

# ANDREW PELLER

— LIMITED —

## MANAGEMENT PROXY CIRCULAR

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# MANAGEMENT PROXY CIRCULAR

## Solicitation of Proxies

This management proxy circular is furnished in connection with the solicitation by the management of Andrew Peller Limited (the "Corporation") of proxies to be used at the Annual and Special Meeting of Shareholders of the Corporation (the "Meeting") to be held at the time and place and for the purposes set forth in the enclosed notice of meeting (the "Notice of Meeting"). It is expected that the solicitation will be primarily by mail but proxies may also be solicited personally by regular employees of the Corporation at nominal cost. The cost of any such solicitation will be borne by the Corporation. The Corporation does not intend to pay any compensation for the solicitation of proxies by third parties but will pay the reasonable expenses of persons who are the registered but not beneficial owners of voting shares of the Corporation (such as brokers, dealers, other registrants under applicable securities laws, nominees, and/or custodians) for forwarding copies of the Notice of Meeting, form of proxy, circular and related material to beneficial owners. The Corporation will provide, without cost to such persons, upon request to the Secretary of the Corporation, additional copies of the foregoing documents required for this purpose.

## Appointment and Revocation of Proxies

The persons named in the enclosed form of proxy are directors of the Corporation. **A shareholder desiring to appoint some other person, who need not be a shareholder, to represent him or her at the Meeting, may do so by inserting such person's name in the blank space provided in the form of proxy or by completing another proper form of proxy.** To be voted at the Meeting, the enclosed form of proxy or another appropriate form of proxy must be duly completed and delivered 48 hours prior to the Meeting to Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1 (fax: +1-866-249-7775 within North America or +1-416-263-9524 from all other countries).

A shareholder giving a proxy may revoke the proxy by instrument in writing executed by the shareholder or by his or her attorney authorized in writing, or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized and deposited either at the head office of the Corporation at 697 South Service Road, Grimsby, Ontario L3M 4E8 at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof, at which the proxy is to be used, with the chairman of the Meeting on the day of the Meeting or any adjournment thereof, or in any other manner permitted by law.

## Exercise of Discretion by Proxies

The persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. **In the absence of such direction, such shares will be voted FOR the election as directors of each of the nominees listed in this circular, FOR the appointment of PricewaterhouseCoopers LLP as auditors of the Corporation and FOR the approval of the special resolution approving the adoption of the share based compensation plan.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to all other matters which may properly come before the Meeting. At the time of printing this circular, the management of the Corporation knows of no such amendments, variations, or other matters to come before the Meeting.

## Voting Shares and Principal Holders thereof

The Corporation has two classes of shares outstanding, Class "A" Shares (Non-Voting) ("Class A Non-Voting Shares") and Class "B" Shares (Voting) ("Class B Shares"). The only class of shares of the Corporation which are entitled to vote on the matters set out in the Notice of Meeting is the Class B Shares. At the Annual and Special Meeting of Shareholders held on September 9, 2016, the Company's Class B shareholders approved a three-for-one share split for both the Company's Class A and Class B common shares. The additional shares were issued on October 14, 2016 to shareholders of record on September 23, 2016. On July 31, 2017, the Corporation had outstanding 9,012,123 Class B Shares without nominal or par value, each carrying the right to one vote per share, and 33,581,487 Class A Non-Voting Shares. Class A Non-Voting Shares are non-voting securities and, in the event that a takeover bid is made for Class B Shares, the holders of Class A Non-Voting Shares have no right to participate in such a takeover bid. Neither the Class A Non-Voting Shares nor the Class B Shares may be subdivided, consolidated, reclassified, or otherwise changed unless contemporaneously therewith the other class of shares is subdivided, consolidated, reclassified, or otherwise changed in the same manner and in the same proportion. In the event of liquidation, dissolution, or a winding-up of the Corporation all of the Corporation's property and assets available for distribution to the holders of Class A Non-Voting Shares and Class B Shares shall be paid or distributed equally, share for share, to the holders of Class A Non-Voting Shares and Class B Shares, respectively.

The Board of Directors of the Corporation (“Board of Directors” or the “Board”) has fixed the close of business on July 31, 2017 as the record date for the Meeting.

To the knowledge of the directors and officers of the Corporation, Jalger Limited owns, and controls directly, 5,994,108 Class B Shares of the Corporation representing 66.5 percent of the outstanding Class B Shares of the Corporation as at July 31, 2017. Each of the six adult children of Dr. Joseph A. Peller, former CEO and Chairman Emeritus, owns 16.7% of the issued and outstanding voting shares of Jalger Limited. However, none of those individuals has sole voting power or control in respect of the shares of the Corporation owned by Jalger Limited.

As of July 31, 2017, CDS Clearing and Depository Services Inc., the nominee for The Canadian Depository for Securities Limited, is the registered owner of 2,452,773 Class B Shares representing approximately 27.2% of the outstanding Class B Shares. It is management’s understanding that the Class B Shares registered in the name of CDS Clearing and Depository Services Inc. are beneficially owned by various brokers and other parties on behalf of clients and others, and the names of the beneficial owners of such Class B Shares are not known to the Corporation.

## **Beneficial Shareholders**

The information set forth in this section is of significant importance to many shareholders as a substantial number of shareholders do not hold shares in their own name and thus are considered non-registered beneficial shareholders. Only registered holders of Class B Shares or the persons they appoint as their proxyholder are permitted to vote at the Meeting. However, in many cases shares beneficially owned by a person (a “Beneficial Holder”) are registered either: (i) in the name of an intermediary (an “Intermediary”) including, among others, banks, trust companies, securities dealers, brokers, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs, and similar plans that the Beneficial Holder deals with in respect of the shares, or (ii) in the name of a clearing agency (such as the Canadian Depository for Securities Limited) of which the Intermediary is a participant. Beneficial Holders should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of shares can be recognized and acted upon at the Meeting. In accordance with the requirements of the Canadian Securities Administrators, the Corporation will have distributed copies of the notice of Meeting, this circular, and the enclosed form of proxy to the clearing agencies and Intermediaries for onward distribution to Beneficial Holders. If you are a Beneficial Holder, your Intermediary will be the entity legally entitled to vote your Class B Shares at the Meeting. Class B Shares held by an Intermediary can only be voted upon the instructions of the Beneficial Holder. Without specific instructions Intermediaries are prohibited from voting Class B Shares.

Applicable regulatory policy requires Intermediaries to seek voting instructions from Beneficial Holders in advance of the Meeting. Often the form of proxy supplied to a Beneficial Holder by its Intermediary is identical to the form of proxy provided to registered shareholders; however, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Holder. The majority of Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications Corporation (“Broadridge”). Broadridge typically mails a scannable voting instruction form in lieu of the form of proxy. The Beneficial Holder is requested to complete and return the voting instruction form to Broadridge by mail or facsimile. Alternatively, the Beneficial Holder may call a toll-free telephone number or access the internet to provide instructions regarding the voting of Class B Shares held by the Beneficial Holder. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Class B Shares to be represented at the Meeting. A Beneficial Holder receiving a voting instruction form cannot use that voting instruction form to vote Class B Shares directly at the Meeting as the voting instruction form must be returned as directed by Broadridge well in advance of the Meeting in order to have such Class B Shares voted.

Beneficial Holders should ensure that instructions with respect to the voting of their Class B Shares are communicated in a timely manner and in accordance with the instructions provided by their Intermediary or Broadridge, as applicable. Every Intermediary has its own mailing procedures and provides its own return instructions to clients which should be carefully followed by Beneficial Holders in order to ensure that their Class B Shares are voted at the Meeting.

Although a Beneficial Holder may not be recognized directly at the Meeting for the purpose of voting Class B Shares registered in the name of their Intermediary, a Beneficial Holder may attend the Meeting as proxyholder for the Intermediary and vote the Class B Shares in that capacity. Beneficial Holders who wish to attend the Meeting and indirectly vote their Class B Shares as a proxyholder should enter their own names in the blank space on the form of proxy or voting instruction form provided to them by their Intermediary and/or Broadridge, as applicable, and return the same in accordance with the instructions provided by their Intermediary and/or Broadridge, as applicable, well in advance of the Meeting.

The purpose of the above noted procedures is to permit Beneficial Holders to direct the voting of the Class B Shares which they beneficially own. Beneficial Holders should carefully follow the instructions and procedures of their Intermediary or Broadridge, as applicable, including those regarding when and where the form of proxy or voting instruction form is to be delivered.

## Notice and Access

Pursuant to National Instrument 54-101 Communication with Beneficial Owners of Securities of a Reporting Issuer (“NI 54-101”), the Corporation is distributing copies of proxy-related materials in connection with the Meeting indirectly to non-objecting beneficial owners of Common Shares and the Corporation intends to pay for delivery to objecting beneficial owners. The Corporation is not relying on the notice-and-access delivery procedures set out in NI 54-101 to distribute copies of proxy-related materials in connection with the Meeting.

## BUSINESS OF THE MEETING

This circular contains information relating to the receipt of the Corporation’s audited consolidated financial statements, the election of directors, the appointment of auditors and the approval of the special resolution approving the adoption of the share based compensation plan.

### 1. Financial Statements

The audited consolidated financial statements of the Corporation for the year ended March 31, 2017 and the report of the auditors thereon will be presented to the shareholders at the Meeting. These audited consolidated financial statements form part of the 2017 Annual Report of the Corporation. You may obtain a copy of the 2017 Annual Report from the Secretary upon request. It will also be available at the Meeting. The full text of the 2017 Annual Report is available on the Corporation’s website at [www.andrewpeller.com](http://www.andrewpeller.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

### 2. Election of Directors

The Board of Directors presently consists of 8 directors. Each director is elected to hold office until the close of the next annual meeting of shareholders.

