their retirement — David Colcleugh (May/17), Susan McArthur (October/19) and David Gee (May/20). These three individuals made outstanding contributions to the work of the board. Fortunately, we have already been able to attract an exceptional new trustee — Emily Moore — and a new nominee, Daniella Dimitrov, who is standing for election at this year's annual meeting. In addition, Douglas Muzyka joined the board of a Chemtrade subsidiary and is invited to attend all meetings of the board and its committees, to make his vast industry expertise available to the board. Their combined expertise enhances the board's resources, competencies, experiences and diversity. You can read about this year's nominated trustees and Mr. Muzyka beginning on page 13.

Succession planning

We have been enhancing our executive succession planning agenda. Last year we took a major step forward by creating the Chief Operating Officer role and we filled this position with Scott Rook in September 2019. Scott adds depth to the operations experience of our senior leadership team. Scott's addition and the continuation of our leadership development activities are expected to expand our pool of potential "CEO ready" candidates when the time comes for CEO succession.

Earnings transparency

Historically our diverse collection of assets made it difficult to provide effective earnings guidance.

Following our recent acquisition of Canexus Corporation, we have more discernible key earnings drivers. In May 2019, Chemtrade issued annual earnings guidance for the first time. We did this to provide our investors with more insight into the key assumptions and drivers of Chemtrade's businesses.

Chemtrade began issuing annual earnings guidance in May 2019, to provide our investors with more insight into the key assumptions and drivers of our businesses.

Disclosure documents

This year, we have simplified our disclosure in our circular and annual information form in an effort to make both documents easier to read. We hope the improved layout will help you better understand Chemtrade's business, compensation practices and governance.

ESG disclosure

Chemtrade manufactures and distributes chemicals. For this reason, Chemtrade has always been highly sensitive to the potential impact of its operations on its employees, suppliers, customers, the environment and the communities in which it operates. One of Chemtrade's principal values is to minimize its potential negative impact on these constituents. To this end, Chemtrade has been actively adhering to the Responsible Care ethic and its codes of practice and principles since the Fund was formed in 2001. These activities have been disclosed in our annual disclosure documents and on our website for some time.

This year, we assigned a senior executive overall responsibility for ESG matters, and have been working with management to better understand environmental, social and governance (ESG) reporting frameworks and how we integrate ESG across the organization. You can read about our upgraded ESG disclosure starting on page 56. We welcome comments and suggestions.

Chemtrade has been actively adhering to the Responsible Care ethic and its codes of practice and principles since the Fund was formed in 2001. We are working with management to better understand environmental, social and governance (ESG) reporting frameworks and how we integrate ESG across the organization.

Trustee holdings

Chemtrade requires that each trustee hold Chemtrade equity with a minimum market value of three times the trustee's annual retainer. Our hold requirements are satisfied through direct holdings of units of the Fund and indirect holdings of deferred units. Our compensation consultants have advised that the three times requirement is in line with Canadian practice and that, in fact, holding deferred units provides better alignment with investors because units cannot be redeemed until the trustee leaves the board. We did, however, increase the portion of the retainer that trustees are required to take as deferred units, from 30% to 50%. And from July 1, 2019 to December 31, 2020, trustees must take 100% of their retainer in deferred units because of the Fund's financial underperformance. These initiatives will materially increase trustees' investments in Chemtrade.

Trustee holdings of deferred units are through our deferred unit plan, which we introduced in 2004. We're making some minor changes to the deferred unit plan this year to improve the administration of the plan and allow units to be issued from treasury. In accordance with TSX requirements, we've provided detailed disclosure about the changes on page 7, and unitholders will vote on the amended plan at the meeting.

Executive compensation

We listened to unitholder feedback and are changing the metrics under the performance metric plan component of our long-term incentive plan starting in 2020 to focus participants on improving and optimizing our portfolio. Relative total unitholder return will be our key measure of unit performance, and we are eliminating absolute unitholder return as a metric. We are also adding a new metric, return on invested capital (ROIC) improvement, to replace EBITDA growth. ROIC improvement is a key driver of Chemtrade's business that will focus management on improving and optimizing our portfolio.

I hope this information circular, our website and our other public documents provide you with the information you need to monitor your investment in Chemtrade. If there is anything you would like to communicate to the board of trustees, please get in touch at chair@chemtradelogistics.com

I look forward to hearing from you at our annual meeting.

Sincerely,

Lorie Waisberg
Chair, Board of Trustees
Chemtrade Logistics Income Fund

Your vote is important.

This management information circular contains important information about our 2020 annual meeting of unitholders. It tells you about the items of business, the voting process, how Chemtrade is governed and executive compensation.

Please read the circular before you decide how to vote your units.

Where to find it

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Important

Due to COVID-19 and the concerns about large gatherings, we encourage you to vote by proxy and follow the webcast of our meeting, rather than attend the meeting in person. We will post information about how to access the webcast on our website before the meeting. We will also notify you by news release and on our website if, due to changing circumstances, the meeting location or date changes or if we decide to conduct the meeting (in whole or in part) through electronic means.

MANAGEMENT INFORMATION CIRCULAR

You have received this management information circular because you held units of Chemtrade Logistics Income Fund at the close of business on March 17, 2020. That gives you the right to attend and vote at our 2020 annual meeting at 10 a.m. on Thursday, May 14, 2020 at the Gallery in the TMX Broadcast Centre, The Exchange Tower, 130 King Street West, Toronto, Ontario, or at a reconvened meeting if the meeting is postponed or adjourned.

Management is encouraging you to vote and is soliciting your proxy for the meeting on behalf of the board of trustees. Proxies are solicited by mail but a member of the board of trustees or other Chemtrade representative may also contact you. Except in the case of the cost assumed by an intermediary to re-distribute meeting materials to objecting beneficial owners, we pay for the costs of proxy solicitation.

Units of the Fund are listed on the Toronto Stock Exchange (TSX) under the trading symbol CHE.UN. Financial information is provided in the Fund's annual consolidated financial statements and management's discussion and analysis (MD&A) for the year ended December 31, 2019. These and other documents including the 2019 annual information form (AIF), which includes information about the Fund's audit committee, are available on our website (www.chemtradelogistics.com) and on SEDAR (www.sedar.com). You can also write to the Corporate Secretary at our head office to ask us to send you free copies.

We update our website regularly and use it as our primary medium for communicating with unitholders and other interested parties.

Our board of trustees has approved the contents of this circular and authorized us to send it to our unitholders of record. A copy of the circular has also been sent to each trustee and the auditors.

By order of the board of trustees,

Susan M. Paré
Corporate Secretary
Chemtrade Logistics Income Fund
Toronto, Ontario
March 2, 2020

In this document:

- *we, us* and *our* and *Chemtrade* mean Chemtrade Logistics Income Fund and all of its subsidiaries
- *Fund* means Chemtrade Logistics Income Fund
- *units* mean units of the Fund
- *you, your* and *unitholder* mean holders of units of the Fund
- *circular* means this management information circular unless specified otherwise
- *meeting* means our 2020 annual meeting of unitholders
- *board of trustees* and *board* mean the Fund's board of trustees
- *Declaration of Trust* means the Amended and Restated Declaration of Trust dated May 12, 2016.

Our record date is March 17, 2020.

All information is as of March 2, 2020 and all dollar amounts are in Canadian dollars unless specified otherwise.

Chemtrade head office

155 Gordon Baker Road
Suite 300
Toronto, Ontario M2H 3N5

About Chemtrade Logistics Income Fund

Chemtrade Logistics Income Fund is a limited purpose trust established under the laws of the Province of Ontario on July 11, 2001. The Fund operates under a Declaration of Trust that was most recently amended on May 12, 2016. The Fund holds, directly or indirectly, all of the securities of its operating entities.

About notice and access

We are using the *notice and access* method to deliver our meeting materials (the notice, our management information circular and our 2019 annual financial statements, annual management's discussion and analysis and auditors' report) to non-registered (beneficial) unitholders for our 2020 annual meeting. Notice and access is a set of Canadian securities rules that permits us to provide online access to materials instead of sending paper copies, reducing energy use as well as paper and mailing costs.

If you are a beneficial unitholder, we have sent you a notice which tells you how you can access the materials online or receive free printed copies which have been sent to your intermediary (or its agent) to distribute to you with either a proxy form or a voting instruction form. We pay the cost of distributing materials to non-objecting beneficial owners, but if you are an objecting beneficial owner, your intermediary bears the cost or may charge you for the cost.

ABOUT THE UNITHOLDER MEETING

This section includes information about the items of business, what you will be voting on, the voting process, this year's nominated trustees and the board committees.

We will disclose this year's voting results in a news release after the meeting. The news release will be available on our website (www.chemtradelogistics.com) and on SEDAR (www.sedar.com).

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BUSINESS OF THE MEETING

1. Receive our financial statements

The Fund's consolidated financial statements for the year ended December 31, 2019 and the auditors' report will be presented at the meeting.

These consolidated financial statements form part of our 2019 annual report, which is available on our website (www.chemtradelogistics.com) and on SEDAR (www.sedar.com) or by contacting our Corporate Secretary. They are also available through *notice and access* (see page 4).

2. Appoint the auditors

You will vote on appointing KPMG LLP as auditors of the Fund to hold office until the next annual meeting of unitholders or until their successor is appointed, and to authorize the trustees to set the auditors' fees for the coming year.

The auditors will hold office until our next annual meeting or until their successor is appointed. KPMG LLP have been our auditors since the Fund's inception in 2001.

The table below shows the fees paid to KPMG LLP the last two fiscal years.

Table 1	2019	2018
Audit fees	\$1,256,724	\$1,129,100
Audit-related fees for French translation of our MD&A, financial statements and prospectus	\$46,400	\$43,000
Tax fees for tax compliance and general advisory services	\$910,250	\$723,180
All other fees for debt finance study and transaction assistance	\$188,388	–
Total	\$2,401,762	\$1,895,280

The board recommends you vote FOR appointing KPMG LLP as auditors of the Fund and authorize the trustees to set the auditors' fees.

3. Elect the trustees

You will vote on electing six trustees to hold office until the next annual meeting of unitholders or until their successors are elected or appointed. The nominees are:

1. Lorie Waisberg
2. Mark Davis
3. Lucio Di Clemente
4. Daniella Dimitrov
5. Emily Moore
6. Katherine Rethy

The board recommends you vote FOR electing each nominee as a trustee of the Fund to hold office until the next annual meeting of unitholders or until their successors are elected or appointed.

Five of the nominated trustees currently serve on the board. All trustees stand for election every year. Emily Moore, who was appointed to the board in July 2019, and Daniella Dimitrov are standing for election for the first time. All of the nominees are qualified and have expressed their willingness to serve on the board for a term of one year. If, for any reason prior to the meeting, a nominee is unable to serve, the Chemtrade representatives named in the proxy form and voting instruction form have the right to vote for another nominee at their discretion.

You can read about the proposed board and each nominee beginning on page 12. We have a majority voting policy, which you can read about on page 49.

4. Approve the amended deferred unit plan and ratify previous grants of deferred units

The board recommends you vote FOR the amended deferred unit plan.

On December 20, 2019, the board approved an amended deferred unit plan (the plan) for non-employee trustees and directors (participants).

Before the amendment, deferred units could be redeemed for cash or units of the Fund purchased on the secondary market. If unitholders approve the amendment, deferred units will be settled in units of the Fund issued from treasury, or in cash at the participant's request.

About the amended deferred unit plan

Purpose and administration	The deferred unit plan is designed to align the interests of trustees and directors with the interests of unitholders. The plan is administered by the compensation and corporate governance committee.
Who can participate	Non-employee trustees of the Fund and members of a board of a designated subsidiary of the Fund can participate, as designated by the board.
About deferred units	<p>The board requires participants to receive some or all of their board retainer as deferred units – see <i>Trustee compensation</i> on page 58 for information about the current mandatory deferral requirements.</p> <p>Participants in the deferred unit plan can also choose to take all or some of their board retainer in the form of deferred units. They must make this choice before the end of the calendar year for it to go in effect for the following year, and the choice is irrevocable for that year. New participants must make this choice within 30 days of becoming a non-employee trustee or director, and it will apply to the retainer they earn once they have submitted their election form.</p> <p>We calculate the number of deferred units (including fractional deferred units) to credit to a participant's account by dividing the dollar amount of the retainer they are taking as deferred units by the market value of a unit of the Fund, which is calculated based on the weighted average trading price of a unit of the Fund on the TSX for the five trading days immediately preceding the day the deferred units are issued.</p> <p>Deferred units are not considered units of the Fund and do not entitle a participant to exercise voting rights or any other rights attaching to the ownership of units of the Fund. They are non-transferable and cannot be assigned, other than by operation of law.</p>
Vesting and settlement	<p>Deferred units vest immediately, but can only be settled after the participant ceases to be a member of the board of the Fund or one of its designated subsidiaries (the separation date). Deferred units must be settled by December 15 of the calendar year following the year of the separation.</p> <p>A participant who is not a U.S. taxpayer can ask to redeem his or her deferred units any time after the later of the 60th day after the participant's separation date, or the 6th business day after the Fund releases its quarterly or annual financial results after the participant's separation date. There are additional restrictions on the timing of settlement for participants who are U.S. taxpayers.</p> <p>On settlement, each deferred unit can, at the participant's option, be:</p> <ul style="list-style-type: none"> • redeemed to buy one unit of the Fund issued from treasury for \$0.01, or • surrendered for cancellation in exchange for a cash payment equal to the weighted average trading price of a unit of the Fund on the TSX for the five trading days immediately preceding the day of cancellation, less \$0.01. <p>If the participant dies, his or her estate can ask to settle the deferred units in units of the Fund issued from treasury, or exchange the deferred units for cash.</p>
Distribution equivalents	<p>Deferred units earn distribution equivalents in the form of additional deferred units. We calculate the number of additional deferred units (including fractional units) as follows:</p> $\left(\frac{\text{Distributions declared and paid per unit of the Fund}}{\text{Market value of a unit of the Fund on the payment date of the distribution}} \right) \times \text{Number of deferred units in the participant's account on the record date}$ <p>After a participant's separation date, distribution equivalents continue to be credited until the earlier of:</p> <ul style="list-style-type: none"> • the distribution date that applies to the deferred units that are earning distribution equivalents, or • 12 months after the participant's separation date.

Units of the Fund outstanding	<p>As at December 31, 2019, there were:</p> <ul style="list-style-type: none"> • 282,218 deferred units outstanding, representing approximately 0.3% of the 92,601,062 units of the Fund issued and outstanding, and • 717,782 deferred units available for future grant, representing approximately 0.8% of the 92,601,062 units of the Fund issued and outstanding. <p>As at March 2, 2020, there were:</p> <ul style="list-style-type: none"> • 313,080 deferred units outstanding, representing approximately 0.3% of the 92,601,062 units of the Fund issued and outstanding, and • 686,920 deferred units available for future grant, representing approximately 0.7% of the 92,601,062 units of the Fund issued and outstanding. <p>If unitholders approve this resolution, these outstanding deferred units will be settled in units of the Fund issued from treasury or, at the participant's option, for cash. If unitholders do not approve this resolution, the deferred units will be redeemed for units of the Fund purchased on the secondary market or for cash.</p>
Plan limits	No more than 1,000,000 units of the Fund can be issued under the plan (approximately 1.08% of the 92,601,062 units of the Fund issued and outstanding as at December 31, 2019). Deferred units that are surrendered for a cash payment are cancelled and added back to the number of units of the Fund reserved for issuance under the plan.
Insider participation limits	<p>No more than 10% of the units of the Fund issued and outstanding can be issued to insiders within any one year period under all of the Fund's security-based compensation arrangements.</p> <p>No more than 10% of the units of the Fund issued and outstanding are issuable to insiders at any time under all of the Fund's security-based compensation arrangements.</p>
Making changes to the plan	<p>The board can make the following changes to the plan without unitholder approval:</p> <ul style="list-style-type: none"> • amend, suspend or terminate the plan any time without prior notice • correct errors inconsistencies or ambiguities in the plan text • make necessary or desirable changes to comply with applicable laws or regulatory rules or policies (including stock exchange requirements). <p>The board needs unitholder approval to make any of the following changes to the plan:</p> <ul style="list-style-type: none"> • increase the number of units of the Fund issuable under the plan (other than for an adjustment in the event there is a change in the outstanding units) • allow deferred units granted under the plan to be transferred or assigned other than for normal estate settlement purposes • modify the limits for insiders described above • modify the amendment provisions of the plan.
Terminating the plan	If the board terminates the plan, all outstanding deferred units at the time of termination will be paid according to the terms and conditions of the plan in place at that time. No new deferred units will be granted, except as distribution equivalents on the outstanding deferred units at the time the plan is terminated.

You will vote on the following resolution:

RESOLVED THAT:

1. *The amended deferred unit plan of the Fund, substantially as described in the Management Information Circular dated March 2, 2020, which accompanied the Notice of Meeting dated March 2, 2020, be and is hereby approved, subject to receipt of final approval of the Toronto Stock Exchange;*
2. *So that deferred units previously granted under the amended deferred unit plan can now potentially be settled in newly-issued units, the previous grants of 313,080 deferred units previously made under the amended deferred unit plan be and are hereby confirmed, ratified and approved, effective as of the date such deferred units were previously granted; and*
3. *Any officer or Trustee of the Fund is authorized and directed to finalize, execute, deliver and file any and all such further documents, authorizations or other instruments, and to take any and all further action as such officer or Trustee, in such officer's or Trustee's sole discretion, may deem necessary in connection with these resolutions, the execution and delivery of any such documents or other instruments or the filing or doing of any such other act or thing by such officer or Trustee to be conclusive evidence of such determination.*

A simple majority (50% plus one) of the votes cast by unitholders at our annual meeting on May 14, 2020 is required to approve the amended deferred unit plan and ratify the prior grants. You can find the complete text of the amended deferred unit plan on SEDAR (www.sedar.com).

5. Vote on the advisory resolution on our approach to executive pay

The board recommends you vote **FOR** the advisory resolution on our approach to executive pay.

We hold a 'say on pay' advisory vote every year to give unitholders an opportunity to provide feedback to the board on this important issue.

You will vote on our approach to executive pay as described in this circular. Our compensation discussion and analysis begins on page 23 and explains our compensation governance, pay for performance philosophy, the compensation elements and the board's decisions about 2019 executive pay. Last year 60.86% of the votes cast were *for* our approach to executive pay. Last year's vote made it clear that changes were necessary. We listened, and are making changes to regain and maintain your support. See page 20 for details about the changes we are making to our compensation policies and programs, and our governance regime.

This is an advisory vote, so the results are not binding on the board. If the advisory resolution is not approved by a majority of the votes cast at the meeting, the board will meet with unitholders, particularly those known to have voted against the advisory resolution, to understand their concerns. The board will review its approach to executive compensation in the context of those concerns and we will discuss the results of the review in our next management information circular.

Unitholders who vote against the resolution or wish to discuss executive compensation or other matters may wish to contact the board (see our investor engagement policy on page 60 for details).

You will vote on the following advisory resolution, subject to any amendments, variations or additions that may be approved at the meeting:

RESOLVED ON ADVISORY BASIS AND NOT TO DIMINISH THE ROLE AND RESPONSIBILITIES OF THE BOARD OF TRUSTEES of Chemtrade Logistics Income Fund (the Fund), that the unitholders accept the Fund's approach to executive compensation as disclosed in the compensation discussion and analysis section in the Fund's management information circular dated March 2, 2020 and delivered in advance of the 2020 annual meeting of unitholders.

6. Other business

The board and management are not aware of any amendment, variation or other matter that will be brought before the meeting.

Unitholder proposals and nominating trustees

We did not receive any unitholder proposals for our 2020 meeting.

If you want to submit a unitholder proposal for our 2021 annual meeting, we must receive your proposal by December 2, 2020 to be considered for inclusion in next year's management information circular.

If you want to nominate someone for election as a trustee for our 2021 annual meeting, the trustees must receive your nomination for annual general meetings:

- at least 30 days before the date of the annual meeting, or
- no later than 10 days after the date of first public announcement of the meeting (if the first public announcement is less than 50 days before the meeting).

You can find information about how to submit a unitholder proposal or nominate a trustee in the Fund's Declaration of Trust on SEDAR (www.sedar.com).

VOTING INFORMATION

The Fund is authorized to issue an unlimited number of units and had 92,601,062 units issued and outstanding as at March 2, 2020.

Who can vote

Each unitholder of record at the close of business on March 17, 2020 is entitled to vote at the meeting. Each unit carries one vote.

The board is not aware of a unitholder that beneficially owns, directly or indirectly, or exercises control or direction over units carrying more than 10% of the votes attached to units of the Fund.

How to vote

You vote by proxy, or you can attend the meeting and vote your units in person.

Voting by proxy means you appoint someone to be your proxyholder to attend the meeting on your behalf and vote your units according to your instructions. It's the easiest way to vote.

The specific process for you to vote depends on whether you are a registered unitholder or a non-registered (beneficial) unitholder. Most of the Fund's units are held by beneficial unitholders.

Non-registered (beneficial) unitholders

You are a non-registered (or beneficial) unitholder if you hold your units through an intermediary like a bank, trust company, investment dealer, broker, trustee or plan administrator.

As a beneficial unitholder, you have the right to tell your intermediary how you want to vote your units. The process varies by intermediary so be sure to follow the instructions your intermediary or its agent provides.

Your package of meeting materials should include either a notice about accessing a copy of this circular online or a printed copy of the circular, plus a proxy form or a voting instruction form.

Voting by proxy

The Chemtrade representatives named in the proxy form have agreed to serve as your proxyholder.