**Unless it is specified in a proxy that such shares shall be withheld from voting in the election of any director, the persons named in the enclosed proxy intend to vote the shares represented by proxies for the election of each of the nominees whose names follow.**

The management of the Corporation does not contemplate that any of the nominees for directors will be unable to serve as a director but, if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy shall have the discretion to vote the shares represented by proxies for another nominee unless a proxy specifies that shares are to be withheld from voting in respect of the election of directors.

Directors’ independence is based on an analysis of whether or not they hold a management position with the Corporation or have material relationships with the Corporation, either directly or indirectly. Mr. John Peller is not independent by virtue of his position as the Corporation’s Chief Executive Officer. Ms. Lori Covert and Dr. A. Angus Peller are not independent directors as they are immediate family members, as defined in National Policy 58-201 and National Instrument 58-101 of the Chief Executive Officer of the Corporation.

The Board has established procedures to enable it to function independently of management and to facilitate open and candid discussion among the independent directors and the Board is satisfied that it can function independent of management. The Board also meets, as appropriate, without management present. The Board has appointed Mr. Richard Hossack as the Independent Lead Director in order to provide leadership to the Corporation’s independent directors. Under Mr. Hossack’s direction, the independent members of the Board hold formal separate meetings, independent of management and the other non-independent directors, throughout the fiscal year. Independent directors are able to engage in discussions outside of regularly scheduled directors’ meetings.

As discussed further below, the Audit, Finance, and Risk Committee and the Governance and Human Resources Committee of the Board are composed entirely of independent directors. Where warranted, directors have the ability to engage outside advisors at the Corporation’s expense to assist in the fulfillment of their duties.

The following table sets forth relevant information for each person proposed to be nominated for election as a director of the Corporation. Certain information set out below with respect to a nominee for election as a director is not within the knowledge of the Corporation and was provided by the respective nominee individually. Information as to the number of shares beneficially owned, or over which control or direction is exercised, directly or indirectly, not being within the direct knowledge of the Corporation, has been furnished by the respective directors individually and may include shares owned or controlled by spouses and/or children of such directors and/or companies controlled by the directors or their spouses and/or children:

Name	Province and Country of Residence	Principal Occupation	Director Since	Shares Beneficially Owned and Controlled As at July 31, 2017		Value <sup>(5)</sup>
				Class A Non-Voting	Class B Voting	
Dino J. Bianco (2) (4)	Ontario, Canada	Chairperson of the Audit Committee, Welbilt Inc. <i>Welbilt Inc. is a global leader in professional foodservice equipment and systems.</i>	2016	2,250	-	\$24,975
Mark W. Cosens (2) (3) (4)	Ontario, Canada	Managing Director, Kilbride Capital Partners <i>Kilbride Capital Partners is a private management advisory firm</i>	2001	2,250	-	\$24,975
Lori C. Covert (1) (4)	Nova Scotia, Canada	Corporate Director	1993	750	-	\$8,325
Richard D. Hossack, Ph.D. (2) (3)	Ontario, Canada	President, Hossack and Associates Limited <i>Hossack and Associates Limited is a private management consulting firm.</i>	2004	29,250	-	\$324,675
Michelle E. Mallett (3)	Ontario, Canada	President and Chief Executive Officer, Trillium Health Partners <i>Trillium Health Partners is a leading hospital offering full range of acute care hospital services, as well as a variety of community-based, specialized programs</i>	2016	2,250	-	\$24,975
Perry J. Miele (2) (3)	Ontario, Canada	Chairman & Partner of Beringer Capital <i>Beringer Capital is a merchant banking and corporate finance firm specializing in the marketing and communications, specialty media, and advertising industries.</i>	2010	15,750	-	\$174,825
A. Angus Peller, M.D. (1) (4)	Ontario, Canada	Senior Medical Consultant, Medcan Health Management Inc. <i>Medcan Health Management Inc. is a health management company.</i>	1991	21,600	-	\$239,760
John E. Peller (1)	Ontario, Canada	President & CEO, Andrew Peller Limited	1989	4,379,541	90	\$48,613,901

<sup>1</sup> Each of Lori C. Covert, A. Angus Peller and John E. Peller is a director of, and beneficially owns, 16.7% of the outstanding voting shares, of Jalger Limited, which is the registered holder of 3,771,201 Class A Non-Voting Shares and 5,994,108 Class B Voting Shares of the Corporation (not included above).

<sup>2</sup> Member of Audit, Finance, and Risk Committee.

<sup>3</sup> Member of Governance and Human Resources Committee.

<sup>4</sup> Member of Pension Committee.

<sup>5</sup> At July 31, 2017, the TSX closing prices for Class A Non-Voting Shares and Class B Voting Shares were \$11.10 and \$11.07 respectively.

## Directors' Board and Committee Memberships in Other Public Entities

<u>Director</u>	<u>Public Entity</u>	<u>Committee Memberships</u>
Dino J. Bianco	Welbilt Inc.	Chairperson of the Audit Committee Member of the Compensation Committee

## Board and Committee Meeting Attendance

The following table sets forth the attendance record of the current directors at meetings of the directors and committees of the directors during the twelve months ended March 31, 2017.

Directors	Board of Directors (6 Directors + 1 Director & Audit Meeting)		Governance and Human Resource Committee (4 Meetings)		Audit, Finance, and Rick Committee (4 Meetings)		Pension Committee (2 Meetings)	
	Number of Meetings Attended	% of Meetings Attended	Number of Meetings Attended	% of Meetings Attended	Number of Meetings Attended	% of Meetings Attended	Number of Meetings Attended	% of Meetings Attended
Bianco, Dino J. <sup>(1)</sup>	4	57%	N/A	N/A	2	50%	1	50%
Cosens, Mark W. <sup>(2)</sup>	7	100%	4	100%	4	100%	2	100%
Covert, Lori C. <sup>(3)</sup>	7	100%	N/A	N/A	N/A	N/A	2	100%
Hossack, Richard D. <sup>(4)</sup>	7	100%	4	100%	4	100%	N/A	N/A
Mallett (Di Emanuele), Michelle E. <sup>(5)</sup>	4	57%	1	25%	N/A	N/A	N/A	N/A
Miele, Perry J. <sup>(6)</sup>	7	100%	4	100%	4	100%	N/A	N/A
Peller, A. Angus <sup>(7)</sup>	7	100%	N/A	N/A	N/A	N/A	2	100%
Petch, John F. <sup>(8)</sup>	4	57%	1	25%	N/A	N/A	N/A	N/A
Powell, Randy A. <sup>(9)</sup>	5	71%	3	75%	3	75%	N/A	N/A
Short, Brian J. <sup>(10)</sup>	4	57%	N/A	N/A	2	50%	1	50%

1. During fiscal 2017, Mr. Bianco became Chair of the Audit, Finance and Risk Committee and member of the Pension Committee.

2. During fiscal 2017, Mr. Cosens was a member of the Governance and Human Resource Committee and the Audit, Finance, and Risk Committee, and Chair of the Pension Committee.

3. During fiscal 2017, Ms. Covert was a member of the Pension Committee.

4. During fiscal 2017, Dr. Hossack was the Chair of the Governance and Human Resource Committee and a member of the Audit, Finance, and Risk Committee.

5. During fiscal 2017, Ms. Mallett became a member of the Governance & Human Resources Committee.

6. During fiscal 2017, Mr. Miele was a member of the Governance and Human Resource Committee and the Audit, Finance, and Risk Committee.

7. During fiscal 2017, Dr. Angus Peller was a member of the Pension Committee.

8. Mr. Petch was the Vice Chair of the Board of Directors until September 9, 2016.

9. Mr. Powell was the Chair of the Board of Directors and a member of the Governance and Human Resources Committee and the Audit, Finance and Risk Committee. With Mr. Powell's appointment as the President of the Company effective, November 28, 2016, Mr. Powell resigned from the Board of Directors and all Committees.

10. Mr. Short was the Chair of the Audit, Finance, and Risk Committee and member of the Pension Committee until September 9, 2016.

## **Majority Voting Policy**

The Board believes that each of its members should carry the confidence and support of its shareholders. To this end the directors have unanimously adopted this Majority Voting Policy for Director Elections (the “Policy”). Further nominees for election to the Board will be asked to subscribe to this Policy before their names are put forward.

Forms of proxy for the vote at a shareholders’ meeting where directors are to be elected will enable the shareholder to vote in favour of, or to withhold from voting, separately for each nominee. In an uncontested election of directors of the Corporation, any nominee for director who receives a greater number of votes “withheld” from his or her election than votes “for” such election shall offer his or her resignation as a director to the Board promptly following the meeting of shareholders at which the director was elected. Upon receiving such offer of resignation, the Governance and Human Resources Committee (“GHR”) will consider such offer and make a recommendation to the Board whether or not to accept it. In considering whether or not to accept the resignation, the GHR will consider all factors deemed relevant by such committee including, without limitation, the stated reasons why shareholders “withheld” votes from the election of that nominee, the length of service, the qualifications of the director whose resignation has been tendered, such director’s contributions to the Corporation, and the Corporation’s corporate governance policies.

In considering the recommendation of the GHR, the Board will review the factors considered by such committee and such additional factors as the Board considers relevant.

The Corporation will announce the decision of the Board in a press release with respect to whether the Board has decided to accept such director’s resignation, which decision will be made within 90 days following the meeting of shareholders. If the resignation is accepted, the Board may, subject to any corporate law restrictions, leave the resultant vacancy unfilled until the next annual meeting of shareholders, fill the vacancy through the appointment of a new director whom the Board considers to merit the confidence of shareholders, or call a special meeting of shareholders to fill the vacant position.

Any director who tenders his or her resignation pursuant to this Policy shall not participate in the deliberations of any Board committee (including the GHR if such director is a member thereof) or the Board pertaining to such resignation offer.

This Policy only applies in circumstances involving an uncontested election of directors. For the purpose of this Policy, an “uncontested election of directors” means that the number of nominees for election as a director is the same as the number of directors to be elected to the Board and that no proxy material is circulated in support of one or more nominees who are not named as nominees in the applicable management information circular of the Corporation.

## **3. Appointment of Auditors**

The shareholders will be asked at the Meeting to pass a resolution confirming the re-appointment of PricewaterhouseCoopers LLP, Chartered Professional Accountants, Toronto, Ontario as auditors of the Corporation, to hold office until the next annual meeting of shareholders. PricewaterhouseCoopers LLP have been auditors of the Corporation since April 7, 1965.

Unless it is specified in a proxy that such shares shall be withheld from voting in respect of the appointment of auditors, the persons named in the enclosed form of proxy intend to vote in favour of the reappointment of PricewaterhouseCoopers LLP as auditors of the Corporation.

## **4. Approval of Share based compensation plan**

On June 7, 2017, the Board of Directors approved the adoption of a comprehensive share based compensation plan (the “Share Based Compensation Plan” or the “Plan”) designed to advance the interests of the Corporation by enhancing its ability to attract and retain employees, managers and directors, to reward such individuals for their sustained contributions and to encourage such individuals to take into account the long-term financial performance of the Corporation and the creation of shareholder value. A copy of the Plan is attached hereto as Appendix B.

At the Meeting, holders of Class B Shares will be asked to consider, and, if deemed appropriate, approve, with or without variation, a resolution (the “Share Based Compensation Plan Resolution”) in the form set out in Appendix C confirming, ratifying and approving, the adoption of the Share Based Compensation Plan by the Corporation. The Share Based Compensation Plan Resolution must be approved by the affirmative vote of at least a majority of the votes cast by holders of Class B Shares present in person or represented by proxy at the Meeting.

No awards have been made to date under the Share Based Compensation Plan.

**The Board has reviewed the terms of the Share Based Compensation Plan, determined that it is in the best interest of the Corporation and the Shareholders and has authorized the submission of the Share Based Compensation Plan to Shareholders for approval. Accordingly, the Board recommends that Shareholders vote FOR the Share Based Compensation Plan Resolution.**

*Summary of the Share Based Compensation Plan:*

The information respecting the Share Based Compensation Plan in the Information Circular is intended as a summary only, and is qualified in its entirety by reference to the Plan, which is attached as Appendix B hereto.

*Purpose of the Share Based Compensation Plan:*

The purpose of the Share Based Compensation Plan is to advance the interests of the Corporation and its subsidiaries by enhancing their ability to attract and retain employees, managers and directors, to reward such individuals for their sustained contributions and to encourage such individuals to take into account the long-term financial performance of the Corporation and the creation of shareholder value through their participation in the Corporation's share capital.

*Administration of the Share Based Compensation Plan:*

The Share Based Compensation Plan will be administered by the Board which will have the power, subject to the specific provisions of the Plan, to, among other things: (a) determine the individuals (from among the Eligible Participants) to whom Awards may be granted, (b) grant Awards in such amounts and, subject to the provisions of the Plan, on such terms and conditions as it determines, including: the time or times at which Awards may be granted, the Exercise Price, the time or times when each Award vests and becomes exercisable, whether any Award is subject to any Performance Vesting Condition, the Performance Goals, Performance Measures and Performance Periods for any PSUs issued pursuant to the Plan, the Restriction Period for any RSUs issued pursuant to the Plan and any acceleration of exercisability or waiver of termination regarding any Award; (c) interpret this Plan and adopt, amend and rescind administrative guidelines and other rules and regulations relating to the Plan; and (d) make all other determinations, settle all controversies and disputes that may arise under the Plan and take all other actions necessary or advisable for the implementation and administration of the Plan. The Board may, from time to time, delegate the administration of all or any part of the Share Based Compensation Plan to a committee of the Board and shall determine the scope of and may revoke or amend such delegation.

*Eligible Participants:*

The Share Based Compensation Plan authorizes the Board (or a committee of the Board if so authorized by the Board) to grant Awards to any director, officer, current or past employee of the Corporation or its subsidiaries and any consultant to the Corporation or a subsidiary of the Corporation (collectively, "Eligible Participants"). Eligible Participants who have received Awards under the Plan are referred to herein as "Participants".

*Number of Securities Reserved for Issuance:*

Subject to the adjustment provisions provided for in the Share Based Compensation Plan and the applicable rules and regulations of all regulatory authorities to which the Corporation is subject (including the Toronto Stock Exchange), a maximum of 3,358,149 Class A Non-Voting Shares are reserved for issuance under the Plan, representing 10% of the total issued and outstanding Class A Non-Voting Shares as of the date hereof.

The aggregate maximum number of Class A Non-Voting Shares available under the Share Based Compensation Plan may be used for any type of Award. Subject to the provisions and restrictions of the Share Based Compensation Plan, if any Award is cancelled or expires, the number of Class A Non-Voting Shares in respect of which an Award is cancelled or expired, will become available for future grants of Awards under the Share Based Compensation Plan.

*Maximum Grant to Any Participants that are Insiders:*

The aggregate number of Class A Non-Voting Shares issued to any one insider of the Corporation under the Plan or any other proposed or established security based compensation arrangement within any one-year period, shall not exceed five percent (5%) of the issued and outstanding Class A Non-Voting Shares. The aggregate number of Class A Non-Voting Shares (i) issued to insiders of the Corporation under the Plan or any other proposed or established security based compensation arrangement within any one-year period and (ii) issuable to insiders of the Corporation at any time under the Plan or any other proposed or established security based compensation arrangement, shall in each case not exceed five percent (5%) of the issued and outstanding Class A Non-Voting Shares.

*Description of Awards:*

Pursuant to the Share Based Compensation Plan, the Corporation is authorized to award Stock Options (Options), Deferred Stock Units (DSUs), Performance Stock Units (PSUs) and Restricted Stock Units (RSUs) (each an "Award") to Eligible Participants which will be settled in shares issued from treasury. Each Award will be subject to an Award Agreement containing such terms and conditions, not inconsistent with the provisions of the Share Based Compensation Plan, as the Board determines.

a) Options

An Option is a right to purchase a Class A Common Share for a fixed exercise price. Options shall be for a fixed term and exercisable from time to time as determined in the discretion of the Board, provided that no option shall have a term exceeding ten years. If an Option expires during a black-out period, or within two days thereof, its term will be extended to the date which is the fifth business day after the end of the black-out period.

The number of Class A Non-Voting Shares subject to each Option, the exercise price of the Option, the expiration date of each Option, the extent to which each Option is exercisable from time to time during the term of the Option and other terms and conditions relating to each such Option shall be determined by the Board. If no specific determination is made by the Board, the term of the option shall be ten years, the exercise price shall be the Fair Market Value of the Class A Non-Voting Shares and the Options shall vest on the anniversary of the date of grant in equal instalments over a three year period. "Fair Market Value" is defined in the Share Based Compensation Plan as the volume weighted average trading price of the Class A Non-Voting Shares on the TSX for a five trading day period immediately preceding the date of grant.

With the consent of the Board, a Participant may elect to surrender Options, in whole or in part and, in lieu of receiving the Class A Non-Voting Shares to which the surrendered Options relate, receive the number of Class A Non-Voting Shares, disregarding fractions, which, when multiplied by the market value of the Class A Non-Voting Shares, have a value equal to the product of the number of Class A Non-Voting Shares to which the surrendered Options relate multiplied by the difference between the market value of such Class A Non-Voting Shares and the Exercise Price of such Options, less any amount withheld on account of income taxes, which withheld income taxes will be remitted by the Corporation. A Participant may also elect, subject to the approval of the Board, to surrender such Options in whole or in part and, in lieu of receiving the Class A Non-Voting Shares to which the surrendered Options relate, receive cash equal to the product of the number of Class A Non-Voting Shares to which the surrendered Options relate multiplied by the difference between the market value of such Class A Non-Voting Shares and the Exercise Price of such Options, less any amount withheld on account of income taxes, which withheld income taxes will be remitted by the Corporation. Upon any such cashless exercise of Options, the number of Class A Non-Voting Shares remaining reserved for issuance under the Plan will be reduced by the total number of Class A Non-Voting Shares to which the surrendered Options relate irrespective of the number of Class A Non-Voting Shares which are issued to the Participant.

b) DSUs

A DSU is a right, redeemable only after the Participant ceases to be an Eligible Participant, to receive such number of Class A Non-Voting Shares from treasury as may be determined by the Board based on the Fair Market Value of a specified number of Class A Non-Voting Shares on the termination date of a Participant. Unless otherwise determined by the Board, there will be no exercise price payable for DSUs and any time based vesting conditions shall be three years. If the redemption date for a DSU falls within a black-out period, or within two days thereof, the redemption date will be extended to the date which is the fifth business day after the end of the black-out period. Unless otherwise determined by the Board, each Participant who holds DSUs as of the record date applicable to any dividend declared by the Board in respect of the Class A Non-Voting Shares will be credited with dividend equivalents in respect of such DSUs, which will be immediately converted, in accordance with such terms and conditions as the Board determines, into additional DSUs with an initial value equal to the amount of such dividend equivalents.

c) PSUs

A PSU is a right to receive a specified number of Class A Non-Voting Shares upon the achievement of performance goals, which will be based on one or more performance measures, as determined by the Board, over a period to be specified by the Board in the Award Agreement. Unless otherwise determined by the Board in respect of any specific grant of PSUs, PSUs will vest upon the achievement of the performance goals within a three year period and there will be no exercise price payable for PSUs. If the redemption date for a PSU falls within a black-out period, or within two days thereof, the redemption date will be extended to the date which is the fifth business day after the end of the black-out period. Unless otherwise determined by the Board, each Participant who holds PSUs as of the record date applicable to any dividend declared by the Board in respect of the Class A Non-Voting Shares will be credited with dividend equivalents in respect of such PSUs, which will be immediately converted, in accordance with such terms and conditions as the Board determines, into additional PSUs with an initial value equal to the amount of such dividend equivalents.