You can appoint someone else to be your proxyholder by printing that person's name in the blank space provided on the voting instruction form or proxy form. Your intermediary may also allow you to do this online or by telephone. The person you appoint does not need to be a unitholder of the Fund.

If your voting instruction form or proxy form does not have a blank space for you to appoint a proxyholder, follow the instructions your intermediary has provided about how to request that it appoint someone else as a proxyholder. Your intermediary should send to you a legal proxy that you must complete and submit to Computershare using the same process registered unitholders follow to submit their proxy form. If your package does not include these instructions, contact your broker or agent right away.

Follow the instructions provided by your intermediary for sending your voting instructions. You need to act promptly to allow enough time for your intermediary to receive the form (and, if necessary for you to return a legal proxy), and provide your instructions to Computershare **before 10 a.m. (Toronto time) on May 12, 2020, or 48 hours (not including Saturdays, Sundays and holidays)** before a reconvened meeting if the meeting is postponed or adjourned.

If you participate in our unit purchase plan

Your package of meeting materials includes a notice about accessing a copy of this circular online plus a proxy form. To vote by proxy, follow the same instructions for voting by proxy as for registered unitholders. If you wish to vote in person at the meeting, print your name in the blank space provided for appointing the proxyholder on the proxy form. You may also do this online or by phone. If you wish to change your vote, follow the same instructions for changing your vote as for registered unitholders.

Registered unitholders

You are a registered unitholder if you hold the units in your name and are on the register of unitholders of the Fund.

Your package of meeting materials includes this circular and a proxy form.

Voting by proxy

The Chemtrade representatives named in the proxy form have agreed to serve as your proxyholder.

You can appoint someone else to be your proxyholder by printing that person's name in the blank space provided on the proxy form or by completing another proper form of proxy. The person you appoint does not need to be a unitholder of the Fund.

Sending your voting instructions

Complete the proxy form, then sign and date it and send it to Computershare right away. You can submit your proxy form in one of two ways:

By fax	By mail
1-866-249-7775 (toll free in North America)	Computershare Trust Company of Canada 100 University Avenue
1-416-263-9524 (outside North America)	8th Floor Toronto, Ontario M5J 2Y1

Non-registered (beneficial) unitholders

Voting in person

In most cases, print your name in the blank space provided for appointing the proxyholder on the voting instruction form or proxy form. Your intermediary may also allow you to do this online or by telephone. Do not complete the voting section because you will vote in person at the meeting.

If your voting instruction form or proxy form does not have a blank space for you to appoint yourself as proxyholder, follow the instructions your intermediary has provided about how to request that it appoint you as a proxyholder. Your intermediary should send to you a legal proxy that you must complete and submit to Computershare using the same process registered unitholders follow to submit their proxy form. If your package does not include these instructions, contact your broker or agent right away.

Follow the instructions provided by your intermediary for sending your voting instructions. You need to act promptly to allow enough time for your intermediary to receive the form (and, if necessary for you to return a legal proxy), and provide your instructions to Computershare **before 10 a.m. (Toronto time) on May 12, 2020, or 48 hours (excluding Saturdays, Sundays and holidays)** before a reconvened meeting if the meeting is postponed or adjourned.

Changing your vote

If you change your mind, you can revoke your proxy form or voting instruction form as long as you do so within the timelines noted below.

If you have provided voting instructions to your intermediary by completing a voting instruction form (or by voting online or by telephone if made available by your intermediary), you can revoke your prior voting instructions by sending new voting instructions to your intermediary in the same manner. You need to act promptly to allow enough time for your intermediary to receive your voting instructions and to provide them to Computershare **before 10 a.m. (Toronto time) on May 12, 2020, or 48 hours (excluding Saturdays, Sundays and holidays)** before a reconvened meeting if the meeting is postponed or adjourned.

If you have provided voting instructions to your intermediary by completing a proxy form or legal proxy, contact your intermediary to find out what to do to revoke your voting instructions.

How your proxyholder will vote

Your proxyholder must attend the meeting on your behalf and vote your units according to your instructions for your vote to be counted.

If you do not specify your voting instructions in your proxy form or voting instruction form (or legal proxy), your proxyholder can vote your shares as they wish.

If the Chemtrade representatives named in your proxy form or voting instruction form are appointed as your proxyholder and you have not specified how you wish to vote, they will vote:

- FOR the appointment of KPMG LLP as auditors
- FOR each nominated trustee
- FOR the amended deferred unit plan and the ratification of prior grants of deferred units
- FOR the advisory resolution on our approach to executive pay.

If there is an amendment or variation to the items of business, or if there are other matters that are properly brought before the meeting, your proxyholder has the discretionary authority to vote as he or she sees fit.

Registered unitholders

Voting in person

Do *not* complete the proxy form because your vote will be taken and counted at the meeting. If you appoint yourself or anyone other than the management proxyholders to vote on your behalf, the person you appoint must cast a vote (by ballot or show of hands) on your behalf for your vote to be counted. Check in with a representative of Computershare Trust Company of Canada (Computershare) (our transfer agent and registrar) when you arrive at the meeting.

Changing your vote

If you change your mind, you can revoke your proxy form or voting instruction form as long as you do so within the timelines noted below.

You can revoke your proxy form by:

- completing a new proxy form, signing and giving it a later date, and returning it to Computershare **before 10 a.m. (Toronto time) on May 12, 2020, or 48 hours (excluding Saturdays, Sundays and holidays)** before a reconvened meeting if the meeting is postponed or adjourned
- providing a notice in writing, signed by you or your authorized attorney, to the registered office of the Fund any time up to and including the last business day before the day of the meeting or any reconvened meeting, or to the chair of the meeting before the meeting or any reconvened meeting begins
- attending the meeting and voting in person
- any other manner permitted by law.

ABOUT THE PROPOSED BOARD

The Declaration of Trust states that we must have from three to 10 trustees on the board.

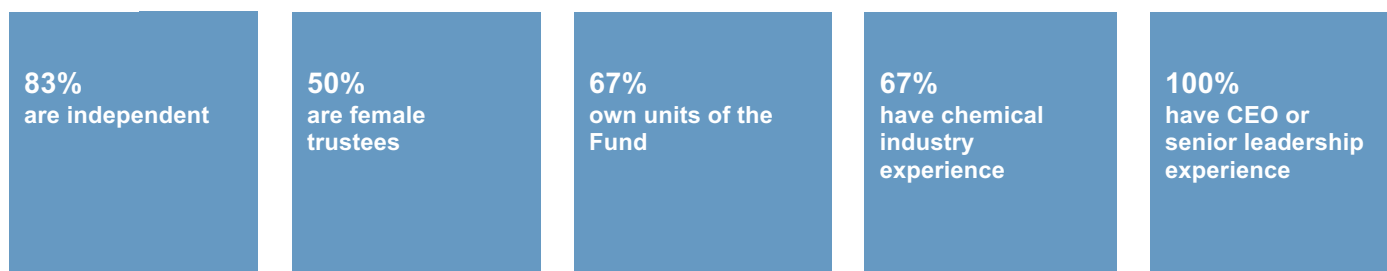
The board believes that having a relatively small number of trustees encourages active discussion and engagement. This year unitholders will elect six trustees to the board. All of the nominees are qualified and experienced and have expressed their willingness to serve for another term. Five of the nominees currently serve on our board. Each elected nominee will hold office until the next annual meeting or until their successor is elected or appointed. All are independent except Mark Davis, who is Chief Executive Officer (CEO) of the Fund.

Emily Moore joined the board in July 2019. She has extensive experience in new technology development and engineering, is a subject matter expert in water and mining and also brings an academic perspective. Daniella Dimitrov, a new nominee, brings over 20 years of executive leadership experience and a strong background in governance and the resource sector. David Gee has decided not to stand for re-election after serving on the board for 18 years and will retire from the board at the end of our 2020 meeting.

We have one additional board participant

Douglas Muzyka became an independent director of one of the Fund's U.S. subsidiaries on January 1, 2018. He is invited to attend all of our board and committee meetings, including *in camera* sessions, in an advisory role. Mr. Muzyka brings deep experience in science-based innovation and technology in the chemical industry. He cannot be elected or appointed to our board of trustees because of the residency restrictions set out in the Fund's Declaration of Trust. You can read more about Mr. Muzyka on page 16.

Characteristics of the proposed board



You can read about each nominee beginning on the next page, and the board committees on page 17. A general discussion of corporate governance at Chemtrade begins on page 44.

Overboarding

None of the nominees currently serve on more than four public company boards, including the Fund's board. Daniella Dimitrov is not standing for re-election to the board of Excellon Resources Ltd., so after April 2020, none of the nominees will serve on more than three public company boards.

No board interlocks

None of the nominees serve together on another public company board or committee.

2019 meeting attendance summary

The table to the right is a summary of meeting attendance in 2019. Each board and committee meeting also included an *in camera* session (without management present). You can find the 2019 attendance record for each member of the board on page 48.

Table 2	Number of meetings	Overall meeting attendance
Board	8	93%
Audit committee	4	97%
Compensation and corporate governance committee	4	90%
Responsible Care committee	4	97%
Total number of meetings held	20	94%

Equity ownership

The following profiles include details about each member of the board including their equity holdings, which include units of the Fund and deferred units (and restricted share units in the case of Mark Davis, granted as part of his executive compensation). Equity ownership requirements align the interests of our trustees and unitholders and ensure that trustees have a vested interest in our future success. As CEO, Mr. Davis is required to meet our share ownership requirements for executives (see page 26).

Holdings include equity the board members beneficially own, directly or indirectly, or have control or direction over. Values are based on \$8.91, the closing price of units on the TSX on March 2, 2020.

LORIE WAISBERG

Chair of the Board (since 2009)
Corporate director

Independent

Residence: Toronto, Ontario, Canada

Age: 78

Trustee since: May 17, 2001

2019 attendance: 100%

2019 voting result: 86.74% for

Knowledge and experience

Manufacturing	Human resources/
Executive leadership	Compensation
Financial/Accounting	Corporate governance
Environment, health and safety	Risk management
	Legal/Government/
	Regulatory affairs

Board committees

Compensation and corporate governance
Responsible Care

Business experience

Lorie Waisberg has been a trustee of the Fund since its initial public offering (IPO) in 2001 and was appointed Chair of the Board in 2009. Mr. Waisberg holds law degrees from University of Toronto and Harvard University and had a distinguished 30-year legal career as a business law partner of Goodmans, LLP in Toronto. This was followed by direct business experience as Executive Vice President, Finance and Administration at steel producer, Co-Steel Inc. prior to retirement.

Mr. Waisberg has served on the board of directors of numerous Canadian public companies, including serving as a member and chair of audit, corporate governance, compensation and human resource committees. Mr. Waisberg holds an ICD.D designation as a professional corporate director.

Other public company boards in the past five years

Americas Gold and Silver Corporation (since December 2014)
Arcan Resources (February 2015 to June 2015)
Chantrell Ventures Corp. (December 2010 to July 2019)
Metalex Ventures Ltd. (since July 2003)
Northern Uranium Corp. (June 2014 to September 2016)
Rapier Gold (March 2017 to February 2018)
Tembec Inc. (February 2008 to November 2017)

Public board interlocks

None

Other boards and memberships

None

Education

B.A., M.A., LL.B., University of Toronto
LL.M., Harvard University

Equity ownership

Units: 15,000 / \$133,650
Deferred units: 93,159 / \$830,049
Total: 108,159 / \$963,699
Meets his equity ownership requirement (see page 47).

MARK DAVIS

Chief Executive Officer
Chemtrade Logistics Income Fund

Not independent

Residence: Toronto, Ontario, Canada

Age: 61

Trustee since: May 16, 2013

2019 attendance: 95%

2019 voting result: 96.91% for

Knowledge and experience

Chemical industry	Human resources/
Manufacturing	Compensation
Executive leadership	Corporate governance
Financial/Accounting	Risk management
Environment, health and safety	Legal/Government/
	Regulatory affairs

Board committees

–

Business experience

Mark Davis has served as Chief Executive Officer of Chemtrade Logistics Income Fund since its IPO in 2001. He was appointed as one of the initial trustees when the Fund was established and served on the board from 2001 until 2004 when the number of trustees was reduced. He was re-elected to the board in 2013. The Fund was formed as a spin-out of Marsulex Inc. (Marsulex), and Mr. Davis served as President, North American Operations at Marsulex from 1999 to 2001 and prior to that, as President of Sterling Pulp Chemicals Inc. from 1996 to 1999. In addition to this chemical industry experience, Mr. Davis gained a broad exposure to a number of industries when he was a partner with Borden & Elliot LLP, one of Toronto's major law firms.

Other public company boards in the past five years

Great Canadian Gaming Corporation (since June 2013)

Public board interlocks

None

Other boards

Mount Sinai Hospital Foundation of Toronto (not-for-profit)

Education

J.D., Osgoode Hall, York University

Equity ownership

Units: 227,838 / \$2,030,037
Restricted share units: 686,806 / \$6,119,441
Total: 914,644 / \$8,149,478
Meets his equity ownership requirement as CEO (see page 26).

LUCIO DI CLEMENTE, CPA, CA

Management consultant
Corporate director

Independent

Residence: Toronto, Ontario, Canada

Age: 61

Trustee since: July 7, 2009

2019 attendance: 80%

2019 voting result: 87.59% for

Knowledge and experience

Chemical industry	Human resources/ Compensation
Manufacturing	Corporate governance
Executive leadership	Risk management
Financial/Accounting	Legal/Government/ Regulatory affairs
Environment, health and safety	

Board committees

Audit (chair since 2010)
Compensation and corporate governance
Responsible Care

Business experience

Lucio Di Clemente is an executive mentor, corporate financial advisor and corporate director. Mr. Di Clemente's executive experience spans numerous sectors, including manufacturing, retail, health sciences and distribution. Mr. Di Clemente has chaired and served on numerous boards including public and private companies as well as charitable institutions, has mergers and acquisitions and capital markets experience and holds an ICD.D designation as a professional corporate director.

Other public company boards in the past five years

Spark Power Group Inc. (December 2019 to present, member of the audit committee and the Special Committee)

Public board interlocks

None

Other boards

FER-PAL Construction Inc. (subsidiary of Logistec Corporation)

Education

M.B.A., University of Toronto

Equity ownership

Units: 3,500 / \$31,185
Deferred units: 49,120 / \$437,661
Total: 52,620 / \$468,846
Meets his equity ownership requirement (see page 47).

Note: Mr. Di Clemente was a director of Beyond the Rack Enterprises Inc. (now 7098961 Canada Inc.) when it filed for protection under the Companies' Creditors Arrangement Act (Canada) on March 24, 2016.

DANIELLA DIMITROV

Investment banker and corporate director

Independent

Residence: Toronto, Ontario, Canada

Age: 50

New nominee

2019 attendance: n/a

2019 voting result: n/a

Knowledge and experience

Executive leadership	Corporate governance
Financial/Accounting	Risk management
Environment, health and safety	Legal/Government/ Regulatory affairs
Human resources/ Compensation	

Business experience

Daniella Dimitrov has over 20 years of experience in building, operating and streamlining businesses in mining and financial services. She has been Partner, Sprott Capital Partners, a mining investment banking and advisory firm, since 2017 and held corporate development, strategy and governance consulting roles in 2016 and 2017. From 2015 to 2016 she served as Chief Executive Officer and from 2012 to 2015 as Chief Financial Officer of Orvana Minerals (a multi-mine gold/copper producer). Prior to this she served as Executive Vice-Chair of Baffinland Iron Mines and has also served as Chief Operating Officer of Dundee Securities, SVP Strategic Initiatives with Raymond James and corporate counsel with a Canadian law firm. Ms. Dimitrov was chosen as one of the top 100 Global Inspirational Women in Mining for 2016 and was a Canada Board Diversity Council – 2016 Diversity 50 Candidate.

Other public company boards in the past five years

International Petroleum Corp. (since May 2018)
Nexa Resources SA (since January 2018)
Excellon Resources Ltd. (December 2016 to April 2020 (expected))
Aldridge Minerals Inc. (October 2010 to June 2017)
Alloycorp Mining Corp. (November 2014 to August 2016)
Orvana Minerals Corp. (March 2012 to February 2016)

Public board interlocks

None

Other memberships

Ontario Bar Association
Law Society of Ontario

Education

Global Executive MBA, Kellogg School of Management and Schulich School of Business
LL.B., University of Windsor
B.A., University of Western Ontario

Equity ownership

Units: –
Deferred units: –
Total: –
Has until May 2025 to meet her equity ownership requirement (see page 47).

EMILY MOORE

Corporate director

Independent

Residence: Mississauga, Ontario, Canada

Age: 50

Trustee since: July 1, 2019

2019 attendance: 100%

2019 voting result: n/a

Knowledge and experience

Chemical industry	Human resources/
Manufacturing	Compensation
Executive leadership	Corporate governance
Financial/Accounting	Risk management
Environment, health and safety	

Board committees

Audit
Compensation and corporate governance
Responsible Care (chair starting in 2020)

Business experience

Emily Moore has been Director of Troost Institute for Leadership Education in Engineering at the University of Toronto since October 2018, where she leads teaching, research and programming to help develop the next generation of engineering leaders. She spent 10 years at Hatch Ltd. holding positions including Managing Director Innovation (2017-2018), and Managing Director Water (2012-2017), leading global initiatives to serve mining, energy and infrastructure sector clients. Dr. Moore previously spent over 10 years at Xerox, leading teams on developing new chemical processes and bringing them to manufacturing scale. Dr. Moore is a licensed professional engineer, a subject matter expert in water and mining and a Rhodes Scholar. She has also completed the Corporate Directors International certification.

Other public company boards in the past five years

None

Public board interlocks

None

Other boards

Canadian Society for Chemical Engineering (past president)
Haltech (regional innovation centre serving Halton Region)
Metrolinx
Natural Sciences and Engineering Research Council (former member, advisory committee on university industry grants)

Education

B.Sc. (engineering chemistry), Queen's University
Rhodes Scholar
D. Phil. (physical chemistry), Oxford University (England)

Equity ownership

Units: –
Deferred units: 7,495 / \$66,783
Total: 7,495 / \$66,783
Has until July 2024 to meet her equity ownership requirement (see page 47).

KATHERINE RETHY

Corporate director

Independent

Residence: Huntsville, Ontario, Canada

Age: 63

Trustee since: July 1, 2015

2019 attendance: 100%

2019 voting result: 81.51% for

Knowledge and experience

Chemical industry	Human resources/
Manufacturing	Compensation
Executive leadership	Corporate governance
Financial/Accounting	Risk management
Environment, health and safety	Legal/Government/ Regulatory affairs

Board committees

Audit
Compensation and corporate governance (chair since 2016)
Responsible Care

Business experience

Katherine Rethy has extensive experience in the industrial sector and specifically in shared services, procurement, logistics and operational matters and was previously Senior Vice President, Global Services at Falconbridge Ltd. Prior to joining Falconbridge, she was an executive with Dupont Canada Inc. Ms. Rethy previously served as a director of SBM Offshore NV (Netherlands), Equitable Bank, TransForce Inc. and several not-for-profit organizations. Ms. Rethy is a lawyer and has completed the ICD.D professional corporate director course.

Other public company boards in the past five years

Equitable Group Inc. (May 2008 to May 2015)
SBM Offshore N.V. (Netherlands) (May 2011 to May 2015)
Toromont Industries Ltd. (since July 2013)

Public board interlocks

None

Other boards and memberships

Muskoka Airport
The Law Society of Ontario

Education

B.Sc., University of Toronto
J.D., University of Windsor
M.B.A., York University
M.A., Lancaster University (England)

Equity ownership

Units: 2,000 / \$17,820
Deferred units: 44,099 / \$392,925
Total: 46,099 / \$410,745
Has until July 1, 2020 to meet her equity ownership requirement (see page 47).

DOUGLAS MUZYKA

Corporate director

Independent

Residence: Philadelphia, PA, USA

Age: 65

Advisory role since: January 1, 2018

2019 attendance: 95%

2019 voting result: n/a

Mr. Muzyka was appointed an independent director of one of the Fund's U.S. subsidiaries as of January 1, 2018. He is invited to attend all board and committee meetings in an advisory role. He cannot be elected or appointed to our board of trustees because of the residency restrictions set out in the Fund's Declaration of Trust.

Knowledge and experience

Chemical industry	Human resources/
Manufacturing	Compensation
Executive leadership	Corporate governance
Financial/Accounting	Risk management
Environment, health and safety	Legal/Government/ Regulatory affairs

Board committees

Audit

Compensation and corporate governance

Responsible Care

Business experience

Douglas Muzyka has extensive experience in the chemical industry. He retired from E.I. DuPont de Nemours (DuPont), an international manufacturer of chemical products, specialty materials, consumer and industrial products. As Senior Vice President and Chief Science and Technology Officer, he led a science and engineering organization of over 10,000 scientists and engineers. He previously served as President of DuPont, Greater China and DuPont China Holding Co. Ltd., Vice President and General Manager of DuPont Nutrition and Health, President and CEO of DuPont Canada, Inc., President and General Manager of DuPont Mexico and as a research scientist.

Other public company boards in the past five years

CCL Industries Inc. (since November 2016)

Stella-Jones Inc. (since December 2019)

Public board interlocks

None

Other boards and memberships

National Research Council of Canada (Council Chair)

Education

B.Sc. (chemical engineering), University of Western Ontario

M.Sc. (chemical engineering), University of Western Ontario

Ph.D., (chemical engineering), University of Western Ontario

Université de Technologie de Compiègne, France

Equity ownership

Units: 25,400 / \$226,314

Deferred units: 29,683 / \$264,474

Total: 55,083 / \$490,788

Meets his equity ownership requirement (see page 47).

BOARD COMMITTEES

The board has three independent standing committees to help it fulfill its responsibilities. Each committee has a charter which is available on our website (www.chemtradelogistics.com).

Susan McArthur served as a member of all three committees until she retired from the board on October 25, 2019.

Mr. Muzyka is an independent director of one of the Fund's U.S. subsidiaries. He is invited to attend all committee meetings in an advisory role (see page 16).

Third party advice

The board and board committees can each engage an outside advisor as necessary to ensure effective governance. Chemtrade pays for these costs.

Audit committee

100% independent | Met four times in 2019

Lucio Di Clemente, CPA, CA (chair)	Douglas Muzyka (advisory role)
David Gee	Katherine Rethy
Emily Moore (since July 1, 2019)	

The audit committee is primarily responsible for overseeing:

- the quality and integrity of our financial statements and the financial reporting process including our financial reporting accounting systems and internal controls
- the qualifications, performance and independence of the external auditors
- our compliance with legal and regulatory requirements relating to the integrity of our financial statements
- the identification, assessment and management of major operational and financial risks.

The committee reports to the board any issues, concerns or breaches it has received relating to our code of conduct. The committee also reviews all related party transactions, Chemtrade's insurance program, management's oversight and the financial status of our defined benefit pension plans, material policies and practices relating to cash management and material financing strategies as well as material tax policies and tax planning initiatives, tax payments and reporting and any pending tax audits or assessments.

All members are financially literate as defined in National Instrument 52-110 – Audit Committees. The committee meets at least four times per year.

Compensation and corporate governance committee

100% independent | Met four times in 2019

Katherine Rethy (chair)	Emily Moore (since July 1, 2019)
Lucio Di Clemente	Douglas Muzyka (advisory role)
David Gee	Lorie Waisberg

The compensation and corporate governance committee is primarily responsible for:

- retaining key senior management employees, including the CEO, who have the skills and expertise needed to enable Chemtrade to achieve its goals and strategies at fair and competitive compensation and appropriate performance incentives
- reviewing our executive and trustee compensation programs
- developing, recommending and implementing effective corporate governance principles
- overseeing and assessing the functioning of the board and committees
- recommending changes to board composition and identifying candidates for the board
- reviewing our disclosure relating to executive compensation and corporate governance
- reviewing aspects of the environmental, social and governance (ESG) framework relevant to the committee's areas of responsibility.

The committee reviews the CEO's annual performance goals and criteria, and assesses the CEO's performance and recommends the CEO's compensation to the board for its review and approval. It also reviews and approves employment contracts and arrangements and our compensation policies and public disclosure about executive compensation and corporate governance at Chemtrade.

The committee reviews our governance practices, code of conduct and the CEO succession plan. It is also responsible for establishing board competencies, orientation and continuing education, committee memberships, the board assessment process and the nomination of qualified trustee candidates.

It also reviews the board mandate and position descriptions for the CEO and the Chair of the Board. The committee meets at least twice a year, and more often as warranted.

Responsible Care committee

100% independent | Met four times in 2019

Emily Moore (chair)

Lucio Di Clemente

David Gee

Douglas Muzyka (advisory role)

Katherine Rethy

Lorie Waisberg

Ms. Moore joined the board on July 1, 2019 and became committee chair effective January 28, 2020.

Mr. Gee, who is retiring from the board at the end of our 2020 annual meeting, was chair during 2019.

The Responsible Care committee is primarily responsible for:

- overseeing Chemtrade's environmental, health, safety and security philosophy
- monitoring environmental, health, safety and security policies to ensure they are appropriate to mitigate risk and ensure statutory compliance
- monitoring our environmental, health, safety and security performance to ensure compliance with Chemtrade's policies and to promote the safety of Chemtrade employees and strive for continuous improvement
- reviewing aspects of the environmental, social and governance (ESG) framework relevant to the committee's areas of responsibility

The committee is also responsible for reviewing our Responsible Care policies and management systems, compliance with required permits, licences, approvals or authorizations, our program for conducting internal and external audits and for reviewing the appropriateness of ESG metrics and related disclosure.

It also monitors any current, pending or threatened legal or regulatory actions related to environmental, health, safety or security issues and makes recommendations to prevent recurrences of any significant issues.

The committee meets at least four times a year, and more often as warranted.

EXECUTIVE COMPENSATION

This section describes our executive compensation program – how the program is designed, how we link compensation to strategy, what we pay our executives and how we manage compensation risk.

It also describes the 2019 compensation awarded to the Fund’s Chief Executive Officer, the Vice-President, Finance & Chief Financial Officer, and the next three most highly compensated executives. The compensation and corporate governance committee has reviewed and approved the content of this section.

2019 named executives

- Mark Davis, Chief Executive Officer (CEO)
- Rohit Bhardwaj, Vice-President, Finance & Chief Financial Officer (CFO)
- Scott Rook, Chief Operating Officer (COO) (joined September 16, 2019)
- Leon Aarts, Group Vice-President, Corporate Development and Strategy
- Tab McCullough, Group Vice-President, Manufacturing (retired on January 10, 2020)

Where to find it

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Message from the chair of the compensation and corporate governance committee

Three of the compensation and corporate governance committee's key responsibilities are oversight of Chemtrade's governance practices, oversight of its compensation policies and programs, and succession planning. Oversight of compensation includes making sure that we are able to attract and retain high-performing individuals, and that compensation plan design, targets and awards support Chemtrade's strategy, do not encourage excessive risk-taking and link pay to performance.

In 2018, we introduced an annual advisory 'say on pay' vote. That year we received overwhelming support, with 97.05% of the votes cast in favour of our approach to executive compensation. Last year, however, that support fell to 60.86%. Last year's vote indicated that certain changes were necessary. As committee chair, I want to assure our unitholders that we have listened and are making changes to regain and maintain your support. These changes are outlined below. And, as always, we are committed to regularly reviewing Chemtrade's compensation policies and program and our governance regime as we strive to continue to improve.

In 2019:

We met with investors and we listened

We adopted an investor engagement policy in 2016 and are committed to open engagement with unitholders. In 2019 the Chair of the Board met with a number of key unitholders, and we met with the Canadian Coalition for Good Governance, to hear issues and concerns first-hand and answer questions about governance, compensation, environmental and social issues and other matters. These discussions were very informative. This input helped drive the changes and developments discussed below.

We strengthened our equity ownership requirements

We strengthened our equity ownership requirements for trustees and non-management directors to increase alignment with unitholder interests.

Trustees are required to own at least three times their annual retainer in units of the Fund or deferred units. They have five years to meet the minimum requirements and we use current market value to assess their ownership level.

As of August 2019, trustees must take 100% of their retainer in deferred units until they meet the equity ownership requirement. If they already meet the requirement, on an ongoing basis at least 50% of their annual retainer must be in deferred units (up from 30%). If a drop in the Fund's unit price causes a trustee to fall below their ownership requirement, they must take 100% of their retainer in deferred units until they are in compliance, and will have three years to do so (see page 47).

In 2019, the board also decided that all members of the board would receive 100% of their retainer in deferred units from July 1, 2019 to December 31, 2020, regardless of their equity ownership, because of the Fund's financial underperformance.

We made changes to the long-term incentive plan

Based on unitholder feedback, starting with awards for the 2020 performance year, the performance metrics plan will have two metrics instead of three:

- Relative total unitholder return will be our key measure of unit performance. It compares Chemtrade's total return to the total return of each of the companies that make up the S&P/TSX Dividend Composite Index, a broad-based index of Canadian dividend-paying stocks.
- Return on invested capital (calculated as annual EBITDA divided by average debt, plus the book value of unitholder equity) (ROIC) improvement replaces EBITDA growth. ROIC improvement is a key driver of Chemtrade's business that will focus management on improving and optimizing our portfolio.

We advanced our succession planning process

Having a sound succession planning process for the CEO, members of the senior leadership team and other strategic positions is critical to our business. The committee works with the CEO and the Group Vice-President, Human Resources and Responsible Care to regularly review our talent pool, monitor executive development opportunities, and evaluate development and performance as part of our long-range planning for retention, recruitment, development and succession. The board and committee discuss leadership succession quarterly and set aside time at each meeting to meet *in camera* without management present.

Following the implementation of the retention plans for three named executives in 2018, we advanced our succession plan in 2019 as follows:

- Restructured the senior team to help gain efficiencies and leverage existing talent.
- Ensured a smooth leadership transition following the retirement of two members of senior management.
- Created the role of Chief Operating Officer (COO) and appointed Scott Rook to the position following an external search. Scott brings a wealth of chemical industry, operational, commercial and management experience to the Chemtrade senior leadership team.
- Broadened the mandate of one of the members of the senior leadership team to include oversight responsibility for environmental, social and governance (ESG) issues.

We continue to oversee more focused development of our senior leaders and other executives for potential succession to more senior roles, and at the non-executive management level to develop the managerial and leadership pipeline. You can read more about succession planning on page 57.

We made our disclosure easier to read

As noted in the letter from the Chair of the Board at the beginning of this circular, our efforts this year to simplify our disclosure, and the executive compensation discussion in particular, are in direct response to feedback we received from unitholders.

Snapshot of 2019 executive pay

The board and committee assessed corporate performance and individual performance of the named executives against pre-determined objectives for 2019, and determined the awards for the year.

Total direct compensation for 2019 was negatively affected by payouts from the incentive plans, reinforcing the strong link between pay and performance.

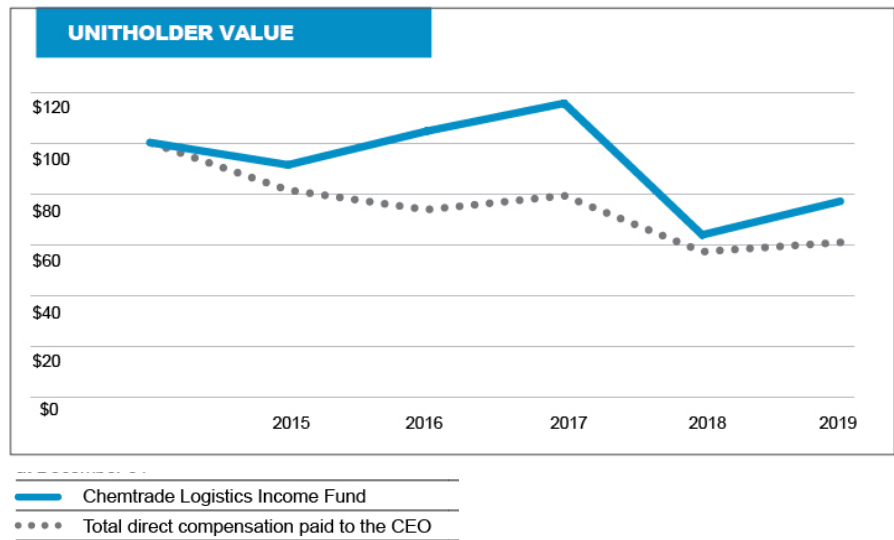
Salary	We froze base salaries at 2018 levels (see page 29).
Annual incentive	The financial performance factor was 18.3% (see page 29). Distributable cash, which accounts for most of the financial performance factor, was below threshold and received a zero payout, and Business free cash overall was above target. After factoring in strong individual performance, awards ranged from 41% to 59% of target.
Long-term incentive	The 2019 long-term incentive award was granted at target, and allocated to restricted share units and the performance metrics plan (see page 32). The potential payout of the 2019 performance metrics plan remains the same as 2018.
Payout of 2017 long-term incentive awards	The 2017 long-term incentive award vested on December 31, 2019. Restricted share units paid out at \$10.63 per unit, and executives realized 74% of the grant value (see page 34). The 2017 performance metrics plan paid out at 67% of target. Total unitholder return and relative total unitholder return each had a zero payout, while Adjusted EBITDA, which was 15.4% higher than Adjusted EBITDA for the previous three-year period, received a maximum payout.

Retention awards are not part of our normal compensation program and none were awarded in 2019. They have been awarded only once in our history, in 2018, because of special circumstances at the time, and were reported in our 2019 circular. The retention awards Mr. Davis and Mr. Aarts received will vest on December 31, 2020. Mr. McCullough forfeited his retention award when he retired on January 10, 2020.

Lookback at CEO pay

This year we have provided additional information about the last five years of CEO pay under the normal compensation program to help unitholders understand the amount Mark Davis actually realized, compared to his target compensation, and how his pay aligns with total unitholder return over the same period.

On average, Mr. Davis has realized 88% of his target compensation for the last five years. We have indexed his total compensation for comparison purposes for each of the last five years to show how his pay tracks with the unitholder experience over the same period, assuming \$100 was invested in units on December 31, 2014. This year's incentive awards and the five-year CEO lookback highlight the strong link between pay and performance. You can read more about the CEO five-year lookback on page 37.



We have endeavored to respond to your feedback from last year, and we will continue to do so. The compensation and corporate governance committee and the board welcome your input. We thank you for your continued confidence.

Sincerely,

Katherine Rethy
Chair, Compensation and Corporate Governance Committee

Compensation discussion and analysis

COMPENSATION GOVERNANCE

The compensation and corporate governance committee is responsible for our compensation policies and programs and oversees all executive compensation matters at Chemtrade. It makes recommendations to the board for approval.

Based on the recommendations of the CEO and the Group Vice-President, Human Resources and Responsible Care, the committee determines the performance targets for the annual incentive plan and for the performance metrics plan portion of the long-term incentive plan. It reviews the CEO's annual performance goals and criteria, assesses the performance of our executives, including the CEO, and makes compensation recommendations to the board for its review and approval. The committee also reviews and approves executive employment contracts and arrangements.

The committee has five members. All are qualified and experienced, and bring strong skills to the committee:

- all have specific experience overseeing and structuring executive compensation and have served as a senior executive of an operating business
- all have served on compensation and corporate governance committees of other boards
- all have experience in dealing with compensation consultants and using their expertise to design and implement appropriate compensation programs.

The table below shows the key skills relating to compensation governance of each member and Douglas Muzyka. The committee is 100% independent. See page 50 for the complete skills matrix of the board.

Skills and experience	Human resources/ Compensation	Governance (including environment, health and safety)	Executive leadership	Industry experience	Risk management
Katherine Rethy (chair since 2016) <ul style="list-style-type: none"> • held senior executive positions at several public companies and had oversight of the HR function • also a member of the audit and Responsible Care committees 	✓	✓	✓	✓	✓
Lucio Di Clemente <ul style="list-style-type: none"> • has executive experience in a variety of industry sectors • also a member of the audit committee (chair) and Responsible Care committee 	✓	✓	✓	✓	✓
David Gee <ul style="list-style-type: none"> • has extensive chemical industry experience and has CEO experience • has served on the board since the IPO in 2001 • also a member of the audit and Responsible Care committees 	✓	✓	✓	✓	✓
Emily Moore <ul style="list-style-type: none"> • has chemical industry and manufacturing experience as well as executive leadership experience • leads teaching, research and programming at the University of Toronto to help develop the next generation of engineering leaders • also a member of the audit and Responsible Care committees 	✓	✓	✓	✓	✓
Lorie Waisberg <ul style="list-style-type: none"> • lawyer with senior executive experience • has served on the board since the IPO in 2001 and chair since 2009 • also a member of the Responsible Care committee 	✓	✓	✓		✓
Douglas Muzyka (advisory role – see page 16) <ul style="list-style-type: none"> • has specific experience in executive compensation and has executive leadership experience • has extensive chemical industry and manufacturing experience 	✓	✓	✓	✓	✓

David Gee is not standing for re-election and will retire at the end of the 2020 meeting. Douglas Muzyka is an independent director of one of the Fund's U.S. subsidiaries and is invited to attend all committee meetings in an advisory role (see page 16).

You can read more about the compensation and corporate governance committee on page 17, and each of the members beginning on page 13. A copy of the committee charter is available on our website (www.chemtradelogistics.com).

Mitigating compensation risk

Chemtrade's business model includes structuring our businesses to promote stable cash flows and minimize the financial impact of the fluctuations that are common in industrial chemical businesses. The committee monitors the major risks facing the business and carries out a compensation risk review annually to make sure our compensation program and practices do not encourage excessive risk-taking.

Four of the five members also sit on the audit committee, which reviews enterprise risks and mitigation strategies quarterly, and Lorie Waisberg as Chair of the Board attends all audit committee meetings. Cross-committee membership ensures that the compensation and corporate governance committee is kept abreast of all major risks on a regular basis. The committee is mindful of ensuring that the goals and objectives for each named executive and the resulting compensation do not encourage excessive risk-taking or other inappropriate behaviour.

In 2019 the committee was satisfied that the design of its compensation program did not encourage any inappropriate decision-making by:

- reconfirming that the goals and objectives that were set for the named executives and approved by the committee did not encourage excessive risk-taking
- capping payouts as part of the incentive plan design, for both the annual incentive plan and the performance metric plan (long-term incentive)
- designing the program so that the amount of potential long-term compensation for the named executives significantly exceeds the amount of annual compensation to promote a longer term focus
- considering different performance scenarios when setting the performance targets for the incentive plans so the plans do not incentivize excessive risk-taking.

The committee also conducts a comprehensive review of our compensation program and practices every two years.

Independent advice

The committee receives independent advice from an external compensation consultant, and has retained Willis Towers Watson since 2004 to provide advice, analysis and expertise on matters related to compensation and compensation governance.

The table to the right shows the fees paid to Willis Towers Watson in the last two fiscal years. In 2019, Willis Towers Watson gave advice on, among other things, benchmarking, equity ownership requirements, pay and performance and incentive plan design.

Table 3	2019	2018
Executive compensation-related fees	\$128,125	\$36,913
All other fees	–	–
Total	\$128,125	\$36,913

Clawbacks

Our clawback policy reinforces our philosophy of aligning the interests of executives and unitholders. It allows the board to cancel, adjust or require an executive to repay annual and long-term incentives, including vested and unvested awards, if:

- there are errors in the financial results that were used to determine the awards, whether or not they result in a restatement of the Fund's financial statements, or
- there was wrongdoing by the executive that affects, or has the potential to affect, Chemtrade's financial results or reputation.

Anti-hedging

Trustees, directors, officers and employees, and any of their associates, are not allowed to purchase financial instruments, including prepaid variable forward contracts, instruments for the short sale or purchase or sale of call or put options, equity swaps, collars, or units of exchangeable funds, that are designed to, or that may reasonably be expected to, have the effect of hedging or offsetting a decrease in the market value of securities of the Fund.

Holdings post retirement

Executives who retire retain their outstanding long-term incentive awards until the awards vest. The performance metric plan awards continue to be 'at risk' for the full three-year performance period (see *Termination and change of control* on page 41).

PHILOSOPHY AND APPROACH

Executive compensation at Chemtrade is designed to pay for performance, be competitive with the market and align the interests of executives and unitholders.

Our objective is to attract, motivate and retain a high quality management team that will:

- achieve or exceed Chemtrade’s financial and non-financial objectives
- develop an organization that can capture growth opportunities in rapidly changing markets
- create value for unitholders over the longer term

Pay for performance

The majority of executive pay is variable (*at-risk*) and tied to the achievement of specific, pre-determined objectives. At-risk pay accounts for at least two-thirds of total direct compensation for the named executives and is highest for the CEO at 81.5% (see page 28).

We link a significant portion of the annual incentive (65%) to the financial performance of the Fund. Individual performance accounts for 35%.

For the long-term incentive, we link the value of the award to key metrics:

- the performance metrics plan links awards to three performance criteria that are important to unitholders: total unitholder return, relative total unitholder return and EBITDA growth (in 2020, the two metrics will be return on invested capital improvement and relative total unitholder return – see page 33 for details)
- the restricted share unit plan links payouts to the Fund’s unit price.

Both portions of the long-term incentive have a three-year performance period to focus the executive team on longer-term performance. The ultimate value of the long-term incentive is not guaranteed.

Benchmarking

To make sure our executive compensation program is competitive with the market, we benchmark compensation against a primary compensation comparator group, and use a secondary group to inform our decisions.

We believe rewarding top quartile performance with top quartile compensation is a strong motivator for our senior team. We therefore target total compensation for superior performance at the 75th percentile of the comparator group.

We target base salaries around the median of the comparator group because we believe this is fair and provides adequate rewards for top performance even in difficult economic or challenging times.

	Canadian executives (CEO, CFO, COO)	U.S. executives Group Vice-Presidents
Primary comparator group (see below)	<ul style="list-style-type: none"> • compensation comparator group of 17 Canadian and U.S. companies • compensation information from company proxy circulars 	
Secondary comparator group	<ul style="list-style-type: none"> • Canadian heavy industry companies with revenue of \$500 million to \$3 billion • compensation information from Willis Towers Watson’s Canadian executive compensation database 	<ul style="list-style-type: none"> • U.S. chemical industry companies with revenue comparable in size to Chemtrade • compensation information from Willis Towers Watson’s U.S. executive compensation database

The table below shows the 17 companies in our 2019 primary comparator group.

Canadian companies	U.S. companies		
Superior Plus Corp.	A. Schulman, Inc.	Innospec, Inc.	Quaker Chemical Corp.
Methanex Corp.	Balchem Corp.	Kronos Worldwide, Inc.	Sensient Technologies Corp.
	Cabot Corp.	Minerals Technologies, Inc.	Stepan Co.
	H.B. Fuller Co.	Olin Corp.	Tronox Holdings plc
	Innophos Holdings, Inc.	PolyOne Corp.	Valhi, Inc.