#### d) RSUs

A RSU is a right to receive a Class A Common Share issued from treasury after the passage of time or on such other terms and conditions as the Board may determine. RSUs may be redeemed for Class A Non-Voting Shares only after they have vested. Unless otherwise determined by the Board, there will be no exercise price payable for RSUs and any time-based restriction period for the vesting of RSUs will be at least three years.

##### *Retirement, Termination and other causes of Cessation of Employment:*

Where a Participant's employment or term of office terminates by reason of retirement, then any Awards held by the Participant that have not vested at the date of retirement will continue to vest in accordance with the vesting conditions set out in the Award Agreement, unless otherwise determined by the Board. Any Options held by the Participant that were exercisable at the date of retirement will continue to be exercisable until expiration of the Options in accordance with the Award Agreement.

Where a Participant's employment or term of office terminates by reason of termination by the Corporation without cause, death or disability, then (A) any Options held by the Participant that are exercisable at the termination date continue to be exercisable by the Participant until the earlier of (i) in the case of the Participant's death, the date that is 365 days from the date of the Participant's death, or (ii) in the case of Participant's disability, the date that is 90 days from the date of the Participant's disability, or (iii) in the case of the Participant's termination without Cause, the date that is 30 days after the termination date; and (ii) the date on which the exercise period of the particular Option expires. Any Options held by the Participant that are not exercisable as of the date the Participant's employment or term of office is terminated by reason of termination by the Corporation without cause, death or disability immediately expire and are cancelled on the termination date of the Participants employment or term of office, as applicable; and (B) a pro-rata portion of the Participant's unvested RSUs and/or PSUs will vest on the next scheduled vesting date set forth in the respective Award Agreement based on the number of days since the date of grant to the date of such termination and such RSUs and/or PSUs will be redeemed and certificates issued to the Participant or the Participant's beneficiary as if the Participant had remained employed until the next scheduled vesting date set forth in the Award Agreement.

Where a Participant's employment or term of office terminates by reason of (i) termination by the Corporation for cause, or (ii) voluntary resignation by the Participant, then any Awards held by the Participant, whether or not exercisable at the termination date, immediately expire and are cancelled on the termination date or at a time as may be determined by the Board, in its sole discretion.

A Participant's eligibility to receive further grants of Awards under the Plan ceases as of the date that the Corporation provides the Participant with written notification that the Participant's employment or term of office, as the case may be, is terminated, notwithstanding that such date may be prior to the last day of the Participant's employment or term of office with the Corporation..

##### *Transferability of Awards:*

Awards granted under the Share Based Compensation Plan are non-transferable and non-assignable to anyone other than in cases of the death or disability of a Participant as permitted under the Share Based Compensation Plan.

##### *Amendment Provisions in the Plan:*

Subject to the terms of the Share Based Compensation Plan and any applicable requirements of the Toronto Stock Exchange, the Board may, without notice or shareholder approval, at any time or from time to time, amend the Share Based Compensation Plan for the purposes of:

- i. amendments of a "housekeeping" nature;
- ii. a change to the provisions of any Award concerning vesting, assignability and effect of termination of a Participant's employment or cessation of a Participant's term of office;
- iii. the amendment of the cashless exercise feature payable in cash or in securities, whether or not such feature provides for a full deduction of the number of underlying securities from the Plan reserve;
- iv. the addition of a form of financial assistance and any amendment to a financial assistance provision which is adopted;
- v. subject to the terms of the Share Based Compensation Plan, a change to advance the date on which any Option may be exercised under the Plan; and
- vi. a change to the Eligible Participants of the Plan, including a change which would have the potential of broadening or increasing participation by insiders.

Notwithstanding the foregoing, the approval of Shareholders is required for the following amendments to the Plan:

- i. any change to the maximum number of Class A Non-Voting Shares issuable from treasury under the Plan, including an increase to the fixed maximum number of Class A Non-Voting Shares or a change from a fixed maximum number of Class A Non-Voting Shares to a fixed maximum percentage, other than an adjustment pursuant to the provisions of Share Based Compensation Plan;
- ii. any amendment which reduces the exercise price, if any, of any Award after the Awards have been granted or any cancellation of an Award and the substitution of that Award by a new option with a reduced price, except in the case of an adjustment pursuant to the provisions of the Share Based Compensation Plan;
- iii. any amendment which extends the exercise period of any Award beyond the original exercise period, except in case of an extension due to a black-out period;
- iv. any amendment which would permit any Award granted under the Plan to be transferable or assignable by any Participant other than as allowed by the provisions of the Share Based Compensation Plan;
- v. any amendment which increases the maximum number of Class A Non-Voting Shares that may be issued to (i) insiders of the Corporation; or (ii) any one insider under the Plan or any other proposed or established security based compensation arrangement in a one-year period, except in case of an adjustment pursuant to the provisions of the Share Based Compensation Plan; and
- vi. any amendment to the amendment provisions of the Plan.

#### *Change of Control*

In the event of a change of control, a reorganization, amalgamation or arrangement involving the Corporation, a take-over bid for all of the Class A Non-Voting Shares or the sale or disposition of all or substantially all of the property and assets of the Corporation, the Board may make such provision for the protection of the rights of Participants as the Board in its discretion considers appropriate in the circumstances, including the changing of vesting conditions of the Awards and the date on which any Award expires.

#### *Acceleration of Vesting*

The Board may, in its discretion, at any time prior to or following the termination of employment or services of a Participant, permit the acceleration of vesting (or a restriction period) of any or all Awards, all in the manner and on the terms as may be authorized by the Board.

#### *Other Terms*

No financial assistance is to be provided to any Eligible Participant to facilitate the purchase of Class A Non-Voting Shares under the Plan.

#### *Regulatory Approval*

The Share Based Compensation Plan has been drafted to comply with the policies of the TSX as they exist at the date of this Information Circular.

## **5. Other Business**

Management knows of no other matter to come before the Meeting. The accompanying proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting. If any other matters, which are not known to management, properly come before the Meeting, the shares represented by proxies in favour of the nominees specified in the enclosed form of proxy will be voted on such matters in accordance with the best judgment of such nominees.

## REPORT ON DIRECTOR COMPENSATION

The Corporation's compensation practices for directors are designed to reflect the size and complexity of the Corporation, the time commitments required to fulfill their responsibilities and duties, and to confirm the importance placed on aligning directors' compensation with that of shareholders. The market competitiveness and form of directors' compensation is reviewed annually by the GHR and compared to directors' compensation for companies of similar size and scope in Canada. The companies reviewed are the same as those used to benchmark executive compensation (see Benchmarking of Executive Compensation). Unlike executive compensation, the director compensation plan is not designed to pay for performance; rather, directors receive retainers for their services to help ensure unbiased decision making.

The Corporation provides directors with a compensation package that consists of an annual retainer for sitting on the Board and for each committee, meeting fees, a share purchase plan, and a wine allowance. The Corporation's total compensation philosophy is targeted to meet the 50<sup>th</sup> percentile of selected consumer products companies within the comparator group. The compensation package is designed to attract and retain qualified individuals to sit on the Board. The Corporation provides a share purchase plan to encourage directors to hold shares in the Corporation. Directors have the option of receiving their fees solely in cash, or may use part of their fees to purchase Class A Non-Voting Shares of Corporation at a price that is 50% of the market value of the Class A Non-Voting Shares with the Corporation contributing 50% towards this purchase up to a maximum of 750 Class A Non-Voting Shares of the Corporation each year. The implementation of the share purchase plan encourages directors to take part of their retainer in the form of shares. Each director is entitled to receive an annual wine allowance with a value of up to \$1,000.

For the fiscal year ended March 31, 2017, each non-management director was eligible to receive the following compensation:

Chairman annual retainer	\$50,000
Director annual retainer	\$20,000
Independent Lead Director annual retainer	\$5,000
Audit, Finance, and Risk Committee Chair retainer	\$4,000
Governance and Human Resources Committee Chair retainer	\$2,500
Pension Committee Chair retainer	\$2,000
Audit, Finance, and Risk Committee annual retainer	\$2,000
Governance and Human Resources Committee annual retainer	\$1,000
Pension Committee annual retainer	\$1,000
Board meeting fee	\$1,000 in person, \$500 by telephone
Committee meeting fee	\$750 in person, \$500 by telephone

The CEO does not receive any fees in his capacity as a director or Chairman.

## Summary of Directors' Compensation for Fiscal 2017

The following table sets forth all amounts of compensation earned by the directors (other than any director who was also an officer of the Corporation), including the annual retainer, committee, chair and meeting fees, share purchase plan, and wine allowance for the fiscal year ended March 31, 2017. Directors of the Corporation are not entitled to any option-based awards or non-equity incentive plan compensation or to participate in the Corporation's pension plan.

NAME	FEES EARNED (\$)					SHARE BASED AWARDS (5)	ALL OTHER COMPENSATION	TOTAL (\$)
	CHAIR RETAINER FEE	BOARD RETAINER FEE	BOARD MEETING FEES	COMMITTEE RETAINER FEES	COMMITTEE MEETING FEES			
Bianco, Dino J. <sup>(3, 4, 5)</sup>	4,000	20,000	3,500	1,000	2,250	11,947	1,000	43,697
Cosens, Mark W. <sup>(3, 4)</sup>	2,000	20,000	5,500	3,000	7,500	-	1,000	39,000
Covert, Lori C. <sup>(4)</sup>	N/A	20,000	5,000	1,000	1,000	-	-	27,000
Hossack, Richard D. <sup>(3, 4)</sup>	2,500	20,000	5,000	2,000	5,000	11,947	1,000	47,447
Mallett (Di Emanuele) Michelle E. <sup>(4, 5)</sup>	N/A	20,000	3,500	1,000	750	11,947	1,000	38,197
Miele, Perry J. <sup>(4)</sup>	N/A	20,000	5,500	3,000	5,500	11,947	1,000	46,947
Peller, A. Angus <sup>(4)</sup>	N/A	20,000	5,500	1,000	1,250	11,947	-	39,697
Petch, John F. <sup>(2)</sup>	N/A	N/A	3,000	N/A	500	-	-	3,500
Powell, Randy A. <sup>(1)</sup>	8,333	N/A	4,000	N/A	4,000	-	-	16,333
Short, Brian J. <sup>(3, 4)</sup>	N/A	N/A	3,000	N/A	2,000	-	-	5,000

1. With Mr. Powell's appointment as the President of the Company effective November 28, 2016, Mr. Powell resigned from the Board of Directors and all Committees. John E. Peller, Chief Executive Officer, was appointed the Chairman of the Board and does not receive any fees in his capacity as a director.
2. Mr. Petch was the Vice Chair of the Board of Directors until September 9, 2016.
3. Committee Chair; Mr. Short was the Chair of the Audit, Finance, and Risk Committee until September 9, 2016 at which time Mr. Bianco was appointed as the Chair of the Audit, Finance and Risk Committee.
4. Committee Member; Mr. Short and Mr. Petch were Committee members until September 9, 2016 at which time Mr. Bianco and Ms. Mallett were appointed as Committee Members.
5. Represents a subsidy of 50% for directors who elect to receive a portion of their retainer in the form of Class A Non-Voting Shares of the Corporation determined on the basis of the fair value of the shares on the date of grant.

# REPORT ON EXECUTIVE COMPENSATION

## Compensation Discussion and Analysis

### Summary

Andrew Peller Limited's compensation policies are designed to achieve the objectives of attracting and retaining key employees throughout the organization, motivating these employees to achieve both the short and long-term objectives of the Corporation, and aligning their interest with those of shareholders. The goal is to reward performance and to be competitive with compensation arrangements of other Canadian companies of similar size and scope of operations. The policies have been established to encourage and reward key employees for the performance of pre-established corporate revenue growth, cash flow, and profitability objectives, return on average capital employed, and leverage targets.

On November 17, 2016, Andrew Peller Limited announced important changes to the leadership and board governance to facilitate the growth strategy and position Andrew Peller Limited as a strong global wine competitor and significant contributor to the Canadian economy. The Board of Directors of Andrew Peller Limited announced that Mr. Randy A. Powell had been appointed President of the Corporation effective November 28, 2016. With his appointment, Mr. Powell resigned from the Corporation's Board of Directors and Committees and Mr. John Peller was appointed as the new Board Chair and retained his position as Chief Executive Officer of the Corporation.

The GHR has established compensation practices and processes that support the strategic direction of the Corporation. The GHR is committed to providing clear disclosure of the Corporation's compensation strategy, ensuring that the compensation decisions have resulted in a direct link between the compensation of executive officers, and enhanced value to shareholders. The GHR believes that the compensation practices of the Corporation have enhanced value to our shareholders.

### Compensation Responsibilities

As part of its mandate, the GHR has the responsibility to set the Corporation's compensation strategy, to assess the performance of the Chairman and Chief Executive Officer ("CEO"), to make specific recommendations to the Board about the elements and design of the executive compensation package and to ensure that compensation is implemented within the design and intent of that strategy. Periodically the Corporation engages a consultant to assist the Committee with its review and analysis of executive compensation. In fiscal 2017, the GHR was comprised of the following independent directors: Chair: Richard D. Hossack, Members: Mark W. Cosens, Michelle E. Mallett and Perry J. Miele.

Several members of the GHR have direct experience that is relevant to their responsibilities in executive compensation. Collectively the members of the Committee have held a wide range of other positions that have included responsibilities relating to executive compensation as members of boards of other public companies and organizations. In addition, certain members have performed consulting work related to the design of compensation and benefit packages, long-term incentive plans, and equity grants. Overall, the collective skills and experience of the GHR are judged to be suitable to fulfill its mandate.

### Compensation Process

The Board and its Committees continually evaluate the corporate governance policies and procedures of the Corporation. As part of its mandate, the Board is responsible for the supervision of the management of the business and affairs of the Corporation which includes reviewing, discussing, and approving the Corporation's five year strategic and annual business plan (the "Plans"). These Plans, as well as the results of operations for the current year, serve as the basis for assessing the performance and compensation of management. Set out below is the process followed by the Corporation in determining the compensation of executive officers.

- At its June meeting the Board reviews the results of the Corporation for the preceding year and the Plans of the Corporation. The GHR reviews the compensation design and strategy to ensure alignment with the results for the current year and the Plans. The GHR also reviews the achievement of CEO objectives for the preceding year and the CEO objectives for the current year, reviews compensation for all executive officers (base salary, cash incentive, and equity based incentive) against executive roles of similar job content or scope in the commercial industrial comparator market and recommends any changes in compensation for approval by the Board.
- At its November meeting the Board reviews financial results for the year to date compared to the Plans and management's estimate of year-end financial results. The GHR approves the salary budget for the upcoming year.
- At its February meeting the Board reviews financial results for the year to date compared to the Plans and management's estimate of year-end financial results. The GHR reviews performance of the CEO against his personal objectives.

In setting the strategy and in designing the various components of compensation, the GHR receives information from management, assessments from independent advisors, feedback on trends from the Corporation's comparative group of companies, and from general compensation trends across the country. Throughout the year, the Board and the GHR review progress against the Plans to determine if any changes are required to the Corporation's priorities.

## **Risks Associated with Compensation Programs**

The GHR is responsible for assessing the performance and approving the compensation of senior executives. Significant risks associated with compensation policies and practices are shared with the GHR and are also included in the Statement of Risks and Risk Mitigation Strategies which is updated annually. The Statement of Risks and Risk Mitigation Strategies is reviewed by the Audit, Finance, and Risk Committee. Using this and other knowledge of compensation practices, the GHR considers the implications of the associated risks involved with compensation policies and practices. Numerous practices are used by the Corporation to mitigate compensation programs that could potentially encourage excessive risk-taking including setting limits on incentive payments, using multiple targets to avoid a one-dimensional focus, setting realistic targets, reviewing performance against targets on a regular basis, requiring executive officers to accumulate and hold shares in the Corporation, and ensuring that the Board reviews major acquisitions, divestitures, and capital budgets. No risks that are reasonably likely to have a material adverse effect on the Corporation were identified.

## **Benchmarking of Executive Compensation**

The Corporation uses the advice from independent compensation consultants, Korn Ferry Hay Group (the "Source") to undertake market comparisons and provide advice on developing appropriate compensation programs including salary, benefits, pension, and cash and equity based incentive plans. The group used to undertake market comparisons is Korn Ferry Hay Group's All Commercial Industrial comparator group which consists of 288 Canadian companies. The information from the comparator group is size adjusted to be comparable to the Corporation.

Each component of the Corporation's compensation is designed to pay at the 50<sup>th</sup> percentile of the comparator group for executive officers, other than the CEO and the President, whose design is to pay at the 75<sup>th</sup> percentile. Variable compensation is paid if the Corporation were to meet its overall financial objectives. Additional incentive payments may be made in the event that, in the opinion of the GHR, a successful project was completed that resulted in enhanced value to shareholders.

## **Performance Based Compensation Mix**

The Corporation's strategy for executive compensation is designed to drive and reward performance and to align the executive officers' compensation with the interests of its shareholders. Accordingly, a significant portion of compensation is at risk by virtue of the Cash and Equity Based Incentive Plans which are tied to corporate profitability.

Assuming that target levels of financial results are achieved:

60% of the CEO's total compensation is determined by the Corporation's financial targets.

58% of the President's total compensation is determined by the Corporation's financial targets.

33% to 38% of other executive officers total compensation is determined by the Corporation's financial targets.