These are primarily commodity and specialty chemical companies with 0.5 to 2 times Chemtrade's revenue, assets and EBITDA at the end of the most recent fiscal year, and 0.5 to 2 times Chemtrade's 12-month average total enterprise value and market capitalization (based on Standard and Poor's Capital IQ).

U.S. companies represent the majority of our comparator group because we attract our talent from across North America and compete mostly against U.S. companies.

The compensation and corporate governance committee reviews the comparator group every two years to make sure it stays relevant and reflects the nature, scope and scale of Chemtrade's business and our competition for talent. The 2019 comparator group is the same group we used in 2018. The 2020 comparator group will have one change: A. Schulman, Inc. will be removed because it was acquired by another entity.

The committee also considers information from the CEO and the Group Vice-President, Human Resources and Responsible Care, to make sure compensation for each position adequately reflects the responsibilities and scope of the role relative to other positions within Chemtrade.

See page 28 to read about our compensation program and the 2019 target mix for each named executive.

Equity ownership

Equity ownership requirements for our executives are set as a multiple of base salary and vary by position as shown in the table below. Executives can count units of the Fund and restricted share units toward meeting the requirements.

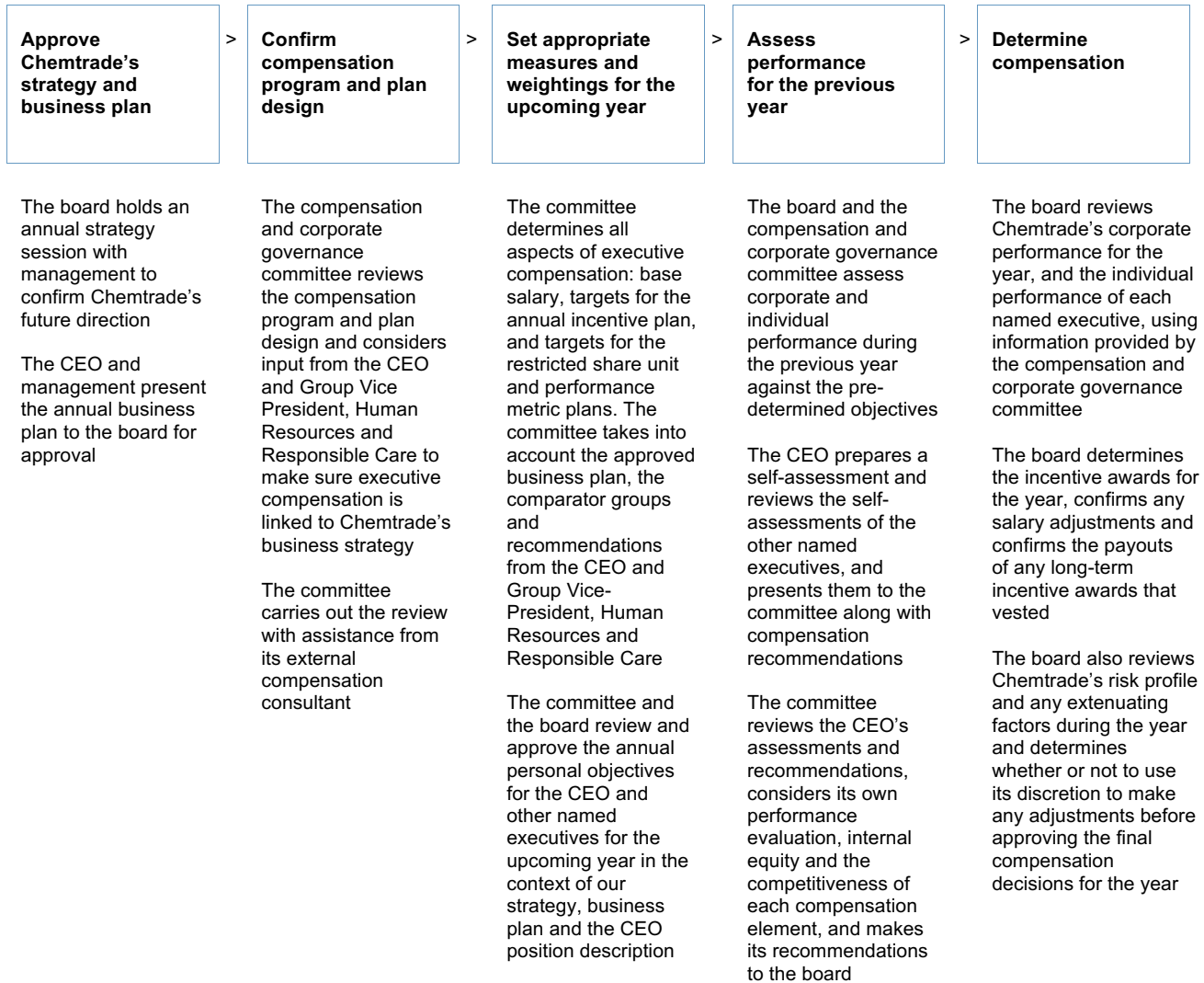
As participants in the long-term incentive plan, executives must invest at least 75% of the after-tax payout of their long-term incentive award into units of the Fund until they meet their required ownership level. Executives purchase the units in the open market within 30 days of receiving the cash payout of their award, subject to any securities laws or stock exchange rules. See page 34 to read about the payout of the 2017 long-term incentive awards.

We assess compliance annually, usually in the first quarter of every year and use market value to evaluate their holdings. Holdings in the table below are valued as of March 2, 2020 using the closing price of our units on the TSX (\$8.91).

Tab McCullough is not included in the table because he retired on January 10, 2020.

		Ownership (as at March 2, 2020)					
Table 4	Ownership requirement (as a multiple of base salary)	Units (#/\$)	Restricted share units (#/\$)	Total holdings		As a multiple of base salary	Meets ownership level
				Total units and restricted share units	Market value		
Mark Davis, CEO	4x	227,838 / \$2,030,037	686,806 / \$6,119,441	914,644	\$8,149,478	9.59	yes
Rohit Bhardwaj, CFO	2x	80,000 / \$712,800	52,178 / \$464,904	132,178	\$1,177,704	2.87	yes
Scott Rook, COO	3x	–	139,936 / \$1,246,831	139,936	\$1,246,831	1.78	no – must invest 75% of after-tax payments of long-term incentive award until he meets the ownership level
Leon Aarts, Group Vice President, Corporate Development and Strategy	2x	77,802 / \$693,216	126,018 / \$1,122,822	203,820	\$1,816,038	3.69	yes

Comprehensive decision-making process

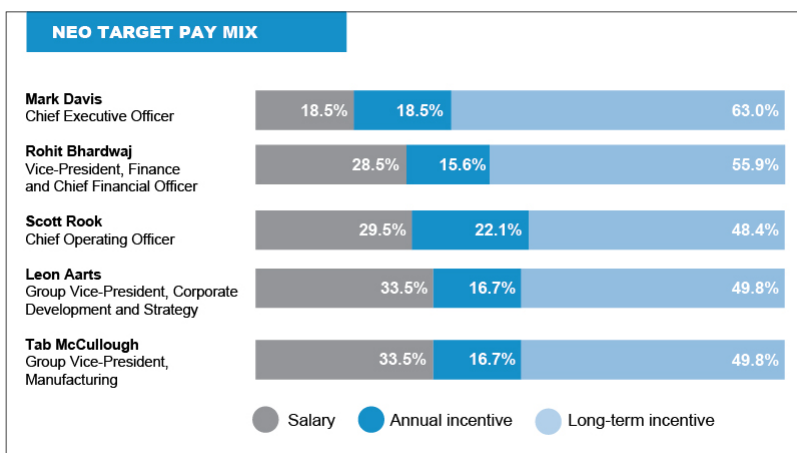


2019 COMPENSATION PROGRAM

Fixed compensation	Salary (see page 29)	Cash	Competitive salary based on role and competencies. Reviewed every year Supports retention	one year
Variable compensation	Annual incentive (see page 29)	Cash	Annual cash bonus based on corporate and individual performance	one year
	Long-term incentive (see page 32) Allocated to two components designed to drive long-term value for unitholders			
		Restricted share units (RSUs)	Equity-based incentive where each RSU equals the value of a unit of the Fund. Vests at the end of three years Cash payout is based on the unit price following the end of the vesting period. RSUs earn distribution equivalents (which are notionally reinvested) at the same rate as distributions paid on units during the three-year period	three years
		Performance metrics plan	Cash incentive award paid out at the end of three years based on our performance against three metrics: total unitholder return, relative total unitholder return and EBITDA growth Must meet certain performance thresholds to achieve a payout	three years
<div style="border: 1px solid black; padding: 5px;"> <p>New in 2020 Starting with awards for the 2020 performance year, performance will be assessed using two metrics: relative total unitholder return and return on investment capital (ROIC) improvement (see page 33).</p> </div>				

Benefits and perquisites	Retirement benefits (see page 40)	Defined contribution plan (new in 2019)	Introduced in 2019 for Canadian executives and employees to replace the group registered retirement savings plan (RRSP)
		401(k) plan	U.S. executives and employees
		Supplemental executive retirement plan	CEO only
		Unit purchase plan	Encourages ownership of units of the Fund by matching employee contributions, up to 4.5% of base salary per year. Plan is available to all North American employees.
Perquisites		Car allowance	All executives receive a pre-determined amount and reimbursement of operating costs
		Travel insurance	For all executives
		Additional life insurance premium	For the CEO only

The graph to the right shows the compensation mix for target total direct compensation for each named executive in 2019. The majority of executive pay is variable (*at risk*). The amounts the executives actually receive from their annual and long-term incentive awards are not guaranteed (see the discussion beginning on page 29).



2019 PERFORMANCE AND COMPENSATION

Salary

We target base salary around the median of similar roles at companies in our compensation comparator group to stay competitive with the market. Actual salary is based on the executive's skills, competencies and experience in the role. Salary represents a relatively small portion of an executive's total direct compensation (see page 28).

The table below shows the annual base salary for each named executive. Salaries are reviewed annually and adjustments typically go into effect on March 1. Base salaries were frozen in 2019.

	2018	2019
Mark Davis	\$850,000	\$850,000
Rohit Bhardwaj	\$410,000	\$410,000
Scott Rook	–	\$700,000
Leon Aarts	\$490,979	\$490,979
Tab McCullough	\$490,979	\$490,979

Annual incentive

Annual cash incentives are based on corporate (financial) and individual performance. Payouts can range from 0% to 150% of the target incentive award.

Financial metrics are established in annual business plans that are approved by the board. We do not disclose our financial targets for competitive reasons, however the board ensures the targets are challenging. The compensation and corporate governance committee can use its discretion to adjust the actual results used to calculate financial performance if there are major changes or events in the business.

Individual performance is measured against the achievement of annual objectives for each named executive set at the beginning of the year and approved by the compensation and corporate governance committee in the areas of environmental, health and safety, operational excellence, organizational excellence, growth and organizational development (see below). The compensation and corporate governance committee weighs performance against the objectives and approves the annual incentive for individual performance for each named executive.

The table below shows the 2019 annual incentive for each named executive. The 2019 annual incentives for Leon Aarts and Tab McCullough have been converted from U.S. dollars to Canadian dollars using an exchange rate of \$1.33, the average exchange rate for the year.

	2019 base salary	Target annual incentive (as a % of base salary)	2019 performance (see page 30 for details)		2019 annual incentive (0% to 150% of target)	Award as a % of target
			Financial (65%)	Individual (35%)		
Mark Davis	\$850,000	100%	18.3% x 65%	135% x 35%	\$503,000	59.2%
Rohit Bhardwaj	\$410,000	55%	18.3% x 65%	135.7% x 35%	\$134,000	59.4%
Scott Rook	\$700,000	75%	18.3% x 65%	100% x 35%	\$246,000	46.9%
Leon Aarts	\$490,979	50%	18.3% x 65%	83.3% x 35%	\$100,850	41.1%
Tab McCullough	\$490,979	50%	27.3% ¹ x 65%	100% x 35%	\$130,043	53.0%

2019 performance results for the annual incentive

Financial underperformance in 2019 negatively impacted 65% of named executives' payouts, reinforcing our pay for performance philosophy. The distributable cash target was not met and paid out at 0%. Business free cash targets for each business segment, which we introduced in 2018, paid out at 79.2% overall. The committee did not use its discretion to adjust the financial performance factor for 2019.

Financial (65%)

Financial performance is assessed against targets for two key metrics that are important to unitholders. Targets are set at the beginning of the year.

Threshold is 80% of target. Performance below threshold receives a payout of zero. The committee did not use its discretion to adjust the financial performance factor for 2019.

Individual (35%)

Individual performance is measured using five criteria tied to our strategic priorities. Individual goals are set at the beginning of the year.

See page 31 for a discussion of each executive's individual performance in 2019.

Distributable cash (50%)¹

See *Non-IFRS measures* on page 61 for details.

0% x 50% = **0%**

Results were below threshold.

+

Business free cash (15%)¹

See *Non-IFRS measures* on page 61 for details.

79.2% x 15% = **11.9%**

Combined results of our three business segments, each weighted at 33%.

Five performance criteria

- *Environmental, health and safety performance* – safety performance, including the overall Occupational Incident Rate (OIR) and the identification of Potential for Serious Injuries and Fatalities (PSIFs) and individual performance in advancing the safety culture
- *Operational excellence* – successful execution of initiatives improving the long-term sustainability of distributable cash
- *Organizational excellence* – continuous improvement in the execution of all areas of the business including the integration of business and functional activities
- *Growth* – pursuing growth in financial results and implementing scalable processes and systems to support organic growth and future acquisitions
- *Organizational development* – Leadership and employee development including implementing and maintaining a high-performance culture through an empowered and accountable organizational structure, leadership training and development and succession planning.

¹ Weightings for Mr. McCullough are 42.5% Distributable cash and 22.5% Business free cash.

New for 2020

The structure of the annual incentive plan was established in 2001. Since then, as a result of various acquisitions, our risk profile has changed. To provide incentives that better reflect our current business portfolio, we are widening the payout bands:

- the Distributable cash threshold will be set at 65% of target, and it will be more difficult to receive payouts above target levels (see *Non-IFRS measures* on page 61 for more information)
- Business free cash will be based on separate sub-plans, taking into account our current business portfolio.

These changes will be made across the Chemtrade organization and reflect our pay for performance philosophy.

2019 individual performance

Mark Davis, CEO

Leads Chemtrade and is accountable to unitholders for delivering appropriate economic returns. He sets the strategic direction for Chemtrade to ensure our profitable growth and success and is responsible for overseeing our day-to-day business affairs.

2019 individual performance factor: 135%

2019 individual goals and results

The safety record was improved in 2019 from 2018, reporting of PSIFs was entrenched across the organization and we continued to advance the safety culture. Pursued organizational development by hiring and integrating a Chief Operating Officer onto the executive team to improve organizational effectiveness and succession planning at the executive level. Reorganized executive responsibilities to improve organizational excellence necessary to meet current business and operational challenges and provide development to executives. Significant improvements in operational excellence across all businesses led to improved execution. Reviewed and sought to focus our portfolio of businesses and improved financial flexibility by extending senior debt. Sponsored the execution of talent assessments and development plans for senior leaders.

Rohit Bhardwaj, CFO

Oversees the Finance, Information Technology and Legal departments. He is a Certified Management Accountant (U.K.), a fellow of the Chartered Association of Certified Accountants (U.K.) and a Certified General Accountant.

2019 individual performance factor: 135.7%

2019 individual goals and results

The safety record was improved in 2019 from 2018, reporting of PSIFs was entrenched across the organization and we continued to advance the safety culture. Redesigned process to improve financial forecasting and developed process to issue public guidance. Encouraged alignment of the Finance, IT and Legal functions with the businesses. Significant improvements in operational excellence across all businesses led to improved execution. Reviewed and sought to focus our portfolio of businesses and improved financial flexibility by extending senior debt. Pursued organizational development by conducting talent assessments and implementing development plans for senior leaders in Finance, IT and Legal.

Scott Rook, COO

Oversees Chemtrade's Manufacturing organization and the Engineering and Capital Projects teams, and is accountable for delivering improved profitability and free cash generation from all of Chemtrade's businesses. He joined Chemtrade on September 16, 2019.

2019 individual performance factor: 100%

2019 individual goals and results

The safety record was improved in 2019 from 2018, reporting of PSIFs was entrenched across the organization and we continued to advance the safety culture. Reorganized executive responsibilities to improve organizational excellence necessary to meet current business and operational challenges and provide development to executives. Launched initiatives to improve productivity and working capital. Significant improvements in operational excellence across all businesses led to improved execution. Pursued organizational development by conducting talent assessments and implemented development plans for senior leaders in Commercial and Manufacturing.

Leon Aarts, Group Vice President, Corporate Development and Strategy

Responsible for Corporate Development and Strategy as well as the South American sodium chlorate and chlor-alkali businesses.

2019 individual performance factor: 83.3%

2019 individual goals and results

The safety record was improved in 2019 from 2018, reporting of PSIFs was entrenched across the organization and we continued to advance the safety culture. Analyzed our business portfolio and capital allocation and pursued initiatives to surface value and add contribution margin focus to our business.

Tab McCullough, Group Vice President, Manufacturing

Responsible for Chemtrade's Manufacturing organization as well as the Engineering and Capital Projects teams and Responsible Care program. He retired on January 10, 2020.

2019 individual performance factor: 100%

2019 individual goals and results

The safety record was improved in 2019 from 2018, reporting of PSIFs was entrenched across the organization and we continued to advance the safety culture. Encouraged alignment of the Manufacturing, Engineering and Responsible Care functions with the businesses. Significant improvements in operational excellence across all businesses led to improved execution. Conducted talent assessments and implemented development plans for senior leaders in Manufacturing, Engineering and Responsible Care.

2019 Long-term incentive grants

The long-term incentive is granted annually after the release of the Fund's year-end results for the prior year. The award is allocated to restricted share units (equity-based award) and the performance metrics plan (cash-based award), and pays out after a three-year performance period (January 1, 2019 to December 31, 2021). To drive performance, the grant is more heavily weighted toward the PMP.

<p>Restricted share units (RSUs) Each restricted share unit is equivalent in value to one unit, and earns distribution equivalents as additional RSUs.</p> <p>To calculate the number of RSUs awarded, we divide the grant value of the award by the volume weighted average unit price for the five trading days leading up to the date of the award</p> <p>We calculate the final payout by multiplying the number of restricted share units that vest (including restricted share units awarded as distribution equivalents) by the volume weighted average unit price for the first 20 trading days following the end of the performance period.</p>	<p>Performance metrics plan (PMP) The performance metrics plan has three equally weighted metrics, each with its own performance criteria and potential payout range.</p> <p>Performance below threshold receives a payout of zero. Payout for performance between threshold and maximum is based on a linear interpolation.</p> <p>The compensation and corporate governance committee can use its discretion to reduce the payout of the PMP award by up to 50% if it believes there are events that are sufficiently material to our future corporate performance or sustainability to warrant a reduction.</p>			
<p>Total unitholder return</p> <p>(33%)</p>	<p>+</p>	<p>Relative total unitholder return</p> <p>(33%)</p>	<p>+</p>	<p>EBITDA growth</p> <p>(33%)</p>

The table below shows the 2019 grants (see page 38 for information about how we calculated the number of RSUs). The CEO and Group Vice-President, Human Resources and Responsible Care recommend the target PMP amount for each named executive to the compensation and corporate governance committee for approval, taking into account compensation benchmarking (see page 25).

Payouts, if any, are in cash, and will be paid in early 2022. What the executive ultimately receives depends on our performance over the three-year performance period (see page 33 for the 2019-2021 performance metrics).

	RSUs		PMP		
	Grant value	Units	2019 PMP potential payout range		
Table 7			Minimum	Target	Maximum
Mark Davis	\$1,250,000	123,200	\$0	\$1,650,000	\$3,300,000
Rohit Bhardwaj	\$205,000	20,200	\$0	\$600,000	\$1,200,000
Scott Rook	\$400,000	39,400	\$0	\$750,000	\$1,500,000
<i>plus</i> transitional award (see below)	\$860,000	84,800	\$0	\$750,000	\$1,500,000
Leon Aarts	\$205,000	20,200	\$0	\$525,000	\$1,050,000
Tab McCullough	\$205,000	20,200	\$0	\$525,000	\$1,050,000

Scott Rook received a transitional award when he joined Chemtrade in 2019, to recognize incentive compensation he forfeited from his previous employer. The award includes:

- an RSU award of \$760,000 and a 16-month vesting period (September 1, 2019 to December 31, 2020) (with cliff vesting)
- a long-term incentive award that includes an RSU award of \$100,000, and a PMP award with a potential payout range of \$0 - \$1,500,000, a three-year performance period (January 1, 2019 to December 31, 2021) and the 2019 performance metrics listed below.