Differences in performance based compensation for executive officers reflect market differentials driven by the impact each individual has on operating results.

## **Components of Executive Compensation**

The executive officers' compensation package provides a balanced set of elements designed to deliver the objectives of the compensation policy. The fixed elements of the package; namely salary, benefits, perquisites, and the pension plan provide a competitive base of secure compensation necessary to attract and retain executive talent. The variable elements, the Cash and Equity Based Incentive Plans, are designed to balance short-term gains with the long-term interests of the Corporation and motivate performance to achieve the Corporation's goals. The Equity Based Incentive Plan also aligns executive officers' interests with those of shareholders and helps retain executive talent. The combination of the fixed elements and the variable incentive opportunities delivers a competitive compensation package relative to the Corporation's comparator group.

Total direct compensation for executive officers, including the Named Executive Officers (“NEOs” as set out in the Summary Compensation Table below), is comprised of three components: base salary, cash incentive, and equity based incentive. Compensation arrangements for the executive officers are reviewed annually by the GHR and presented to the Board of Directors for approval.

The Corporation maintains a comprehensive benefits program for its executive officers which includes participation in a pension and other retirement plans, a comprehensive health care program (group life coverage, short and long- term disability, medical, dental, vision, and out of country coverage), and vacation entitlements. Certain perquisites and other personal benefits are also provided to the executive officers including car allowances or the provision of leased vehicles, reimbursement for car related expenses, a wine allowance, and for certain executive officers, payment of annual professional dues and club memberships.

The Corporation maintains a defined contribution pension plan and supplementary executive retirement plan for its’ executive officers which is funded at the rate of 12.5% of an executive officer’s base salary.

## **Base Salary**

Base salaries for executive officers are designed to be competitive with executive roles of similar job content or scope in the commercial industrial comparator market. In determining base salaries, the GHR receives recommendations from the CEO and assesses an executive officer’s past performance, experience, and level of responsibility. The GHR also considers the profitability of the Corporation for the preceding year, the anticipated profitability for the following year, and the date of the last annual increase in base salary of an executive officer. Salaries for executive officers, including the NEOs, are recommended by the GHR to the Board for approval. The GHR considers base salary adjustments on an annual basis as part of its comprehensive review of executive compensation at meetings held each June. The GHR may also approve mid-year base salary adjustments in the event of a promotion or a significant change in an individual’s responsibilities.

Assessments of the individual performance of executive officers of the Corporation are prepared by way of an evaluation process that was developed and is administered by the Chief Financial Officer and Executive Vice-President, Human Resources & IT in conjunction with other senior executives. The results of these assessments are presented for review by the CEO and the President to the GHR.

In conjunction with and based upon the results of the assessment, as well as other internal compensation data (including length of service and other executive’s salaries), external compensation data (including data provided by the Sources), the performance of the Corporation for the prior year, and projected profitability of the Corporation for upcoming year, on the recommendation of the CEO, the GHR will recommend increases in annual salaries for the NEOs and other executive officers for approval by the Board.

## **Cash Incentive**

The Cash Incentive Plan is a mechanism for the payment of performance based incentive payments. The primary objective of the plan is to motivate and provide an incentive to executive officers to achieve specified financial goals and meet certain business initiatives. Executive officers and other members of management participate in the Cash Incentive Plan. The CEO, President, Executive Vice-President of Human Resources & IT, the Executive Vice-President of Operations and Executive Vice-President of Marketing receive an incentive payment that is dependent on the Corporation achieving prescribed revenue (20% of total cash incentive), consolidated EBITA (defined as earnings before interest, amortization, net unrealized gains and losses on derivative financial instruments, other (income) expenses, and income taxes) (60%), and cash flow (20%). For other executive officers, the plan provides for the payment of incentives dependent upon the Corporation achieving prescribed revenue (20% of total cash incentive), consolidated EBITA (20%), cash flow (20%), divisional EBITA targets (20%-40%), and business unit EBITA (20%). The level of the incentive for each executive officer is determined by a review of market data provided by the Source for executive roles of similar job content or scope in the commercial industrial comparator market. The amount of incentive earned by an executive officer for a financial year is based on a percentage of 25% to 30% of an executive officer’s base salary, 50% for President and 75% for the CEO. The GHR views these incentive payments as an integral part of an executive’s compensation package.

The annual cash incentive paid under this plan is based on the Corporation achieving a specified level of revenue, EBITA, and cash flow, including accruals for all incentive payments. In fiscal 2017, the Corporation paid an aggregate of \$1,215,308 in the form of cash incentives to executive officers.

At the Board of Director’s meeting held on June 7, 2017, the Board of Directors approved amendments to the target percentages for the Short Term Incentive Plan as follows: CEO - 75% of base salary (no change); President – increase from 50% to 70% of base salary; Executive Vice Presidents – increase from 30% to 35% of base salary; Vice Presidents – 25% of base salary (no change). Threshold, target and maximum levels of performance will be established for the program.

## **Equity Based Incentive Plan**

The Corporation believes that the best incentive plans also include a securities-based component designed to allow executive officers to align their long-term interests with those of the Corporation's shareholders. Executive officers participate in an Equity Based Incentive Plan which provides for the payment of an incentive dependent on the Corporation achieving prescribed return on average capital employed ("ROACE") and debt/EBITA targets. The level of incentive is determined by the GHR and ranges from 25% to 40% of base salary for executive officers, 75% for the CEO and 90% for the President. The targets are based on a ROACE (75% of total equity based incentive) and debt/EBITA (25%) which is set at the beginning of each financial year. The incentive awarded is payable by purchasing Class A Non-Voting Shares of the Corporation in the amount of 52% of the award and the balance of the incentive is paid in cash. Each executive officer is required to accumulate a required number of Class A Non-Voting Shares, the value of which represents a predetermined percentage of base salary before Class A Non-Voting Shares can be traded. Executives must accumulate and hold Class A Non-Voting Shares of the Corporation representing 200% of base salary for the President and 100% to 140% of base salary for all other executive officers. All dividends received on the ownership of the shares are used to purchase additional Class A Non-Voting Shares. Periodically a request may be made by an executive officer to the GHR to receive their incentive entirely in the form of cash as a result of a special circumstance. The GHR's practice has been to grant such requests provided that the individual's circumstance warrants such a request. The CEO received his entire incentive under the Equity Based Incentive Plan in fiscal 2017 in the form of cash. In fiscal 2017, the Corporation paid an aggregate of \$1,287,783 in the form of equity incentives to executive officers.

On June 7, 2017, the Board of Directors approved changes to the Corporation's incentive program to replace the Equity Based Incentive Plan with a share based compensation plan. The share based compensation plan is designed to advance the interests of the Corporation by enhancing its ability to attract and retain employees, managers and directors, to reward such individuals for their sustained contributions and to encourage such individuals to take into account the long-term financial performance of the Corporation and the creation of shareholder value.

At the Meeting, shareholders will be asked to consider, and, if deemed appropriate, approve a resolution to approve the adoption of a Share Based Compensation Plan as described in Section 4 of this management proxy circular.

On June 7, 2017, the Board of Directors also approved amendments to the target percentages for the Long-Term Incentive Plan as follows: CEO – increase from 75% to 100% of base salary; President – 90% of base salary (no change); Executive Vice Presidents – increase from 30% to 50% of base salary; Vice Presidents – 25% of base salary (no change). Director level employees (below Vice Presidents) have been added to the Long-Term Incentive program with a target percentage of 10% of base salary. Threshold, target and maximum levels of performance will be established for the program.

### **CEO – Fiscal 2017 Performance Targets**

The Cash Incentive Plan provides an opportunity for the CEO to receive up to 75% of his base salary as an incentive based upon achieving the following objectives.

- 20% of the incentive for achievement of the consolidated revenue target.
- 60% of the incentive for the achievement of the consolidated EBITA target.
- 20% of the incentive for the achievement of the cash flow target.

The Equity Based Incentive Plan provides an opportunity for the CEO to receive up to 75% of his base salary upon achieving the following objectives:

- 75% of the incentive for the achievement of ROACE target.
- 25% of the incentive for the achievement of debt/EBITA target.

### **CEO – Fiscal 2017 Actual Performance**

With respect to the cash incentive, the Corporation exceeded its targets for consolidated revenue, consolidated EBITA, and cash flow. The incentive was achieved at 110%.

With respect to the Equity Based Incentive Plan, the ROACE and debt/EBITA targets were exceeded. The incentive was achieved at 110%.

## **CEO – Incentive Payments**

In determining actual performance against objectives for the year, the GHR uses the consolidated revenue, cash flow, and consolidated EBITA as reported in the annual audited financial statements and Management’s Discussion and Analysis of the Corporation.

For the year ended March 31, 2017, the GHR determined that the CEO was entitled to receive payments under the Cash and Equity Based Incentive Plans for achievement under each of the plans. He received \$499,125 under the Cash Incentive Plan and was paid \$499,125 for the Equity Based Incentive Plan.

## **Executive Officers – Fiscal 2017 Incentive Targets**

The Cash Incentive Plan provides an opportunity for the President and executive officers to receive from 25% to 50% of their base salary based upon achieving the following objectives.

With respect to the President, the Chief Financial Officer and Executive Vice-President of Human Resources and IT, and the Executive Vice-President Operations, the Cash Incentive Plan is based upon achieving the following:

- 20% of the incentive for the consolidated revenue target.
- 60% of the incentive for the consolidated EBITA target.
- 20% of the incentive for the cash flow target.