About the 2019-2021 PMP performance metrics
 Performance period: January 1, 2019 to December 31, 2021

Table 8

<p>1 Total unitholder return (TUR) (33%) TUR for the performance period compared to the TUR established at the time of the grant (grant TUR). TUR for the performance period is the change in the unit price over the performance period plus total monthly distributions paid to unitholders over the performance period divided by the volume weighted average unit price for the first 20 trading days at the beginning of the performance period Grant TUR is 36x the monthly distributions paid during the first month of the performance period divided by the volume weighted average unit price for the first 20 trading days at the beginning of the performance period</p>	<p>TUR for the performance period must exceed the grant TUR to receive a payout. Payout for performance between threshold and maximum is based on a linear interpolation. The table below shows the TUR threshold, target and maximum performance criteria for the 2019 PMP:</p> <table border="1"> <thead> <tr> <th>TUR</th> <th>Payout multiplier</th> </tr> </thead> <tbody> <tr> <td>Threshold: 34.37% (grant TUR)</td> <td>0%</td> </tr> <tr> <td>Target: 51.55% (1.5x grant TUR)</td> <td>50%</td> </tr> <tr> <td>Maximum: 68.73% (2x grant TUR) and above</td> <td>100%</td> </tr> </tbody> </table>	TUR	Payout multiplier	Threshold: 34.37% (grant TUR)	0%	Target: 51.55% (1.5x grant TUR)	50%	Maximum: 68.73% (2x grant TUR) and above	100%		
TUR	Payout multiplier										
Threshold: 34.37% (grant TUR)	0%										
Target: 51.55% (1.5x grant TUR)	50%										
Maximum: 68.73% (2x grant TUR) and above	100%										
<p>2 Relative total unitholder return (33%) TUR for the performance period compared to the total return of each of the companies that make up the S&P/TSX Dividend Composite Index (the Index Companies) for the same period In 2018 we began ranking TUR for the performance period against the total return of each Index Company rather than against the overall return of the index, because we believe it is a better indicator of relative performance</p>	<p>TUR for the performance period must be at least the 25th percentile of the total return of the Index Companies in the same period to receive a payout. Payout for performance between threshold and maximum is based on a linear interpolation. The table below shows the relative TUR performance criteria for the 2019 PMP.</p> <table border="1"> <thead> <tr> <th>Relative TUR</th> <th>Payout multiplier</th> </tr> </thead> <tbody> <tr> <td>Below threshold</td> <td>0%</td> </tr> <tr> <td>Threshold: P25</td> <td>25%</td> </tr> <tr> <td>Target: P50</td> <td>62.5%</td> </tr> <tr> <td>Maximum: P75 and above</td> <td>100%</td> </tr> </tbody> </table>	Relative TUR	Payout multiplier	Below threshold	0%	Threshold: P25	25%	Target: P50	62.5%	Maximum: P75 and above	100%
Relative TUR	Payout multiplier										
Below threshold	0%										
Threshold: P25	25%										
Target: P50	62.5%										
Maximum: P75 and above	100%										
<p>3 EBITDA growth (33%) Adjusted EBITDA for the performance period compared to adjusted EBITDA for the previous three-year period Adjusted EBITDA is a non-IFRS measure (see page 61), and does not include an accrual for long-term incentive payouts.</p>	<p>Adjusted EBITDA for the performance period must be higher than the adjusted EBITDA from the previous three-year period to receive a payout. Payout for performance between threshold and maximum is based on a linear interpolation. The table below shows the EBITDA growth criteria for the 2019 PMP.</p> <table border="1"> <thead> <tr> <th>Adjusted EBITDA growth</th> <th>Payout multiplier</th> </tr> </thead> <tbody> <tr> <td>Threshold: 0%</td> <td>0%</td> </tr> <tr> <td>Target: 5%</td> <td>50%</td> </tr> <tr> <td>Maximum: 10% or higher</td> <td>100%</td> </tr> </tbody> </table>	Adjusted EBITDA growth	Payout multiplier	Threshold: 0%	0%	Target: 5%	50%	Maximum: 10% or higher	100%		
Adjusted EBITDA growth	Payout multiplier										
Threshold: 0%	0%										
Target: 5%	50%										
Maximum: 10% or higher	100%										

New for 2020

Starting with awards for the 2020 performance year, the performance metrics plan will have two metrics instead of three:

- Relative total unitholder return will be our key measure of unit performance. It compares Chemtrade's total return to the total return of each of the companies that make up the S&P/TSX Dividend Composite Index, a broad-based index of Canadian dividend-paying stocks.
- Return on invested capital (ROIC) improvement replaces EBITDA growth. ROIC improvement is a key driver of Chemtrade's business that will focus management on improving and optimizing our portfolio. ROIC, calculated as annual EBITDA divided by average debt, plus the book value of unitholder equity, measures how effectively we use capital that has been invested in our business by unitholders and lenders.

Payout of the 2017 long-term incentive

The 2017 long-term incentive was for the performance period from January 1, 2017 to December 31, 2019.

Awards vested on December 31, 2019 and amounts will be paid out in March 2020 as shown below. Scott Rook is not included in the table because he joined Chemtrade on September 16, 2019.

Table 9	2017 RSUs		2017 PMP			
	Grant value	Actual payout	Potential payout range			Actual payout
			Minimum	Target	Maximum	
Mark Davis	\$1,250,000	\$921,370	\$0	\$1,275,000	\$2,550,000	\$850,000
Rohit Bhardwaj	\$205,000	\$151,249	\$0	\$375,000	\$750,000	\$250,000
Leon Aarts	\$205,000	\$151,249	\$0	\$375,000	\$750,000	\$250,000
Tab McCullough	\$205,000	\$151,249	\$0	\$375,000	\$750,000	\$250,000

About the 2017 RSU awards

The table below shows the final payout of the RSUs awarded in 2017. RSU awards will be paid out at \$10.63 per unit, the volume weighted average unit price on the TSX for the first 20 trading days following the end of the performance period.

$$\left(\begin{array}{|c|} \hline \text{Number of} \\ \text{RSUs} \\ \text{granted} \\ \hline \end{array} + \begin{array}{|c|} \hline \text{Number of} \\ \text{RSUs received} \\ \text{as distribution} \\ \text{equivalents} \\ \hline \end{array} \right) \times \begin{array}{|c|} \hline \text{Volume} \\ \text{weighted} \\ \text{average} \\ \text{trading price} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{2017 RSU} \\ \text{payout} \\ \hline \end{array} \quad \begin{array}{l} \text{Payout} \\ \text{as a \% of} \\ \text{the} \\ \text{grant value} \end{array}$$

Table 10

Mark Davis	66,400	20,308	\$10.63	\$921,370	74%
Rohit Bhardwaj	10,900	3,334	\$10.63	\$151,249	74%
Leon Aarts	10,900	3,334	\$10.63	\$151,249	74%
Tab McCullough	10,900	3,334	\$10.63	\$151,249	74%

About the 2017 PMP awards

The table below shows the final payout of the PMP awarded in 2017. The committee did not exercise its discretion to adjust the payout of the 2017 award.

$$\left(\begin{array}{|c|} \hline \text{Total} \\ \text{unitholder} \\ \text{return} \\ \text{(33\%)} \\ \\ \text{0\% achieved} \\ \hline \end{array} + \begin{array}{|c|} \hline \text{Relative total} \\ \text{unitholder} \\ \text{return} \\ \text{(33\%)} \\ \\ \text{0\% achieved} \\ \hline \end{array} + \begin{array}{|c|} \hline \text{EBITDA} \\ \text{growth} \\ \text{(33\%)} \\ \\ \text{Maximum} \\ \text{achieved} \\ \hline \end{array} \right) = \begin{array}{|c|} \hline \text{2017 PMP} \\ \text{payout} \\ \hline \end{array} \quad \begin{array}{l} \text{Payout as} \\ \text{a \% of} \\ \text{target} \end{array}$$

2017 – 2019 PMP performance
(see page 35 for details)

Table 11

Mark Davis	\$0	\$0	\$850,000	\$850,000	67%
Rohit Bhardwaj	\$0	\$0	\$250,000	\$250,000	67%
Leon Aarts	\$0	\$0	\$250,000	\$250,000	67%
Tab McCullough	\$0	\$0	\$250,000	\$250,000	67%

2017-2019 performance results for the 2017 PMP awards

Performance period: January 1, 2017 to December 31, 2019

1. Total unitholder return (33%)

Table 12

TUR for the performance period compared to grant TUR (TUR target) established at the time of the grant	Payout multiplier	Result
Threshold: 19.77% (grant TUR)	0%	TUR for the performance period was -21.88% (below threshold), resulting in a payout of 0.
Target: 29.65% (1.5x grant TUR)	50%	
Maximum: 39.54% (2x grant TUR)	100%	

2. Relative total unitholder return (33%)

Table 13

TUR for the performance period compared to the total return of the S&P/TSX Composite Index for the same period	Payout multiplier	Result
Threshold: TUR = less than or equal to the index	0%	TUR for the performance period was 46% below the total return of the S&P/TSX Composite Index for the same period (below threshold), resulting in a payout of 0.
Target: TUR = 1.5% higher than the index	50%	
Maximum: TUR = 3% higher than the index	100%	

3. EBITDA growth (33%)

Table 14

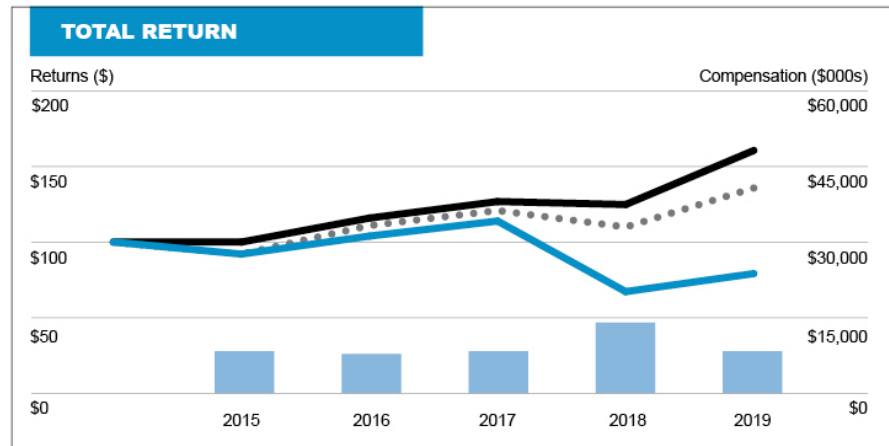
Adjusted EBITDA for the performance period compared to adjusted EBITDA for the previous three-year period	Payout multiplier	Result
Threshold: 0% or below the previous period	0%	Adjusted EBITDA for the performance period was \$758.5 million or 15.4% higher than adjusted EBITDA for the previous three-year period, resulting in a maximum payout. Adjusted EBITDA is a non-IFRS measure and does not include an accrual for long-term incentive payouts (see <i>Non-IFRS measures</i> on page 61 for details).
Target: 5% higher than the previous period	50%	
Maximum: 10% or higher than the previous period	100%	

GENERATING VALUE FOR UNITHOLDERS

Total return

The graph below compares the Fund's cumulative total return over the past five years compared to the return of the S&P/TSX Income Trust – Total Return Index and the S&P/TSX Composite– Total Return Index. It assumes \$100 was invested on January 1, 2015 and that distributions or dividends were reinvested. The graph also shows total direct compensation paid to the named executive officers over the same period.

From January 2015 to the end of December 2019 total unitholder return decreased by approximately 21% over the entire period. Total compensation for the named executives over the same five-year period decreased by approximately 12% without Scott Rook's transitional award, and by approximately 2% including his award. This reflects Chemtrade's pay for performance philosophy as financial underperformance results in lower compensation for the named executives.



	Jan 1	December 31				
	2015	2015	2016	2017	2018	2019
— Chemtrade Logistics Income Fund	\$100	\$92	\$104	\$114	\$67	\$79
— S&P/TSX Income Trust – Total Return Index	\$100	\$100	\$116	\$127	\$125	\$161
••• S&P/TSX Composite – Total Return Index	\$100	\$92	\$111	\$121	\$110	\$136
■ Total direct compensation paid to the named executives (\$000s)		\$8,410	\$7,878	\$8,336	\$14,159	\$8,285

Cost of management

The table below shows our Adjusted EBITDA for the past five years compared to the total direct compensation paid to the named executive officers for each year.

Total direct compensation was significantly higher in 2018 due to retention awards granted to three named executives, as disclosed in our previous circular. These awards do not vest until the end of 2020. Not including the retention awards, total direct compensation in 2018 as a percentage of Adjusted EBITDA was 3.6%.

The 2019 amount includes transitional awards granted to Scott Rook to recognize incentive compensation he forfeited from his previous employer (see page 32). These do not vest until the end of 2020 and 2021. Not including the transitional awards, total direct compensation in 2019 as a percentage of Adjusted EBITDA was 2.5%.

Table 15	2015	2016	2017	2018	2019
Chemtrade Adjusted EBITDA (000s)	\$220,946	\$200,506	\$283,175	\$196,223	\$295,603 ¹
Total direct compensation paid to the named executives (000s)	\$8,410	\$7,878	\$8,336	\$14,159	\$8,285
Total direct compensation as a % of Adjusted EBITDA	3.8%	3.9%	2.9%	7.2%	2.8%

¹ Starting in 2019, Adjusted EBITDA does not include lease expenses. Adjusted EBITDA is a non-IFRS measure (see page 61).

Named executives:

2015: 2016 and 2017: Mark Davis, Rohit Bhardwaj, Leon Aarts, Tab McCullough, Michael St. Pierre

2018: Mark Davis, Rohit Bhardwaj, Leon Aarts, Tab McCullough, Daniel Dietz

2019: Mark Davis, Rohit Bhardwaj, Scott Rook, Leon Aarts, Tab McCullough

CEO five-year lookback

Variable (at-risk) compensation accounts for a large portion of Mr. Davis' compensation, and is not guaranteed. The realized compensation in 2019 and 2018 was more than 25% below target compensation, reflecting Chemtrade's pay for performance philosophy as financial underperformance results in lower compensation.

Table 16	Target compensation	Realized compensation				Realized as a % of target
		Salary	Annual incentive	Long-term incentive	Total realized compensation	
2019	\$4,225,000	\$850,000	\$503,000	\$1,771,370	\$3,124,370	74%
2018	\$4,214,167	\$839,167	\$335,000	\$1,887,376	\$3,061,543	73%
2017	\$4,147,500	\$785,000	\$1,100,000	\$2,206,315	\$4,091,315	99%
2016	\$4,090,950	\$780,950	\$855,000	\$2,189,339	\$3,825,289	94%
2015	\$4,042,117	\$756,417	\$1,120,000	\$2,275,920	\$4,152,337	103%

Salary

Target and realized compensation = base salary for each year

Annual incentive

Target compensation = target annual incentive award for each year

Realized compensation = actual annual incentive award for each year

Long-term incentive

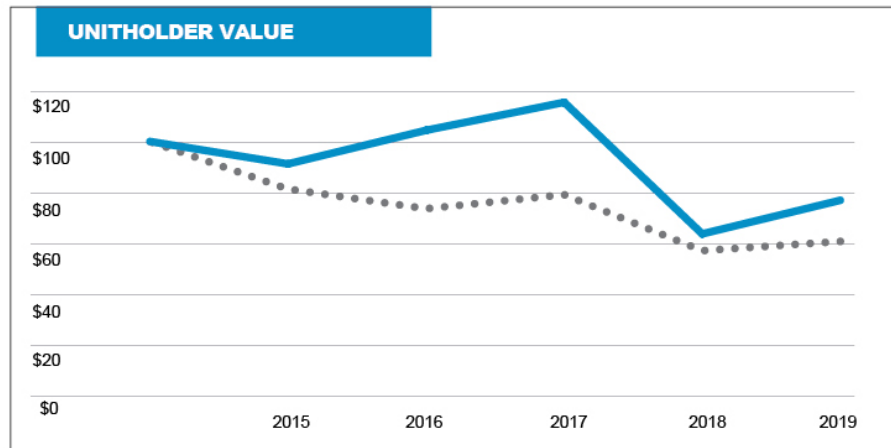
Target compensation = target value of the long-term incentive awards that vested in each year (grant value of the RSUs and target potential payout of the PMP)

Realized compensation = payout value of the RSUs and PMP that vested in each year (based on three-year performance)

Alignment between pay and performance

The image below shows the relationship between the CEO's total realized compensation and unitholder returns. The table shows Mr. Davis' total realized compensation in each of the past five years (from the table above) indexed to \$100, compared with total unitholder return for the same period, assuming \$100 was invested in units of the Fund on December 31, 2014 and that distributions were reinvested.

On average, Mr. Davis has realized 88% of his target compensation for the last five years. The strong correlation between the two lines highlights the link between the CEO's realized pay and our unit performance over time.



	Jan 1	December 31				
	2014	2015	2016	2017	2018	2019
— Chemtrade Logistics Income Fund	\$100	\$92	\$104	\$114	\$67	\$79
••• Total direct compensation paid to the CEO	\$100	\$83	\$76	\$81	\$61	\$62

2019 Compensation details

SUMMARY COMPENSATION TABLE

The table below shows the total compensation awarded to each named executive officer for each of the last three fiscal years ending December 31.

Table 17	Year	Salary	Share-based awards	Non-equity incentive plan compensation			All other compensation	Total compensation
				Annual incentive plans	Long-term incentive plan	Pension value		
Mark Davis Chief Executive Officer	2019	\$850,000	\$1,250,000	\$503,000	\$850,000	\$384,130	\$39,885	\$3,877,015
	2018	\$839,167	\$6,250,000	\$335,000	\$850,000	\$350,000	\$64,215	\$8,688,382
	2017	\$785,000	\$1,250,000	\$1,100,000	\$850,000	\$350,000	\$28,030	\$4,363,030
Rohit Bhardwaj Vice-President, Finance and Chief Financial Officer	2019	\$410,000	\$205,000	\$134,000	\$250,000	\$24,566	\$19,238	\$1,042,805
	2018	\$405,000	\$205,000	\$90,000	\$250,000	–	\$38,644	\$988,644
	2017	\$380,000	\$205,000	\$265,000	\$250,000	–	\$19,000	\$1,119,000
Scott Rook Chief Operating Officer (joined Sept. 16, 2019)	2019	\$204,167	\$1,260,000	\$246,000	–	–	–	\$1,710,167
Leon Aarts Group Vice- President, Corporate Development and Strategy	2019	\$490,979	\$205,000	\$100,850	\$250,000	–	\$51,899	\$1,098,728
	2018	\$472,051	\$1,205,000	\$97,219	\$250,000	–	\$50,563	\$2,074,834
	2017	\$435,500	\$205,000	\$292,500	\$250,000	–	\$28,415	\$1,211,415
Tab McCullough Group Vice- President, Manufacturing (retired Jan. 10, 2020)	2019	\$490,979	\$205,000	\$130,043	\$250,000	–	\$51,882	\$1,127,904
	2018	\$472,051	\$1,205,000	\$97,219	\$250,000	–	\$48,581	\$2,072,851
	2017	\$435,500	\$205,000	\$292,500	\$250,000	–	\$28,382	\$1,211,382

Mr. Aarts and Mr. McCullough are based in the U.S. and paid in U.S. dollars. Their salary, annual incentive and other compensation have been converted from U.S. dollars to Canadian dollars using the following average exchange rates for the year: \$1.33 (2019) and \$1.30 (2018 and 2017).

Salary

Amounts are the actual salaries paid during the calendar year. Salary adjustments typically go into effect on March 1. Salaries for the named executives were frozen in 2019 (see page 29).

Share-based awards

We calculated the number of RSUs granted by dividing the dollar amount of the award by the volume weighted average price of units for the five trading days leading up to the date of the award: \$10.15 (2019), \$16.59 (2018) and \$18.83 (2017). Scott Rook's amount includes the transitional award of RSUs to recognize incentive compensation he forfeited from his previous employer (see page 32). We used \$10.15 to calculate Scott's transitional award.

2018 amounts for Mark Davis, Leon Aarts and Tab McCullough include a retention award in RSUs as disclosed in our 2019 circular. The number of RSUs awarded was based on \$16.59, the volume weighted average price of units for the five trading days leading up to the date of the award. Awards will vest in December 2020 at the end of the three-year performance period. As Tab McCullough retired from Chemtrade on January 10, 2020, he forfeited his retention award.

Long-term incentive

- Long-term incentive payments have been the same over the past several years for each named executive because only the EBITDA metric paid in full during that period. We are replacing this metric in 2020 (see page 33).
- 2019 amounts are for the 2017 PMP award that vested on December 31, 2019 and will be paid out in March 2020.
- 2018 amounts are for the 2016 PMP award that vested on December 31, 2018 and paid out in March 2019.
- 2017 amounts are for the 2015 PMP award that vested on December 31, 2017 and paid out in February 2018.

Pension value

Includes Chemtrade's contribution to the defined contribution pension plan in 2019, and to Mark Davis' supplemental executive retirement plan in 2017, 2018 and 2019.

All other compensation

Includes the following:

- Chemtrade's contribution to the unit purchase plan (2018 and 2019)
- Mark Davis and Rohit Bhardwaj: Chemtrade contributions to the group RRSP prior to 2019. Mr. Davis' amount also includes life insurance premiums paid by Chemtrade
- Leon Aarts and Tab McCullough: company contributions to the 401(k) plan
- Amounts do not include the value of perquisites and benefits received by each named executive because they total less than \$50,000 or 10% of their salary.

INCENTIVE PLAN AWARDS

The table below shows the outstanding share-based awards (RSUs) for each named executive as at December 31, 2019. Market values are calculated using \$11.03, the price of units on the TSX on December 31, 2019 and include distributions. The 2017 RSU awards vested on December 31, 2019 and amounts were calculated based on the volume weighted average unit price for the first 20 trading days after the end of the performance period. They will be paid out in March 2020 as shown below.

You can read more about the long-term incentive beginning on page 32.

Outstanding share-based awards

Table 18	Year award was granted	Share-based awards		
		Number of share-based awards that have not vested	Market or payout value of share-based awards that have not vested	Market or payout value of vested share-based awards not paid out or distributed
Mark Davis	2019	138,809	\$1,531,068	–
	2018	461,289	\$5,088,013	–
	2017	–	–	\$921,370
	Total	600,098	\$6,619,081	\$921,370
Rohit Bhardwaj	2019	22,759	\$251,035	–
	2018	15,184	\$167,484	–
	2017	–	–	\$151,249
	Total	37,944	418,520	\$151,249
Scott Rook	2019	139,936	\$1,543,495	–
	Total	139,936	\$1,543,495	–
Leon Aarts	2019	22,759	\$251,035	–
	2018	89,025	\$981,945	–
	2017	–	–	\$151,249
	Total	111,784	\$1,232,980	\$151,249
Tab McCullough	2019	22,759	\$251,035	–
	2018	89,025	\$981,945	–
	2017	–	–	\$151,249
	Total	111,784	\$1,232,980	\$151,249

Incentive plan awards – value vested or earned in 2019

The table below shows the value of share-based awards (RSUs) that vested in 2019 and cash incentive awards that were earned in 2019 (annual incentive award and PMP award under the long-term incentive plan).

Table 19	Option-based awards – Value vested during the year	Share-based awards – Value vested during the year	Non-equity incentive plan compensation – Value earned during the year
Mark Davis	–	\$956,388	\$1,353,000
Rohit Bhardwaj	–	\$156,998	\$384,000
Scott Rook	–	–	\$246,000
Leon Aarts	–	\$156,998	\$350,850
Tab McCullough	–	\$156,998	\$380,043

Option-based awards

We do not grant stock option awards.

Share-based awards

Represents the number of RSUs that vested in 2019 under the 2017 long-term incentive, multiplied by \$11.03 per unit, the closing unit price on the TSX on December 31, 2019.

Non-equity incentive plan compensation

Includes the 2019 annual incentive and the 2017 PMP award that vested on December 31, 2019 (see pages 29 and 34), as disclosed in the summary compensation table on page 38). The annual incentive amounts for Leon Aarts and Tab McCullough have been converted from U.S. dollars to Canadian dollars using \$1.33, the average exchange rate for the year.

About burn rate

We do not have a stock option plan. The TSX requirement for disclosing burn rate does not apply to RSUs granted to the named executives because the RSU plan does not involve the issuance, or potential issuance, of units from treasury and therefore is not dilutive in nature.

RETIREMENT BENEFITS

Retirement benefits for our named executives include:

- defined contribution pension plan for Canadian executives (new in 2019, replaces the group RRSP)
- 401(k) plan for U.S. executives

These plans are identical to the plans offered to all employees in the same jurisdiction other than certain unionized employees.

As CEO, Mark Davis also participates in a supplementary executive retirement plan (see below).

Defined contribution pension plan

In 2019, we introduced a defined contribution pension plan (DC plan) for all eligible Chemtrade employees in Canada, replacing our group registered retirement savings plan (group RRSP). The DC plan is open to three of the named executives (Mark Davis, Rohit Bhardwaj and Scott Rook).

The DC plan is self-directed. Participants choose from a range of investment options offered by Sun Life Financial, who administers the plan. The interest and earnings on the investments held in the DC plan account vary, and depend on the terms and performance of the investments chosen.

We provide a basic contribution of 4% of base salary for plan participants. They can make additional voluntary contributions up to 2% of their base salary, and we match each dollar contributed up to 2% for a total of 6% of base salary. Our contributions to the DC plan vest immediately. We no longer make contributions to the group RRSP.

Defined contribution plan table

The table below shows the accumulated value at the start and end of the year, and the compensatory amount earned by the two named executives participating in the plan in 2019. *Compensatory (executive plan)* is the notional amount contributed to the defined contribution plan after the executive reaches the contribution limit allowed under the *Income Tax Act* (Canada).

Table 20	Accumulated value at start of the year	Compensatory	Compensatory (executive plan)	Accumulated value at year-end
Mark Davis	–	\$27,230	\$6,900	\$35,227
Rohit Bhardwaj	–	\$20,291	\$4,275	\$33,166

401(k) plan

We offer a 401(k) plan to employees in the U.S. The plan is open to two of the named executives (Leon Aarts and Tab McCullough) and other employees.

The plan is a qualified retirement 401(k) plan, and is self-directed. Participants choose from a range of investment options offered by Securian, who administers the plan. The interest and earnings on the investments held in the 401(k) plan account vary, and depend on the terms and performance of the investments chosen.

Employees make voluntary contributions on each pay, and we match the first 6% of eligible earnings subject to legislated government maximums. Our contributions to the 401(k) plan vest immediately.

Supplemental executive retirement plan

Mark Davis has participated in a supplemental executive retirement plan (SERP) since January 1, 2013.

We notionally credit \$350,000 to the SERP for each year that Mr. Davis is employed by Chemtrade until he reaches the age of 65. After age 65, we will notionally credit 10% of his annual cash compensation (annual base salary + annual incentive award) for every year he continues to be employed by Chemtrade.

The table below shows the accumulated value in the SERP at the start and end of the year, and the compensatory amount notionally earned by Mr. Davis in 2019.

Table 21	Accumulated value at start of the year	Compensatory	Accumulated value at year-end
Mark Davis	\$2,100,000	\$350,000	\$2,450,000

TERMINATION AND CHANGE OF CONTROL

We have employment agreements with Mark Davis and each of the other named executives that set out the terms of their employment and provide for certain benefits if their employment is terminated other than for cause. Certain of our employment agreements include non-competition, non-solicitation and confidentiality provisions to protect our interests. Upon retirement, participants must sign a non-competition agreement to receive vested long-term incentive awards.

The table below sets out the key benefits for the named executives.

	Voluntary resignation/ Termination with cause	Retirement	Death or incapacity	Termination without cause	Change of control
Cash severance	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> None 	<p>Mark Davis:</p> <ul style="list-style-type: none"> two times the sum of his base salary, annualized car allowance, and the average of his last two annual bonuses employment-related benefits continue for two years or payment in lieu <p>Scott Rook:</p> <ul style="list-style-type: none"> 12 months annual compensation (base salary plus the amount of his annual incentive based on the Fund's most recently completed financial year) target annual incentive is 75% of base salary <p>Other named executives:</p> <ul style="list-style-type: none"> 18 months annual compensation (base salary plus target annual incentive as noted below) target annual incentive is 55% of base salary for Rohit Bhardwaj and 50% for Leon Aarts and Tab McCullough 	<ul style="list-style-type: none"> If Mark Davis resigns for good reason within one year of a change of control, his severance is two times the sum of his base salary, annualized car allowance, and the average of his last two annual bonuses, and his employment-related benefits continue for two years or payment in lieu
Long-term incentive	<ul style="list-style-type: none"> Outstanding awards are cancelled 	<ul style="list-style-type: none"> Outstanding awards vest in full at the end of the performance period and are paid out 	<ul style="list-style-type: none"> Outstanding awards vest in full at the end of the performance period and are paid out. Under the 2019 long-term incentive only, outstanding awards vest and are paid out immediately 	<ul style="list-style-type: none"> Outstanding awards vest and are paid out immediately 	<ul style="list-style-type: none"> Outstanding awards vest in full and are paid out immediately
Retirement benefits	<ul style="list-style-type: none"> Entitled to accrued retirement benefits On voluntary resignation, Mark Davis also receives the accumulated value of his SERP 	<ul style="list-style-type: none"> Entitled to accrued retirement benefits Mark Davis also receives the accumulated value of his SERP 	<ul style="list-style-type: none"> Entitled to accrued retirement benefits Mark Davis also receives the accumulated value of his SERP 	<ul style="list-style-type: none"> Entitled to accrued retirement benefits Mark Davis also receives the accumulated value of his SERP 	<ul style="list-style-type: none"> Entitled to accrued retirement benefits Mark Davis also receives the accumulated value of his SERP
2018 RSU retention plan	<ul style="list-style-type: none"> Outstanding awards are cancelled 	<ul style="list-style-type: none"> Outstanding awards are cancelled 	<ul style="list-style-type: none"> Outstanding awards continue, vest at the end of the performance period and are paid out 	<ul style="list-style-type: none"> Outstanding awards vest in full and are paid out immediately 	<ul style="list-style-type: none"> Outstanding awards vest in full and are paid out immediately
Perquisites and other benefits	<ul style="list-style-type: none"> Cease immediately 	<ul style="list-style-type: none"> Cease immediately 	<ul style="list-style-type: none"> Cease immediately 	<ul style="list-style-type: none"> Cease immediately 	<ul style="list-style-type: none"> Cease immediately

The table below shows the estimated incremental amounts that would be paid to each named executive if their employment had been terminated on December 31, 2019.

Table 22		Voluntary resignation/ Termination with cause	Retirement	Death or incapacity	Termination without cause	Change of control
Mark Davis	Cash severance	–	–	–	\$2,573,930	\$2,573,930 (resignation within one year of a change of control)
	Long-term incentive	–	–	\$3,129,040	\$4,221,352	\$4,893,173
	Retirement benefits	\$2,450,000 (voluntary resignation)	\$2,450,000	\$2,450,000	\$2,450,000	\$2,450,000 (resignation within one year of a change of control)
	Retention award	–	–	–	\$4,455,426	\$4,482,226
	Other benefits	–	–	–	\$27,570	\$27,570 (resignation within one year of a change of control)
Rohit Bhardwaj	Cash severance	–	–	–	\$953,250	–
	Long-term incentive	–	–	\$760,148	\$848,540	\$1,181,833
	Retirement benefits	–	–	–	–	–
	Other benefits	–	–	–	–	–
Scott Rook	Cash severance	–	–	–	\$946,000	–
	Long-term incentive	–	–	\$2,913,112	\$2,438,495	\$3,238,150
	Retirement benefits	–	–	–	–	–
	Other benefits	–	–	–	–	–
Leon Aarts	Cash severance	–	–	–	\$1,104,703	–
	Long-term incentive	–	–	\$703,896	\$801,663	\$1,095,615
	Retirement benefits	–	–	–	–	–
	Retention award	–	–	–	\$891,381	\$896,743
	Other benefits	–	–	–	–	–
Tab McCullough	Cash severance	–	–	–	\$1,104,703	–
	Long-term Incentive	–	–	\$703,896	\$801,663	\$1,095,615
	Retirement benefits	–	–	–	–	–
	Retention award	–	–	–	\$891,381	\$896,743
	Other benefits	–	–	–	–	–

Cash severance

Amounts for Leon Aarts and Tab McCullough have been converted from U.S. dollars to Canadian dollars using an exchange rate of US\$1.00 = \$1.33 on December 31, 2019.

Long-term incentive

Retirement is defined as:

- For the 2017-2019 long-term incentive: age 55 or higher, or retirement deemed by the board
- For the 2018-2020 long-term incentive: between age 55 and 59 with five years of service, or 60 years or older, and in each case retirement deemed by the board
- For the 2019-2021 long-term incentive: between age 55 and 59 with five years of service, or 60 years or older with three years of service, and in each case retirement deemed by the board.

Payouts

Termination without cause and Change of control: amounts assume the performance level achieved through December 31, 2019, and are based on \$10.96, the volume weighted average unit price for the last 20 business days before December 31, 2019.

Additional information about the long-term incentive

Outstanding long-term incentive awards (and the retention award for Mark Davis, Leon Aarts and Tab McCullough) vest in full if employment is terminated without cause or if there is a change of control. Tab McCullough retired on January 10, 2020 and forfeited his retention award. Payouts are calculated as follows:

	Termination without cause	Change of control
RSU component	Notional units held on the last day of active service are adjusted for distributions Assumes that distributions will continue at the same rate through the end of the original performance period, or if shorter through the end of a reasonable notice period (at a minimum, the notice period required by law)	Notional units held on the last business day before the change of control are adjusted for distributions Assumes that distributions will continue at the same rate and are notionally reinvested at the average unit price prevailing immediately before the closing of the change of control
PMP component	Payouts and performance thresholds are reduced by multiplying the original performance thresholds by a factor equal to the length of the performance period that has passed until the termination date (which includes a reasonable notice period), divided by the length of the original performance period	Payouts and performance thresholds are unchanged

The compensation and corporate governance committee can use its discretion to accelerate vesting of long-term incentive awards if a named executive is absent from service for a reason other than those contemplated under the plan.

Change of control

We define *change of control* as any one of the following events:

- a person, firm, corporation or other legal entity, or a group acting jointly or in concert, acquires directly or indirectly and by any means whatsoever, the beneficial ownership or control or direction over the number of voting securities of the Fund that represents more than 50% of the total issued and outstanding units entitled to vote for trustees of the Fund
- the Fund's voting unitholders approve a reorganization, amalgamation, merger or plan of arrangement that results in the voting unitholders owning or controlling less than 50% of the voting power of the Fund on a fully diluted basis
- the majority of the trustees are replaced immediately following a meeting of the Fund's unitholders or upon execution of a unitholders' resolution
- the Fund sells all or substantially all of its assets to a person, firm, corporation or other legal entity (not affiliated with the Fund), or to a group acting jointly or in concert
- the board of trustees adopts a resolution to the effect that a change in control of the Fund has occurred.

Change of control has a similar definition under Mr. Davis' employment agreement.

If Mr. Davis resigns for *good reason* within one year of a change of control, he is entitled to the amounts specified in the table above. *Good reason* in Mr. Davis' employment agreement includes the following, among other things:

- the Fund reduces his position, title, duties, responsibilities, authority, status or reporting relationships without his written consent, or removes his title of CEO
- the Fund ceases to be a publicly traded entity
- the Fund reduces his compensation at the time of the change of control, except as a direct result of the Fund's performance in the fiscal year
- the Fund discontinues any perquisites or participation in employee incentive plans, compensation plans, employee benefits or arrangements at the time of the change of control, if the discontinuation is material to his total compensation
- any reason that would be considered to amount to a constructive dismissal by a court of competent jurisdiction.

CORPORATE GOVERNANCE

Chemtrade is committed to high standards of corporate governance. The Fund’s board of trustees is responsible for overseeing management and the overall stewardship of Chemtrade.

We comply with the rules and regulations that apply to us and follow governance best practices wherever possible.

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ABOUT THE BOARD

Structure

Unitholders	Elect the board See page 49 to read about our majority voting policy
Board of trustees	Led by an independent Chair of the Board Oversees management of Chemtrade Logistics Income Fund Has overall stewardship responsibility for Chemtrade. The board of trustees also declares Fund distributions to unitholders and reports to unitholders. The board's mandate is consistent with the requirements of NI 58-101 and NP 58-201. It is reviewed annually and was last reviewed in February 2020. You can find a copy in the Appendix on page 63 and on our website (www.chemtradelogistics.com).
Board committees	Three standing committees help the board carry out its responsibilities: <ul style="list-style-type: none">• audit committee• compensation and corporate governance committee• Responsible Care committee You can read about the committees on page 17. Copies of the committee charters are available on our website (www.chemtradelogistics.com).

Position descriptions

We have a formal written position description for the Chair of the Board that sets out his duties and responsibilities. The board and the CEO have developed a formal written position description for the CEO.

The compensation and corporate governance committee reviews the position descriptions every year. They were last reviewed in February 2020 and are available on our website (www.chemtradelogistics.com).

About the Chair of the Board

The Chair of the Board is independent and provides the board with independent leadership, overseeing the effective functioning of the board, presides over board meetings and chairs meetings of the unitholders. The Chair acts as a resource for the CEO on major strategy issues and also serves as a liaison between the board and management. Lorie Waisberg has served as the Chair of the Board since 2009.

About the committee chairs

We do not have formal position descriptions for committee chairs. Each committee chair is responsible for providing leadership to the committee, presiding over committee meetings, making sure the committees have adequate resources to support their decision-making, facilitating candid and full discussions on all key matters and advising management as appropriate.

About subsidiary governance

Each Chemtrade subsidiary has its own board of directors. Our CEO, CFO and Corporate Secretary are members of the board of each Canadian subsidiary.

The CEO and two members of U.S. management sit on the boards of each U.S. subsidiary. Chemtrade Holdco US Inc. also has an independent director, who is invited to attend all of the Fund's board and committee meetings in an advisory role (see page 16).

Size and composition

Our Declaration of Trust states that we must have from three to 10 trustees on our board.

The board believes that having a relatively small number of trustees encourages active discussion and engagement. We currently have six trustees on our board. Douglas Muzyka is an independent director of one of the Fund's U.S. subsidiaries and is invited to attend all of our board and committee meetings, including *in camera* sessions, in an advisory role.

Independence

Five of the six trustees and Douglas Muzyka are *independent* as defined in NI 58-101 and NP 58-201, meaning that they do not have a direct or indirect "material relationship" with the Fund that could reasonably interfere with their ability to exercise independent judgment. Mark Davis is not independent because he is Chief Executive Officer of the Fund.

The table below sets out the board and committee memberships. The board and board committees are each led by an independent trustee. The independent trustees met *in camera* without management present at all meetings of the board and committees in 2019.

	Board of trustees	Audit committee	Compensation and corporate governance committee	Responsible Care committee	Independent
Lorie Waisberg	Chair	○	●	●	yes
Mark Davis	●	○	○	○	no – CEO
Lucio Di Clemente	●	chair	●	●	yes
David Gee	●	●	●	chair (2019)	yes
Emily Moore (joined the board on July 1, 2019)	●	●	●	chair (2020)	yes
Susan McArthur (retired from the board on Oct. 25, 2019)	●	●	●	●	yes
Douglas Muzyka (advisory role)	○	○	○	○	yes
Katherine Rethy	●	●	chair	●	yes

● = member

○ = invited to meetings

David Gee is not standing for re-election and will retire from the board at the end of our 2020 annual meeting on May 14, 2020. He was chair of the Responsible Care committee until January 2020, when Emily Moore was appointed to the role. Daniella Dimitrov is not included in the table as she is a new nominee standing for election at our 2020 annual meeting.

The board sets aside time at each board meeting to meet *in camera* without management present. In 2019 the independent trustees met separately at all eight meetings.

Each committee charter requires the committee to meet periodically without management present, and a trustee can request a meeting of independent trustees at any time. In 2019 the committees met without management present at all 12 meetings.

Board and committee meetings are scheduled on the same day or within one day of each other so the trustees are able to raise issues or concerns relating to all committees at an *in camera* meeting of the independent trustees. You can read about each committee beginning on page 17.

Diversity

We have a written diversity policy that recognizes the importance of diversity on the board and management, including diversity of thought, experience, gender, ethnicity, cultural background, age, geographic representation and ability.

Trustees and senior leaders are appointed based on merit, keeping these diversity characteristics in mind. We monitor the make-up of the board and the senior management team every year, and build the results into the recruitment and leadership succession process.

Board

Two of our trustees are female, representing 33% of the board. If all of the nominated trustees are elected, female trustees will represent 50% of the board. While we have not set specific gender or other diversity targets for the board, the compensation and corporate governance committee considers several aspects of diversity when assessing the overall make-up of the board (see *Skills matrix* on page 50). The compensation and corporate governance committee retains an executive search firm to assist in identifying potential candidates. The search firm is mandated to put forward at least one female candidate to enhance gender diversity. In the most recent search, three of the four finalists were women and one was a visible minority. The search committee (the Chair of the Board, the chair of the compensation and corporate governance committee), with the assistance of the CEO and the chair of the audit committee, selected one candidate to recommend to the board. You can read more about the trustee recruitment process on page 49, and leadership succession on page 57.

Management

Our senior leadership team consists of eight individuals. Two executives are female, representing 25% of the senior leadership team, and one male executive is a visible minority. While we have not set specific gender or other diversity targets for management, we require at least one female candidate to be considered when filling senior positions to enhance gender diversity.

Expectations of the board

Serving on other boards

We do not limit the number of other public company boards our trustees can serve on; however we expect all trustees to fulfill their obligations for serving on our board. This includes being prepared for meetings, attending all board and committee meetings and carrying out other duties as required, all of which is monitored by the compensation and corporate governance committee as part of the board assessment process.

When the compensation and corporate governance committee conducts a trustee search, it considers the existing commitments of a potential candidate to ensure that the person will be able to fulfill their obligations as a member of the board.

Equity ownership

Trustees (and non-management directors of our subsidiaries) are required to hold three times their annual retainer in units of the Fund or deferred units within five years of being appointed to the Fund's board or a subsidiary board. We assess compliance annually, usually in the first quarter of every year and use market value to evaluate their holdings.

The compensation and corporate governance committee revised the equity ownership policy in August 2019 as follows:

- trustees must take 100% of their retainer in deferred units until they meet the ownership requirement
- trustees who meet the requirement must now take at least 50% of their retainer in deferred units on an ongoing basis, up from 30% previously, and may receive the balance in cash
- if a drop in the Fund's unit price causes a trustee to fall below their ownership requirement, they must take 100% of their retainer in deferred units until they are in compliance, and will have three years to do so. They will be required to purchase additional units if there is still a shortfall at the end of the three-year period
- management can count RSUs toward meeting the executive ownership requirements

In 2019 the board decided that all members of the board would receive 100% of their retainer in deferred units from July 1, 2019 to December 31, 2020, regardless of their equity ownership level, because of the Fund's financial underperformance. The board believes this decision further aligns the interests of board members and unitholders.

The table on the next page shows the equity ownership of each trustee and Douglas Muzyka as at March 2, 2020, based on \$8.91, the closing price of a unit on the TSX on that date. Mr. Davis is not included in the table because he is required to meet our executive equity ownership requirements (see page 26).