With respect to the remaining executive officers, the Cash Incentive Plan is based upon achieving the following:

- 20% of the incentive for consolidated revenue
- 20% of the incentive for consolidated EBITA
- 20%-40% of the incentive for divisional EBITA.
- 0%-20% of the incentive for business unit EBITA
- 20% of the incentive for the cash flow

The Equity Based Incentive Plan provides an opportunity for the executive officers to receive from 25% to 90% of their base salary upon achieving the following objectives:

- 75% of the incentive for the achievement of ROACE target.
- 25% of the incentive for the achievement of debt/EBITA target.

## **Executive Officers – Fiscal 2017 Actual Performance**

With respect to the cash incentive, the Corporation exceeded its targets for consolidated revenue and consolidated EBITA, divisional EBITA, business unit EBITA, and cash flow. The incentive was achieved at 110% for most executive officers.

With respect to the Equity Based Incentive Plan, the ROACE and debt/EBITA targets were exceeded. The incentive was achieved at 110%.

## **Executive Officers Incentive Payments**

For the year ended March 31, 2017, the GHR determined that the eleven executive officers were entitled to receive payments in the amount of \$716,183 under the Cash Incentive Plan and \$788,658 under the Equity Based Incentive Plan to the executive officers.

## **Benefits and Perquisites**

Benefits and perquisites are elements of compensation designed to provide a level of security with respect to the health and welfare of the executive officers of the Corporation. These are fixed elements of compensation and are not dependent on individual performance.

All employees of the Corporation, including the CEO, participate in a benefits program that is based upon the same competitive market practices as base salary. Medical, dental, short and long-term disability, vision, and life insurance are all included in the program.

Car allowances or company provided vehicles are granted to executive officers of the Corporation at a fixed amount which vary by level of each executive officer and is based upon competitive market practices. This program is reviewed periodically to ensure that levels provided are competitive with the market.

Executive officers, other than the CEO, are provided with a wine allowance that amounts to \$1,500–\$4,800 annually depending on their position. The CEO does not have a limit on his wine allowance.

Certain senior executives including the CEO, are provided with club memberships. All executive officers are provided with an annual medical review at the Corporation’s cost. These perquisites are reviewed periodically to ensure they are competitive with the market.

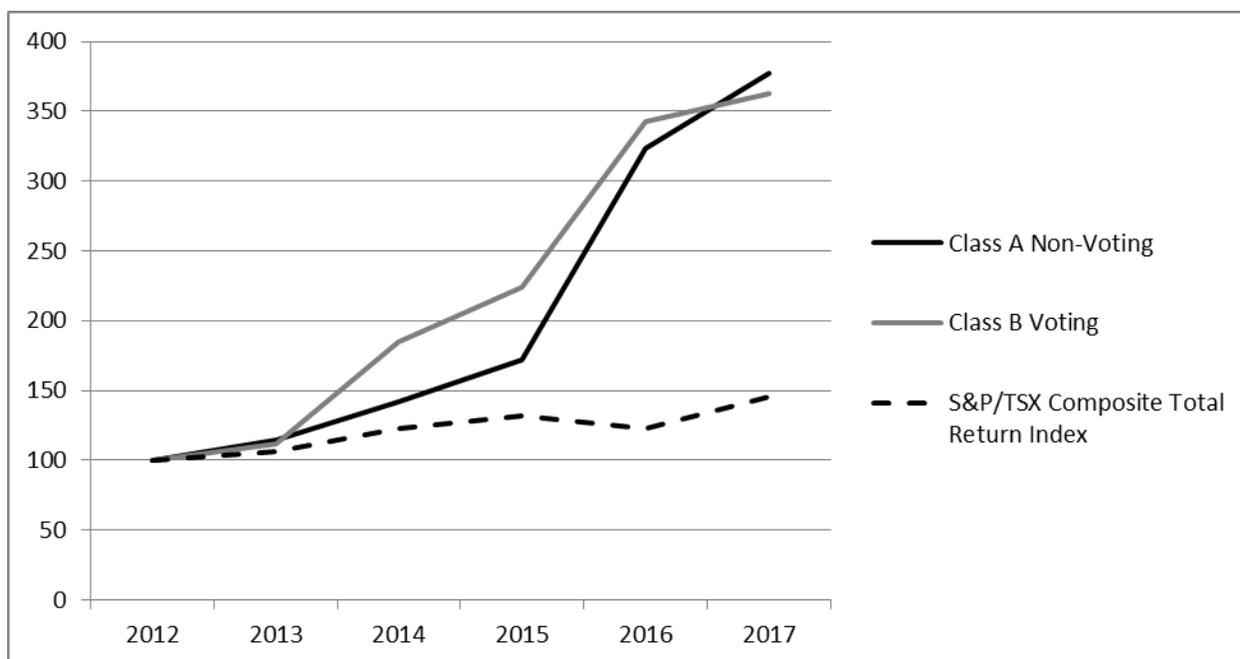
### Executive Compensation-Related Fees

External executive compensation-related consultant fees were \$73,741 during the year ended March 31, 2017.

### Termination and Change of Control Benefits in Employment Agreements

The Corporation has employment agreements with most executive officers which include compensation in lieu of notice in amounts that are considered substantially consistent with legal requirements. No other agreements with respect to future termination or change of control exist with NEOs or other executive officers.

### Five Year Total Return on \$100 Investment



	2012 \$	2013 \$	2014 \$	2015 \$	2016 \$	2017 \$
Class A Non-Voting	100.00	114.20	142.14	172.06	323.72	377.28
Class B Voting	100.00	111.48	184.37	223.77	342.72	362.81
S&P/TSX Composite Total Return Index	100.00	106.11	123.05	131.58	122.93	145.82

The Corporation achieved a total gain to shareholders of 277.28 percent over the last five years on the Class A Non-Voting Shares and a gain of 262.81 percent on the Class B Shares. The return to shareholders on the Class B Shares is affected by the extremely low volume of trading in these shares.

The Chart below sets out the performance of the Corporation over the preceding five years compared to increases in both base and variable executive compensation. The Corporation uses EBITA (defined as earnings before interest, amortization, net unrealized gains and losses on derivative financial instruments, other (income) expenses and income taxes) to measure its performance.

Year	EBITA (\$ thousands)	% of Growth	% Increase in Base Executive Compensation	% Increase (Decrease) in Variable Executive Compensation
2013	33,489	2.6%	3.1%	(11.1%)
2014	33,729	0.7%	4.0%	(33.6%)
2015	35,184	4.3%	3.3%	87.8%
2016	40,916	16.3%	3.4%	23.2%
2017	45,137	10.3%	5.5%	9.0%

The CEO and all other executive officers received increases in base compensation of \$122,000 for the most recently completed fiscal year. Total base compensation paid to the CEO amounted to \$2,804,000 for the five years ended March 31, 2017. Total base compensation for all executive officers of the Corporation amounted to \$7,670,100 over the same period.

The CEO and all other executive officers received performance based compensation of \$2,503,091 for the year ended March 31, 2017. Total performance based compensation paid to the CEO and executive officers during the five years ended on March 31, 2017 amounted to \$8,525,056. This represents an overall average of 97% of eligible target based performance compensation levels over the period.

In determining the amount of overall compensation payments, the Board considers the overall performance of the Corporation against targeted net earnings after tax before other and unusual items.

## Summary Compensation Table

The following table sets forth all compensation paid, payable, awarded, granted, given or otherwise provided directly or indirectly, by the Corporation, to each of the following individuals for the financial year ended March 31, 2017: (a) CEO (b) President (c) CFO and (d) each of the three most highly compensated executive officers, other than the Chief Executive Officer, President and CFO, at the end of the fiscal year ended March 31, 2017; and (d) each individual that would be included in (c) but for the fact that the individual was not an executive officer at March 31, 2017 (collectively, the “Named Executive Officers” or “NEOs”):

Name and Principal Position	Year	Salary (\$)	Incentive plan compensation <sup>(1)</sup> (\$)		Pension Value <sup>(2)</sup> (\$)	All other compensation <sup>(3)</sup> (\$)	Total Compensation (\$)
			Cash Incentive	Equity Based Incentive <sup>(4)</sup>			
John E. Peller Chief Executive Officer	2017	605,000	499,125	499,125	75,536	56,845	1,735,631
	2016	577,000	519,300	519,300	72,482	57,535	1,745,617
	2015	557,000	417,750	417,750	69,982	55,148	1,517,630
Randy A. Powell <sup>(5)</sup> President	2017	150,000	82,500	148,500	18,750	13,941	413,691
Anthony M. Bristow <sup>(6)</sup> Chief Operating Officer	2017	318,000	139,920	127,200	39,685	37,748	662,553
	2016	300,000	144,000	144,000	37,758	35,878	661,636
	2015	288,000	115,200	115,200	36,248	38,649	593,297
Brian Athaide Chief Financial Officer and Executive Vice-President HR & IT	2017	246,000	81,180	81,180	30,699	20,317	459,376
	2016	228,000	82,080	82,080	28,703	22,588	443,451
	2015	57,000	-	-	7,302	6,859	71,161
Brendan P. Wall Executive Vice-President, Operations	2017	235,000	77,550	77,550	29,324	35,148	454,572
	2016	228,000	82,080	82,080	28,702	34,693	455,555
	2015	221,800	66,540	66,540	27,922	34,621	417,423
Shari A. Niles <sup>(7)</sup> Executive Vice-President, Marketing	2017	223,000	73,590	73,590	27,827	16,908	414,915
	2016	216,000	77,760	77,760	27,192	18,602	417,314
	2015	211,000	63,300	63,300	26,563	20,908	385,071