Table 23 (as at March 2, 2020)	Total equity holdings			Total market value	As a multiple of annual retainer
	Units (# / \$)	Deferred units (# / \$)	Total units and deferred units		
Lucio Di Clemente	3,500 / \$31,185	49,120 / \$437,661	52,620	\$468,846	3.13
David Gee	–	89,523 / \$797,648	89,523	\$797,648	5.32
Emily Moore	–	7,495 / \$66,783	7,495	\$66,783	0.45
Douglas Muzyka	25,400 / \$226,314	29,683 / \$264,474	55,083	\$490,788	3.27
Katherine Rethy	2,000 / \$17,820	44,099 / \$392,925	46,099	\$410,745	2.74
Lorie Waisberg	15,000 / \$133,650	93,159 / \$830,049	108,159	\$963,699	4.10

Notes:

- David Gee will retire from the board at the end of our 2020 meeting. His deferred units will be redeemed for cash or units when he retires, based on the closing price of a unit on the TSX on the date of payment and after deducting withholding taxes. You can read about our deferred unit plan on page 58. Susan McArthur is not included in the table because she retired from the board on October 25, 2019.
- Emily Moore was appointed to the board on July 1, 2019 and has until July 2024 to meet the ownership requirement.
- Douglas Muzyka was appointed to the board of Chemtrade Holdco US Inc. on January 1, 2018 and has until January 2023 to meet the ownership requirement.
- Katherine Rethy was appointed to the board on July 1, 2015 and has until July 2020 to meet the ownership requirement.

Attendance

We expect all trustees to attend all board meetings and all of their committee meetings.

2019 meeting attendance

The table below sets out the 2019 attendance record for each member of the board and Douglas Muzyka.

Table 24	Board committees							
	Board of trustees		Audit		Compensation and corporate governance		Responsible Care	
Mark Davis	8 of 8	100%	4 of 4	100%	3 of 4	75%	4 of 4	100%
Lucio Di Clemente	7 of 8	88%	3 of 4	75%	3 of 4	75%	3 of 4	75%
David Gee	7 of 8	88%	4 of 4	100%	3 of 4	75%	4 of 4	100%
Susan McArthur	6 of 7	86%	3 of 3	100%	3 of 3	100%	3 of 3	100%
Emily Moore	4 of 4	100%	2 of 2	100%	2 of 2	100%	2 of 2	100%
Douglas Muzyka	7 of 8	88%	4 of 4	100%	4 of 4	100%	4 of 4	100%
Katherine Rethy	8 of 8	100%	4 of 4	100%	4 of 4	100%	4 of 4	100%
Lorie Waisberg	8 of 8	100%	4 of 4	100%	4 of 4	100%	4 of 4	100%

Notes:

- The board and each committee held *in camera* sessions of the independent trustees at each meeting in 2019.
- Mr. Davis was invited to all meetings of the audit, compensation and corporate governance and the Responsible Care committees as a guest.
- David Gee will retire from the board at the end of our 2020 annual meeting on May 14, 2020.
- Susan McArthur retired from the board on October 25, 2019.
- Emily Moore was appointed to the board and the three committees on July 1, 2019.
- Douglas Muzyka was invited to all board and committee meetings in an advisory role and remained for the *in camera* sessions.
- Lorie Waisberg was invited to all meetings of the audit committee as a guest and remained for the *in camera* sessions.

Tenure and renewal

The performance of individual trustees is overseen and managed through a rigorous board assessment process (see page 53) and strong leadership from the Chair of the Board.

We do not have term limits or a mandatory retirement age for trustees serving on our board. The board considers it important to have longer-serving trustees because of the complexities of the business, and we have an effective combination of longer-serving trustees and trustees who have joined the board in the last few years.

In the past four years, three long-serving trustees have retired or announced their retirement from the board. Since then we have added one new board member and recruited one new nominee: Emily Moore was appointed to the board on July 1, 2019 and Daniella Dimitrov will stand for election at our 2020 annual meeting (see *Board renewal* below). Douglas Muzyka was appointed an independent director of one of the Fund's U.S. subsidiaries as of January 1, 2018, and is invited to attend all of our board and committee meetings, including *in camera* sessions, in an advisory role. He cannot be elected or appointed to our board of trustees because of the residency restrictions set out in the Fund's Declaration of Trust.

Majority voting

We have had a majority voting policy since 2013. Trustees in an uncontested election who do not receive the support of a majority of the votes cast at a meeting of unitholders in their favor are required to immediately tender their resignation to the Chair, to be effective upon acceptance by the board. The board will accept the resignation unless there are exceptional circumstances. The board will issue a news release within 90 days of the vote, disclosing its decision and its reasons for accepting or rejecting the resignation. The affected trustee does not participate in any meeting of the board at which the resignation is considered. The policy was last updated in 2017.

Appointing and nominating new trustees

The board uses a skills matrix (see page 50) to identify any gaps or specific skills, experience or character it should seek in a new trustee candidate in light of the opportunities and risks facing Chemtrade. The committee invites suggestions for potential candidates from the board and management. It also retains an external search firm to identify and help to assess additional qualified candidates.

Potential candidates are assessed against the required attributes, including chemical industry and manufacturing experience, experience or knowledge of accounting, environment, health and safety, human resources and risk management, independent thinking skills, integrity, accountability, process orientation in decision making and open-mindedness. In considering potential new trustee candidates, the board requires at least one candidate to be female to enhance the gender diversity on the board. The CEO participates in the selection process.

Board renewal

In light of the anticipated retirement of Mr. Gee, the Chair of the Board retained an executive search firm to help search for new trustees, with search criteria provided by the Chair and the chair of the compensation and corporate governance committee with input from the CEO. In the most recent search, the search firm developed a list of potential candidates to review with the Chair of the Board, the committee chair and the CEO for feedback and then approached potential candidates to gauge their interest and availability. A shorter, more focused list was then reviewed by the group and a short list of four candidates (three females and one male) was created. The Chair of the Board, chair of the compensation and corporate governance committee, chair of the audit committee and the CEO interviewed each candidate and a final candidate was selected based on the value they could bring to the board. A similar process was followed for the selection of Emily Moore.

The search process resulted in the selection of two highly qualified candidates:

- Emily Moore, who was appointed to the board on July 1, 2019, has extensive experience in new technology development and engineering, is a subject matter expert in water and mining and also brings an academic perspective
- Daniella Dimitrov is being nominated for election as a trustee at our 2020 annual meeting, based on her depth of leadership experience and strong background in governance and the resource sector.

Board attributes, development and assessment

The compensation and corporate governance committee takes into account several factors when reviewing the board's composition, including gender, age, cultural background and other personal characteristics, as well as the experience, knowledge, skills and character of an individual. The board believes the right combination of these factors and qualities provides diversity of thought, which brings a richer perspective and makes for a more effective board.

Skills matrix

The table on the next page sets out the skills and competencies of the current board and the new nominee, Daniella Dimitrov. David Gee is not standing for re-election and will retire from the board at the end of our 2020 annual meeting on May 14, 2020.

The board believes the mix of skills and competencies of this group of trustees is appropriate for the board to effectively carry out its responsibilities.

Skills matrix		Lorie Waisberg	Mark Davis	Lucio Di Clemente	Emily Moore	Katherine Rethy	Douglas Muzyka (advisory role)	Daniella Dimitrov (new nominee)	David Gee (retiring May 2020)
Years on board	0 to 5				X	X	X	X	
	6 to 10		X	X					
	11+	X							X
Age	59 or younger				X			X	
	60 to 69		X	X		X	X		
	70 +	X							X
Gender	Male	X	X	X			X		X
	Female				X	X		X	
Skills	Chemical industry experience	○	●	⊙	●	●	●	○	●
	Manufacturing experience	●	●	●	●	●	●	○	●
	Executive leadership experience	●	●	●	●	●	●	●	●
	Financial/Accounting experience/knowledge	●	●	●	⊙	⊙	⊙	●	●
	Environment, health and safety experience/knowledge	⊙	●	⊙	●	●	●	●	●
	HR/Compensation experience/knowledge	●	●	●	⊙	●	⊙	●	●
	Corporate governance knowledge	●	●	●	●	●	●	●	●
	Risk management experience/knowledge	●	●	●	●	●	⊙	●	●
	Legal/Government/Regulatory affairs knowledge	●	●	⊙	○	●	⊙	●	⊙
Competencies	Independent thinking skills	●	●	●	●	●	●	●	●
	Process orientation in decision-making	●	●	●	●	●	●	●	●
	Open-minded/Information seeking skills	●	●	●	●	●	●	●	●
	Conflict resolution	●	⊙	●	⊙	⊙	●	●	⊙
	Communication and listening skills	●	●	●	●	●	●	●	●

● = Strong experience or knowledge
 ⊙ = General experience or knowledge
 ○ = Limited experience or knowledge

Orientation

New trustees receive comprehensive orientation so they can effectively contribute to the board as soon as possible. Orientation includes:

- meetings with the Chair of the board and committee chairs to review the functioning of the board and committees and our expectations of trustees
- briefings by the CEO, CFO and other members of senior management about Chemtrade and each business segment, including our key products and operations
- tour of our head office
- tours of our manufacturing facilities in conjunction with the meetings of the Responsible Care committee

New trustees also receive a reference manual that includes:

- a description of their responsibilities as a trustee
- information about our business
- board materials (board mandate and committee charters)
- key policies (code of conduct and insider trading policy)
- important background information from previous board and committee meetings.

Continuing education

Trustees attend continuing education sessions so they stay current on issues relating to our business and operations, corporate governance, financial and accounting practices, environmental, health and safety and corporate ethics among other things.

Chemtrade manufactures and distributes chemicals and it is important that board members understand the safety culture of the organization and visit day-to-day operations to fulfil their duties. Touring the manufacturing facilities and meeting with site management and employees are critical to their understanding of the operations and issues facing the organization. The visits include various presentations by management focused on the facility and they give the board an opportunity to interact with leaders throughout the organization and with local plant personnel.

We usually arrange for board members to visit at least one facility every year.

Facility visits

The table below shows the facility visits by board members and Douglas Muzyka over the last five years.

Chemtrade facilities	Business segment	Lorie Waisberg	Mark Davis	Lucio Di Clemente	David Gee	Susan McArthur	Emily Moore	Douglas Muzyka	Katherine Rethy	Daniella Dimitrov
Toledo, OH (December 2019)	SPCC	✓	✓	✓			✓	✓	✓	
North Vancouver, BC (November 2018)	EC	✓	✓	✓				✓	✓	
Brandon MB (November 2017)	EC	✓	✓	✓	✓				✓	
Anacortes, WA (November 2016)	SPCC	✓	✓		✓	✓			✓	
Mount Vernon, WA (November 2016)	SPCC	✓	✓		✓	✓			✓	
Tulsa, OK (June 2015)	SPCC	✓	✓	✓	✓	✓			✓	

Notes:

- SPCC: Sulphur products and performance chemicals
- EC: Electrochemicals
- Shaded areas indicate that the individual was not yet a member of the board or had resigned from the board.

2019 continuing education program

We also hold sessions on a range of topics. The table below shows our 2019 continuing education program as well as external sessions that board members attended on their own.

2019 board and committee sessions	Presenter	Board	Audit committee	Compensation and corporate governance committee	Responsible Care committee
Strategy Product market analysis and outlook (January)	Management	✓			
Financial Recent developments update – KPMG (February, May, August, November)	KPMG		✓		
Information technology Update including cyber-security (January)	Management	✓			
Human resources Strategy update (January)	Management	✓			
Diversity Review of policy trends (February)	Management			✓	
Transportation Overview and risk mitigation strategies (May)	Management	✓			
Compensation Canadian executive and board pay market practices (May, August)	Willis Towers Watson			✓	
Labour Strategic labour issues (November)	Management			✓	
Governance Background on environmental, social, governance (ESG) reporting (November)	SimpleLogic Inc.	✓			
Site visit Toledo, OH (see page 51)					

2019 individual sessions	Presenter	Participant
Rocks and stocks conference	Canadian Institute of Mining (Toronto branch)	Emily Moore
A Primer on Director and Officer Insurance (September)	Osler	Katherine Rethy
Climate Change and Corporate Governance (November)	ICD	Katherine Rethy
Various seminars on corporate governance, executive compensation and ESG	ICD and other professional organizations	Lorie Waisberg

All board members are members of the Institute of Corporate Directors (ICD) and some members of the board hold the ICD.D designation or other corporate director certification. We pay for their membership and also provide each board member with an annual education budget of \$2,500 to attend external workshops, seminars and conferences that are relevant to their role and responsibilities on our board.

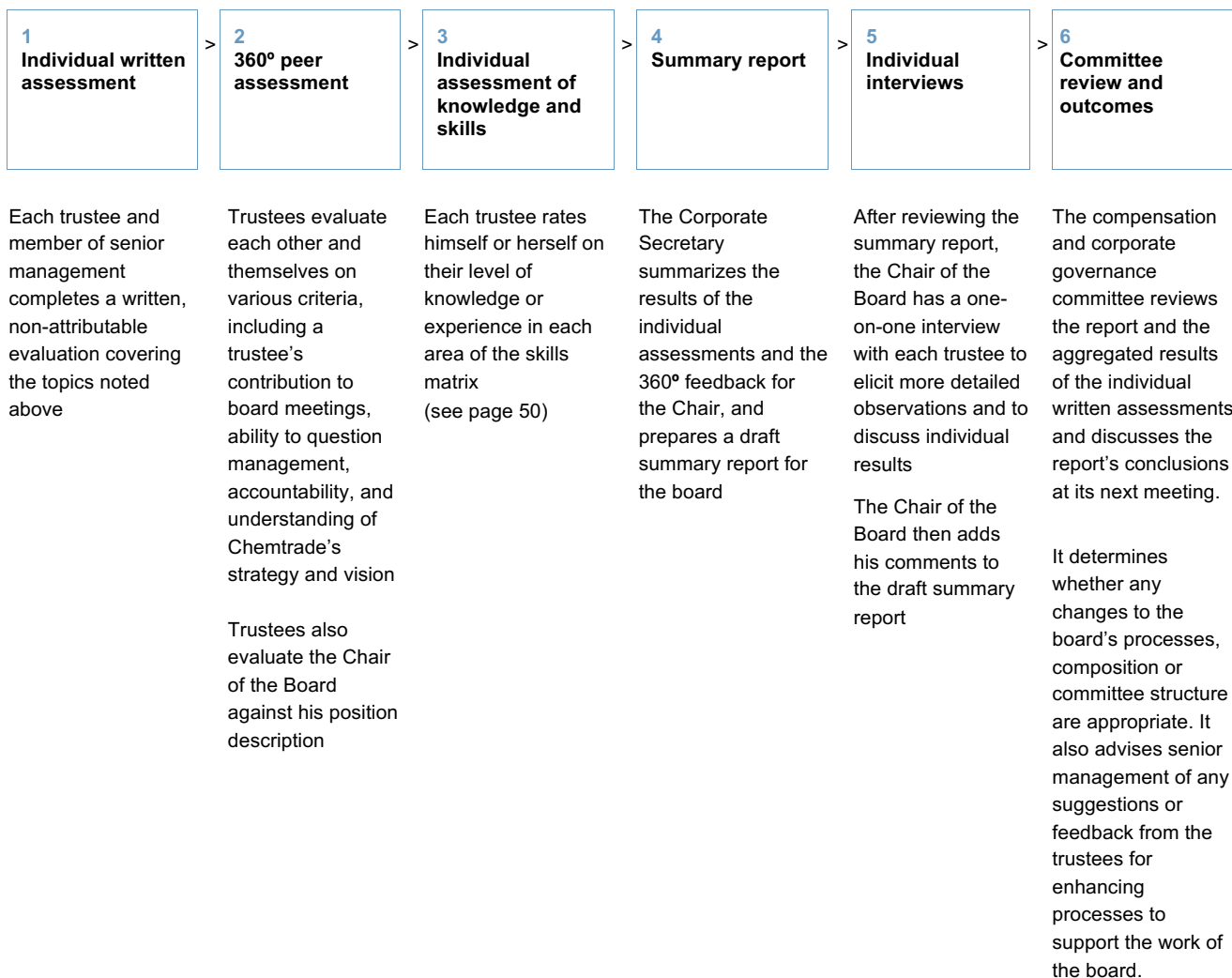
Board assessment

The compensation and corporate governance committee oversees the annual board assessment process, covering the performance of the trustees, board committees and the board overall.

We use a six-step process and cover a range of topics as set out in the committee’s charter. These include the following, among others:

- the effectiveness of the board as a whole and of each board committee
- the standards to be applied for determining material relationships between a trustee and Chemtrade, and compliance with the standards
- the competencies, skills and personal qualities required of our trustees that bring value to the organization in overseeing our strategy, opportunities and risks
- trustee contributions to the effective functioning of the board, in the context of the position description of the board chair, the results of the annual trustee surveys, board and committee meeting attendance and overall contributions
- Chemtrade’s approach to governance issues.

One outcome from the 2018 individual self-assessments was to consider the value of having an independent third party run the board assessment process from time to time, as an opportunity to elicit fresh insights, and the board intends to do so in 2020.



BOARD PRIORITIES

The board of trustees has overall stewardship responsibility for Chemtrade, including maintaining a culture of integrity, and overseeing strategy, governance, risk and succession planning.

Integrity and ethical conduct

The board is responsible for satisfying itself as to the integrity of the CEO and other executive officers and that management has created a culture of integrity throughout the organization.

Code of conduct

The board has approved a code of conduct (the code) that sets out the high business and personal standards we expect of everyone at Chemtrade – officers, employees, trustees and directors. Everyone must read and follow the code, including the guidelines, policies and procedures for ethical conduct, avoid conflicts of interest and comply with the law.

Everyone is expected to act with integrity and to speak up if something does not seem right. If anyone suspects a breach or violation of the code, they must immediately report it to senior management, the audit committee or the Compliance Line, a hotline that allows anyone to raise a concern or file a report anonymously through a special toll-free number or website. The Compliance Line is administered by an independent company to provide anonymity and to encourage and promote a culture of ethical conduct. The independent third party notifies the board of any reports or concerns for appropriate follow-up.

Senior management (or the audit committee chair) investigates any alleged breaches of the code and reports the results of the investigation to the board immediately (if warranted) or at the next scheduled board meeting. The audit committee is notified (immediately if warranted) of any alleged violations of the code relating to accounting, internal controls or auditing matters.

The CEO oversees the code and monitors compliance under the board's supervision. The CEO is responsible for reviewing the code and changes in laws that apply to Chemtrade, and recommending changes to the code to the compensation and corporate governance committee.

The audit committee reviews the Compliance Line procedures annually and completed its last review in November 2019. The compensation and corporate governance committee, in consultation with the board, periodically reviews the process for administering the code. The code was last reviewed and revised in November 2019. A copy of the code is available on our website (www.chemtradelogistics.com) or by writing to our Corporate Secretary.

Clawback policy

The board has approved a clawback policy that reinforces our philosophy of aligning the interests of executives and unitholders. It allows the board to cancel, adjust or require an executive to repay annual and long-term incentives, including vested and unvested awards, if:

- there are errors in the financial results that were used to determine the awards, whether or not they result in a restatement of the Fund's financial statements, or
- there was wrongdoing by the executive that affects, or has the potential to affect, Chemtrade's financial results or reputation.

Insider trading policy

The board has approved an insider trading policy that covers, among other things:

- Insider trading – Our insider trading policy restricts trustees, directors, officers and employees (and their families and household members) from trading in securities of the Fund when they have material information that has not been generally disclosed. It also restricts them from trading in the securities of another public company or entity that we may have undisclosed material information about as a result of a potential transaction or arrangement.
- Anti-hedging – Trustees, directors, officers and employees, and any of their associates, are not allowed to purchase financial instruments, including prepaid variable forward contracts, instruments for the short sale or purchase or sale of call or put options, equity swaps, collars, or units of exchangeable funds, that are designed to, or that may reasonably be expected to, have the effect of hedging or offsetting a decrease in the market value of securities of the Fund.

Disclosure policy

The board has appointed a disclosure committee and approved a disclosure policy. The policy establishes procedures respecting disclosure of material information and maintaining the confidentiality of confidential information. The disclosure committee is responsible for the public disclosure of all material information about the Fund, including our interim and annual financial statements. It includes five members of management who review all information before it is publicly disclosed, ensuring it:

- is accurate and complete
- fairly represents in all material respects the Fund's financial condition, results of operations and cash flows
- is balanced, timely and in line with all legal and regulatory requirements that apply.

The disclosure committee has a charter that governs its actions. The committee also has a system of internal controls to make sure that its members are apprised in a timely manner of information that may need to be disclosed.

Strategic planning

The board is responsible for overseeing the development and execution of Chemtrade's strategy.

We hold an annual financial planning meeting with the board and management to discuss our strategic direction, the challenges and opportunities for each business, product line and function as well as our capital structure. The board challenges management on its assumptions and outlook and approves the annual budget for the coming year. Targets are then set for the incentive plan measures at a follow-up meeting and individual goals and objectives are also set for the named executives to align with the strategy.

Earnings transparency

In 2019 we began issuing annual earnings guidance to give investors more insight into the key assumptions and drivers of our business.

The board sets aside time at each quarterly meeting to receive a strategy update from the CEO, which includes progress on our strategic direction and objectives, growth opportunities, risks and leadership succession plan. The board then meets without management present to assess our progress against our strategy and stated business objectives for the year.

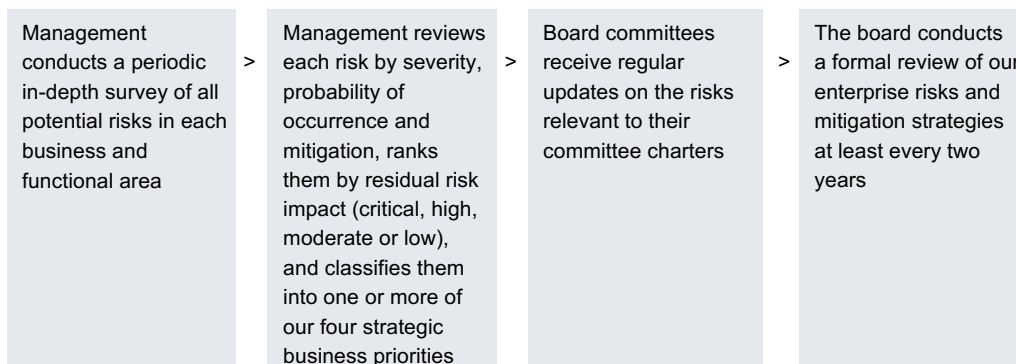
Risk oversight, sustainability and Responsible Care®

The board is responsible for risk oversight, and for overseeing our approach to sustainability and Responsible Care. The charters of the board's committees include specific duties related to risk management, and environmental, social and governance oversight. Turn to page 17 for more about the committees.

<p>Audit committee Oversees major operational and financial risks, the systems implemented to monitor them and the strategies and controls in place to manage them</p>	<p>Compensation and corporate governance committee Oversees our governance practices and compensation policies and programs, including plan design, incentive plan targets and awards to make sure they do not motivate inappropriate risk-taking</p>	<p>Responsible Care committee Oversees environment, health, safety and security risks and the policies to manage them, and monitors our performance.</p>
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Risk identification and management

The board is responsible for ensuring that management identifies, understands and evaluates the principal risks of our business and implements appropriate systems to mitigate or manage them. We identify and manage risk using the following process:



Sustainability and Responsible Care

The board is responsible for overseeing our approach to sustainability and Responsible Care.

As a manufacturer and distributor of chemicals, environmental, health, safety, security and sustainability issues are among our highest priorities. The nature of Chemtrade's business means it is governed by environmental, health and safety (EHS) regulations in the jurisdictions it operates in, and where its products are shipped and sold. As members of the Chemistry Industry Association of Canada (CIAC) and the American Chemistry Council (ACC), however, we do more than just comply with regulations. We have been actively adhering to the CIAC's Responsible Care ethic and its codes of practice and principles since the Fund was formed in 2001.

The board has been working with management this year to better understand environmental, social and governance (ESG) reporting frameworks, and looking at how we integrate ESG across our organization. The table below describes how we currently oversee and manage ESG issues across our business, and notes the areas we are focusing on for the future.

Governance	Strategy	Risk management	Metrics
<p>Board The board is responsible for overseeing strategy, governance and risk. The audit committee oversees risk. The board's Responsible Care committee oversees our environmental, health, safety and security philosophy and policies, and monitors our performance in those areas.</p> <p>Management The Group Vice President of Human Resources and Responsible Care has overall ESG oversight responsibility, working with the General Counsel and the Director of Responsible Care. The Responsible Care team works with all of our facilities to monitor, support and report on our environmental, health and safety performance.</p>	<p>What we do now The board has committed to doing business in a responsible way, guided by the principles of environmental, societal and economic sustainability. This helps shape our strategic planning and risk management processes, and our management of day-to-day operations. Key safety metrics are included in the executive compensation program.</p> <p>What we are working on We are evolving our process for assessing material environmental and social risks and opportunities, including those associated with climate change, and integrating them in a more formal way into our strategic planning process.</p>	<p>What we do now We consider environmental, social, safety and security issues across the lifecycle of our operations, and include them in our overall enterprise risk management process.</p> <p>We use the RC14001 management system to manage these risks, underpinned by environment, health and safety policies, systems, training and tools that are applied across the organization.</p> <p>What we are working on We are implementing RC14001 at facilities we have recently acquired, prioritized by risk, and building out our procedures, systems, training and tools at newer facilities that are still in the implementation process.</p>	<p>What we do now We track health, safety and environment metrics that align with the Responsible Care ethic and our RC14001 corporate objectives.</p> <p>What we are working on In 2020, we intend to complete a materiality assessment based on Sustainability Accounting Standards Board (SASB) metrics and investor expectations.</p> <p>Our goal is to track, monitor, and report publicly on the new metrics company-wide. We plan to begin implementation at our facilities in stages, starting in 2021.</p>

Lifecycle approach

Environmental, health and safety issues pose a significant risk for Chemtrade's operations and financial results. We consider these issues across the lifecycle of our operations (during due diligence and acquisition, in our day-to-day operations and when we remediate and close or sell a site).

Management framework

Chemtrade uses the RC14001 management system, which combines Responsible Care and ISO14001, to support its continuous improvement process in several key areas: community awareness and emergency response, security, distribution, employee health and safety, pollution prevention, and process and product safety.

Policies and training

Policies, standards and procedures define how the EHS management system functions and how we measure performance. Employees receive training on our EHS management systems, and on issues specific to their position and their responsibilities in support of the system.

- *Responsible care policy* – forms the basis of our approach to societal, economic and environmental sustainability.
- *Environmental, safety & health policy* – focuses on continuous improvement in environmental management, safety and health protection, safe transportation, process safety management and security of our processes, products, services and activities.

- *Quality policy* – sets out the quality expectations we have of our employees: a commitment to customer satisfaction, safe, cost effective and environmentally responsible operations, safe transportation, teamwork and open communication, personal growth and development, diligent records management and performance monitoring.
- *Sustainable excellence program* – combines Responsible Care principles with operational excellence practices to encourage employee engagement by focusing on lean manufacturing, quality and community involvement. Introduced at the Toledo, OH acid facility in 2013, and implemented at the Beaumont, TX facility in 2018, and the Anacortes and Mt. Vernon WA facilities in 2019.

See the Fund's AIF for more information about ESG, sustainability and Responsible Care.

Succession planning

The board is committed to developing our talent and oversees succession planning for the senior leadership team and throughout the organization.

Senior leadership

Having a sound succession planning process for the CEO and other members of the senior leadership team, and for other strategic positions considered essential to our success is critical to our business. The compensation and corporate governance committee works with the CEO and the Group Vice-President, Human Resources and Responsible Care to review the internal talent pool on a regular basis, monitoring and promoting executive development opportunities, and evaluating development and performance. This includes long range planning for retention, recruitment, development and succession to ensure leadership sustainability and continuity.

The board and committee discuss potential successors to the CEO and other senior leadership positions based on their observations and the CEO's quarterly updates to the committee on the performance, competencies and potential of each member of the senior leadership team. The board and committee then set aside time to meet *in camera*, without management present.

As a result of these reviews and given the age, tenure and status of various succession alternatives, in 2018 the board implemented retention plans for three named executives, including the CEO, to ensure we retain key talent while the succession and development plans are given time to mature. The retention awards cliff vest at the end of 2020 and were disclosed in our 2018 and 2019 circulars, and are also included in the notes to the summary compensation table on page 38. One of the executives retired on January 10, 2020 and forfeited his retention award.

The succession planning process also resulted in the creation of the Chief Operating Officer (COO) position and Scott Rook was appointed COO in September 2019 as a result of an external search through a third-party executive recruitment firm. Adding the new role to the senior leadership team allows more focused development of the senior leaders reporting to the COO, and helps prepare the COO and other named executives for possible succession to the CEO position.

An effective organizational restructuring and the seamless succession of the planned retirement of two members of senior management over the last year are a direct result of prior work on succession and employee development.

Non-executive management

Management has developed a three-pronged plan to develop our manager pipeline, focusing on our core competencies to strengthen the foundation of our training and development:

- *annual performance evaluations* – managers are assessed on their progress in developing their direct reports
- *manager development programs* – managers receive training and education as part of their development program
- *cross-training and advancement* – management seeks opportunities to promote and re-assign employees from within the organization for development purposes. There are more opportunities since we have grown in scope and scale in the past few years.

TRUSTEE COMPENSATION

Board compensation is designed to attract and retain the most qualified people to serve on the Fund's board and committees, align the interests of trustees and unitholders and provide appropriate compensation to board members for carrying out their duties and responsibilities.

We pay an all-in, flat fee retainer which includes all board and committee meetings. The Chair of the Board receives a higher retainer because of the greater scope of his role. Mr. Davis does not receive compensation as a trustee because he is compensated for his role as CEO.

The compensation and corporate governance committee is responsible for the compensation of Fund trustees and non-management directors on subsidiary boards. It reviews the compensation programs and competitive data every few years with the assistance of its external compensation consultant (Willis Towers Watson). The last review was completed in February 2020. Trustee compensation is benchmarked against 11 heavy industry, publicly-traded Canadian companies that are similar in size based on revenue and market cap.

Fee schedule

The table below shows the 2019 retainers for trustees (and also includes Mr. Muzyka, in his role as director of one of the Fund's U.S. subsidiaries). We also reimburse board members for any travel or out-of-pocket expenses related to attending our board and committee meetings.

Table 25	Annual retainer (cash + equity)
Board Chair retainer	\$235,000
Board retainer (including roles as committee chair)	\$150,000

New in 2020

Starting in 2020, chairs of the audit and compensation and corporate governance committee will receive an additional \$15,000 retainer, and the chair of the responsible care committee \$10,000, in recognition of a chair's heavier workload. Details will be included in our 2021 management information circular.

In 2019, the board decided that all members of the board would receive 100% of their retainer in deferred units from July 1, 2019 to December 31, 2020, regardless of their equity ownership level, because of the Fund's financial underperformance. The board believes this decision further aligns the interests of board members and unitholders.

As of July 2019, board members must take 100% of their retainer in deferred units until they meet the equity ownership requirement. If they already meet the requirement, at least 50% of their annual retainer must be in deferred units (up from 30%). These requirements ensure that board members have a vested interest in our future success and build their equity ownership. You can read more about the changes in equity ownership on page 47.

About deferred units

Under the deferred unit plan for non-management trustees and directors of subsidiaries, participants can elect before the end of the prior fiscal year to receive all or a portion of their retainer in deferred units, subject to the mandatory deferred unit requirements set out above.

Deferred units earn distribution equivalents at the same rate as cash distributions paid by the Fund.

Deferred units are redeemed for units or cash when a trustee or director of a subsidiary retires from the board. Subject to unitholder approval of the amended deferred unit plan, units will be issued from treasury (see page 7).

About burn rate

We do not have a stock option plan. The TSX requirement for disclosing burn rate does not apply to deferred units granted to the trustees because the deferred unit plan does not involve the issuance, or potential issuance, of units from treasury and therefore is not dilutive in nature.

If unitholders approve the amendment to the deferred unit plan and the settlement of previous grants in newly issued units is approved (see page 7), the burn rates, calculated in accordance with the rules of the TSX, would be 0.11% in 2019, 0.06% in 2018 and 0.04% in 2017.

2019 trustee compensation

Table 26	Cash fees earned	Share-based awards (deferred units)	All other compensation	Total
Lucio Di Clemente	\$52,500	\$71,250	–	\$123,750
David Gee	\$52,500	\$71,250	–	\$123,750
Susan McArthur	\$18,750	\$132,065	–	\$150,815
Emily Moore	–	\$37,500	–	\$37,500
Douglas Muzyka	–	\$150,000	–	\$150,000
Katherine Rethy	–	\$150,000	–	\$150,000
Lorie Waisberg	\$58,750	\$146,875	–	\$205,625

Notes:

- We use the weighted average trading price of units on the TSX for the five trading days prior to the award date to determine the number of deferred units granted.
- David Gee is not standing for re-election and will retire from the board at the end of our 2020 annual meeting.
- Susan McArthur retired from the board on October 25, 2019.
- Emily Moore was appointed to the board on July 1, 2019.
- Douglas Muzyka's fees are for his service on the board of one of the Fund's U.S. subsidiaries. He cannot serve as a trustee on the Fund's board because of the residency restrictions set out in the Fund's Declaration of Trust, but is invited to attend all board and committee meetings and does not receive any additional fees.

Outstanding share-based awards

The table below shows the outstanding share-based awards for each trustee and Douglas Muzyka as at December 31, 2019. Amounts include additional units received during the year as distribution equivalents. Market values are based on \$11.03, the price of units on the TSX on December 31, 2019. You can read more about share-based awards beginning on page 32.

Table 27	Share-based awards		
	Number of share-based awards that have not vested	Market or payout value of share-based awards that have not vested	Market or payout value of vested share-based awards not paid out or distributed
Lucio Di Clemente	–	–	\$489,694
David Gee	–	–	\$925,973
Susan McArthur	–	–	–
Emily Moore	–	–	\$40,216
Douglas Muzyka	–	–	\$279,804
Katherine Rethy	–	–	\$435,477
Lorie Waisberg	–	–	\$941,697

Notes:

- Susan McArthur retired from the board on October 25, 2019, elected to receive her award in cash, and received a payment of \$565,878.81 (less withholding taxes) in November 2019.
- Trustees began receiving 100% of their retainer in deferred units starting on July 1, 2019.
- Douglas Muzyka's fees are for his service on the board of one of the Fund's U.S. subsidiaries. He cannot serve as a trustee on the Fund's board because of the residency restrictions set out in the Fund's Declaration of Trust, but is invited to attend all board and committee meetings and does not receive any additional fees.

COMMUNICATING WITH THE BOARD

We communicate with the investment community in a number of ways, including through our disclosure documents (annual report, annual information form, management information circular and quarterly management's discussion and analysis and financial statements), news releases, website, and in presentations to the investment community and at industry conferences. We also hold conference calls for our quarterly earnings releases and major corporate developments for the investment community, media and the general public.

We encourage holders of our units and debentures to contact management or the board with feedback or concerns.

You can also speak to the CEO and Chair of the Board at our annual meeting of unitholders.

How to contact us

Management is mainly responsible for communication with investors. The CEO is our principal spokesperson though he may occasionally delegate this responsibility.

Mail

Chemtrade Logistics Income Fund
155 Gordon Baker Road, Suite 300
Toronto, Ontario M2H 3N5
Attention: Chief Executive Officer

Email

mdavis@chemtradelogistics.com

Phone

416-496-4176

Investor engagement policy

We adopted an investor engagement policy in 2016 to promote open dialogue, consistent with our obligations to provide fair disclosure and maintain effective disclosure controls and procedures. A copy of the policy is available on our website (www.chemtradelogistics.com).

The **board of trustees** is responsible for monitoring and supervising our relationships with investors. The board engages with investors on board composition, governance policies, executive compensation philosophy, CEO performance and succession planning and any matter submitted to unitholders for approval. You can reach the independent Chair of the Board as follows.

Mail

Chemtrade Logistics Income Fund
155 Gordon Baker Road, Suite 300
Toronto, Ontario M2H 3N5
Attention: Chair of the Board of Trustees

Email

chair@chemtradelogistics.com

Our Corporate Secretary will make the arrangements for any meetings with the Chair of the Board. The Chair will determine whether anyone from management should be present, bearing in mind our desire to promote transparency as well as our need to comply with the requirements for fair disclosure and disclosure controls and procedures.

OTHER INFORMATION

Non-IFRS measures

Distributable cash (D-cash) is a non-IFRS measure and it is used in this circular to mean the non-IFRS term *Distributable cash after maintenance capital expenditures* excluding any accrual for LTIP. The table and text below explains our use of the term.

Cash flow -The following table is derived from, and should be read in conjunction with, the consolidated statements of cash flows contained in the Fund's Consolidated Annual Financial Statements for the year ended December 31, 2019. Management believes this supplementary disclosure provides useful additional information related to the cash flows of the Fund including the amount of cash available for distribution to unitholders, repayment of debt and other investing activities. Certain sub-totals presented within the cash flows table below, such as *Adjusted cash flows from operating activities*, *Distributable cash after maintenance capital expenditures* and *Distributable cash after all capital expenditures*, are not defined terms under International Financial Reporting Standards (IFRS). These sub-totals are used by management as measures of internal performance and as a supplement to the consolidated statement of cash flows. Investors are cautioned that these measures should not be construed as an alternative to using net income as a measure of profitability or as an alternative to the IFRS consolidated statement of cash flows. Further, the Fund's method of calculating each measure may not be comparable to calculations used by other income trusts bearing the same description.

Table 28

(\$000)

December 31, 2019

Cash flows from operating activities	\$ 139,477
Add (less):	
Lease payments	(56,815)
Changes in non-cash working capital and other items	82,149
Adjusted cash flows from operating activities	164,811
Less:	
Maintenance capital expenditures	82,743
Distributable cash after maintenance capital expenditures	82,068
Less:	
Non-maintenance capital expenditures ¹	13,556
Distributable cash after all capital expenditures	\$ 68,512

¹ Non-maintenance capital expenditures are: (a) pre-identified or pre-funded, usually as part of a significant acquisition and related financing; (b) considered to expand the capacity of Chemtrade's operations; (c) significant environmental capital expenditures that are considered to be non-recurring; or (d) capital expenditures to be reimbursed by a third party.

EBITDA and Adjusted EBITDA – Management defines EBITDA as net earnings before any deduction for net finance costs, taxes, depreciation and amortization. Adjusted EBITDA also excludes other non-cash charges such as gains and losses on the disposal and write-down of assets, and unrealized foreign exchange gains and losses. EBITDA and Adjusted EBITDA are metrics used by many investors and analysts to compare organizations on the basis of ability to generate cash from operations. Management considers Adjusted EBITDA (as defined above) to be an indirect measure of operating cash flow, which is a significant indicator of the success of any business. Adjusted EBITDA is not intended to be representative of cash flow from operations or results of operations determined in accordance with IFRS or cash available for distribution.

Management defines *Free cash* as Adjusted EBITDA less expenditures for maintenance capital. Following the adoption of IFRS 16 on January 1, 2019, *free cash* also includes a deduction for lease payments. *Business free cash* is *free cash* earned by one of Chemtrade's business segments: SPPC, WSSC or EC (excluding Brazil). Business Free cash is used by Management as an internal measure of business performance.

EBITDA, *Adjusted EBITDA*, *Free cash* and *Business free cash* are not recognized measures under IFRS. Chemtrade's method of calculating EBITDA, Adjusted EBITDA, Free cash and Business free cash may be different from methods used by other income trusts or companies, and accordingly may not be comparable to similar measures presented by other organizations.

A reconciliation of net earnings to EBITDA, Adjusted EBITDA and Free cash is provided below:

Table 29 (\$000)	Year ended	
	December 31, 2019	December 31, 2018
Net loss	\$ (99,654)	\$ (131,517)
Add:		
Depreciation and amortization	262,458	214,507
Net finance costs	88,487	74,126
Income tax recovery	(24,291)	(48,680)
EBITDA	227,000	108,436
Impairment of goodwill	65,600	90,000
Loss (gain) on disposal and write-down of assets	13,790	(4,039)
Unrealized foreign exchange (gain) loss	(10,787)	1,826
Adjusted EBITDA	\$ 295,603	\$ 196,223
Less:		
Lease payments	56,815	-
Maintenance capital expenditures	82,743	77,690
Free cash	\$ 156,045	\$ 118,533

You can find more information about non-IFRS measures in our 2019 MD&A and annual consolidated financial statements on our website (www.chemtradelogistics.com) and on SEDAR (www.sedar.com).

Interests of insiders

Except as disclosed in this circular, the board is not aware of any material interest, direct or indirect, of any trustee, proposed trustee, or executive officer of the Fund, or any director or executive officer of any subsidiary of the Fund, or any unitholder who beneficially owns, or controls or directs, directly or indirectly, more than 10% of the units, or any of their associates or affiliates, in any transaction since January 1, 2019, or in any proposed transaction, that has or would materially affect the Fund or any of its subsidiaries.

Liability insurance

The Fund has insurance policies to protect its trustees and officers, and directors and officers of our subsidiaries, against liabilities they may incur while carrying out their duties and responsibilities in circumstances where they are not indemnified by Chemtrade.

Loans to trustees and officers

Other than routine indebtedness, no trustee, director, officer or employee is indebted to the Fund or any of its subsidiaries as at December 31, 2019.

APPENDIX

Chemtrade Logistics Income Fund

Mandate of the Board of Trustees

The Board of Trustees of the Fund (the “Board”) shall be responsible for the stewardship of the Fund, including supervision of the management of the business and affairs of the Fund, and shall have the powers and authorities set out in the Declaration of Trust. In fulfilling its mandate, the Board shall, either directly or indirectly through committees of the Board:

1. establish broad parameters within which the Fund’s management is to operate, including the adoption of a strategic planning process and approving, on an annual basis, a strategic plan taking into account, among other things, the opportunities and risks of the business;
2. review the framework to identify the principal risks of the Fund’s business, and ensure the implementation of appropriate systems to manage these risks;
3. monitor the integrity of all public disclosures, financial and otherwise, of the Fund;
4. adopt and monitor for effectiveness, a communications policy for the Fund;
5. monitor the appropriateness for the nature of the Fund’s enterprise, the internal control and management information systems adopted by the Fund and its subsidiaries (the “Organization”);
6. appoint a Chief Executive Officer (“CEO”) for the Fund and provide guidance and advice to the management team;
7. assess the effectiveness of the management team of the Organization, consisting of the CEO and the senior officers who report directly to the CEO and such other employees as may be identified by the Board (collectively, the “Designated Employees”), by overseeing performance management evaluations, management development and training programs and succession planning;
8. review the compensation policies and processes (including incentive compensation and equity compensation plans) of the Organization and in particular, of the Designated Employees;
9. take reasonable steps to satisfy itself as to the integrity of the CEO and other Designated Employees and that the CEO and Designated Employees create a culture of integrity throughout the Organization;
10. oversee the environmental, social and governance (ESG) framework selected by management to ensure it is appropriate for the Organization;
11. develop the Fund’s approach to corporate governance, including the expectations and responsibilities of Trustees; and
12. ensure that a process is implemented for the Board to receive feedback directly from stakeholders.

Board assessment

On an annual basis, the Board shall follow the process established by the Trustees and overseen by the Compensation and Corporate Governance Committee for assessing the performance of the Board.

Last updated February 2020



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