1. Incentives earned for a fiscal year are paid in June of the following fiscal year.
2. Amounts identified as Pension Value for J.E. Peller, R.A. Powell, B.A. Athaide, B.P. Wall, and S.A. Niles represents the Corporation’s contributions towards the Corporation’s Defined Contribution Pension Plan and Supplementary Executive Retirement Plan.
3. Other compensation consists of the items discussed in the section titled “Benefits and Perquisites” above. During the year, an automobile allowance was paid to each NEO in the amount of: \$32,143 to John Peller, \$6,700 to Randy Powell, \$16,200 to Brian Athaide, \$16,200 to Brendan Wall, and \$11,847 to Shari Niles.
4. Management incentives under the Equity Based Incentive Plan are payable annually based on the achievement of ROACE and debt/EBITA targets. The CEO’s award is paid entirely in cash. All other awards were paid, as to 52%, in the form of Class A Non-Voting Shares and as to the remaining 48%, in cash in order to pay income tax on the awards. The Class A Non-Voting Shares are held with Sun Life Assurance Company of Canada.
5. Randy A. Powell became President on November 28, 2016. His annual base compensation is \$450,000 per annum. The position title of John Peller changed to Chairman and CEO effective November 28, 2016.
6. Anthony M. Bristow was Chief Operating Officer until November 28, 2016 and moved to “special projects” until May 31, 2017 with all current terms and conditions. In connection with a retirement and transition services agreement, Mr. Bristow is entitled to additional compensation and benefits to be paid during the period of July 1, 2017 to November 30, 2018.
7. Shari A. Niles was Executive Vice-President, Marketing until April 1, 2017. In connection with a severance package, Ms. Niles is entitled to compensation and benefits to be paid during the period of April 1, 2017 to October 1, 2018.

## Shareholdings of Executives

Executive	Year	Balance		Change during year	
		Total Shares <sup>(1)</sup>	Value <sup>(2)</sup>	Shares Purchased/ Reinvestment	Value of Shares Purchased/Reinvestment
Athaide, Brian D. <sup>(6)</sup>	2017	8,705	\$96,626	4,031	\$44,744
	2016	4,674	\$45,899	4,674	\$45,899
	2015	-	-	-	-
Berti, Gregory J.	2017	95,227	\$1,057,020	(6,434)	\$(71,417)
	2016	101,661	\$997,820	5,055	\$49,640
	2015	96,606	\$514,910	8,139	\$43,381
Bristow, Anthony M. <sup>(5)</sup>	2017	131,670	\$1,461,537	1,299	\$14,419
	2016	130,371	\$1,280,243	(30,225)	\$(296,810)
	2015	160,596	\$855,977	20,784	\$110,779
Campbell, Colin	2017	23,641	\$262,415	2,503	\$27,783
	2016	21,138	\$207,575	3,150	\$30,933
	2015	17,988	\$95,876	5,697	\$30,365
Cole, James H.	2017	36,827	\$408,780	2,693	\$29,892
	2016	34,134	\$335,196	3,285	\$32,259
	2015	30,849	\$164,425	165	\$879
J. Gavin Hawthorne <sup>(7)</sup>	2017	2,704	\$30,014	1,951	\$21,656
	2016	753	\$7,394	3	\$29
Craig D. McDonald <sup>(8)</sup>	2017	11,480	\$127,428	2,087	\$23,166
	2016	9,393	\$92,239	78	\$766
Niles, Shari A.	2017	76,496	\$849,106	497	\$5,517
	2016	75,999	\$746,310	5,835	\$57,300
	2015	70,164	\$373,974	9,501	\$50,640
Peller, John E.	2017	4,379,631 <sup>(3)</sup>	\$48,613,901 <sup>(4)</sup>	-	-
	2016	4,379,631 <sup>(3)</sup>	\$43,008,062 <sup>(4)</sup>	-	-
	2015	4,379,631 <sup>(3)</sup>	\$23,343,598 <sup>(4)</sup>	583,899	\$3,112,182
Powell, Randy A. <sup>(9)</sup>	2017	24,513	\$272,094	11,013	\$122,244
Rooney, Erin L.	2017	13,445	\$149,240	2,882	\$31,990
	2016	10,563	\$103,729	3,654	\$35,882
	2015	6,909	\$36,845	6,909	\$36,825
Wall, Brendan P.	2017	54,409	\$603,940	4,459	\$49,450
	2016	49,950	\$490,509	5,691	\$55,886
	2015	44,259	\$235,901	5,013	\$26,719

1. Class A Non-Voting Shares as of July 31, 2017, March 31, 2016, and March 31, 2015. The above shareholdings have been restated to reflect the stock split performed by the Corporation in October of 2016.
2. Value is based on the Class A Non-Voting Share close price on the TSX on July 31, 2017 at \$11.10, March 31, 2016 at \$9.82, and March 31, 2015 at \$5.33 per share.
3. At July 31, 2017, March 31, 2016 and March 31, 2015, Mr. John E. Peller beneficially owned 4,379,541 Class A Non-Voting Shares and 90 Class B Shares.
4. The value of Mr. John E. Peller's Class A Non-Voting and Class B Voting Shares respectively as of July 31, 2017 was \$48,612,905 and \$996; as of March 31, 2016 was \$43,007,093 and \$969 and as of March 31, 2015 was \$23,342,954 and \$644.
5. Mr. Anthony M. Bristow received his equity based incentive for 2016 in the form of cash.
6. Mr. Brian D. Athaide became an Officer (insider) on January 5, 2015.
7. Mr. J. Gavin Hawthorne became an Officer (insider) on April 1, 2016 with an opening balance of 750 Class A Non-Voting Shares.
8. Mr. Craig D. McDonald became an Officer (insider) on April 1, 2016 with an opening balance of 9,315 Class A Non-Voting Shares.
9. Mr. Randy A. Powell became an Officer on November 28, 2016 with an opening balance of 13,500 Class A Non-Voting Shares.

## Pension Plan Benefits

### Executive Defined Contribution Retirement Savings Plan (DCRPP) and Supplementary Executive Retirement Plan (SERP)

The CEO & Executive Chair and other executive officers are members of a DCRPP and SERP. The Corporation contributes 12.5% of an executive officer's base salary to the plans. They are not permitted to make additional contributions. Contributions are deposited into a member's DCRPP account and are invested according to the direction of the individual plan member. Account balances accumulate as additional contributions are made during a year and by any returns generated on the investment. Contributions in excess of the Income Tax Act maximum are contributed to the SERP member's account. Investment selection is determined by the Corporation and is currently invested in a balanced fund investment account. In the event that a member retires or has their employment terminated, the member is required to transfer the balance contained in their DCRPP account to a personal locked-in RRSP. Upon retirement the balance in their SERP is paid as a lump sum in cash or in periodic payments over a term not to exceed ten years. In the event the member's employment is terminated prior to retirement, they are entitled to the full cash value of their SERP.

The following table details the estimated benefit for the DCRPP & SERP accruing to the CEO & Executive Chair and other NEOs as at March 31, 2017.

Name	Accumulated value at April 1, 2016 (\$)	Contributions made during the year (\$)	Gain/(Loss) during the year (\$)	Accumulated value at March 31, 2017 (\$)
John E. Peller	1,957,691	75,536	268,782	2,302,009
Randy A. Powell	-	18,750	399	19,149
Anthony M. Bristow	797,231	39,685	119,206	956,122
Brian Athaide	35,441	30,699	7,880	74,020
Brendan P. Wall	332,902	29,324	33,428	395,654
Shari A. Niles	432,975	27,827	52,487	513,289

## DIRECTORS & OFFICERS INSURANCE

The Corporation has purchased directors' and officers' liability insurance with a limit of liability of \$10 million per policy year to cover directors and officers individually and collectively as a group and to cover the Corporation for its liability to indemnify the directors and officers pursuant to the Corporations by-laws. The entire premium of \$20,960 for the year ended March 31, 2017 was borne by the Corporation. The premium for this policy is not allocated between directors and officers as separate groups. The Corporation bears the first \$50,000 of any loss.

## Interest of Informed Persons in Material Transactions

Except as otherwise disclosed in this circular, no informed person (as such term is defined in National Instrument 51-102) of the Corporation, nominee for election as a director of the Corporation or, to the knowledge of the directors and executive officers of the Corporation, their respective associates or affiliates, has or had any material interest, direct or indirect, in any transaction or any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

## Interest of Certain Persons in Matters to be Acted Upon

Except as otherwise disclosed in this circular, no person who has been a director or executive officer of the Corporation at any time since the beginning of its last completed financial year, no proposed nominee for election as a director of the Corporation nor any associate or affiliate of such persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

## **ADDITIONAL INFORMATION**

Additional information relating to the Corporation, including its Annual Information Form dated June 7, 2017 for the fiscal year ended March 31, 2017, is filed with the Canadian Securities Administrators. Financial information is provided in the Corporation's financial statements and related Management's Discussion and Analysis ("MD&A") for the fiscal year ended March 31, 2017. This information can be accessed through SEDAR at [www.sedar.com](http://www.sedar.com) or obtained by request to the Secretary of the Corporation who will promptly provide such information, free of charge, to a shareholder of the Corporation. Copies of the Corporation's financial statements and MD&A may also be accessed at [www.andrewpeller.com](http://www.andrewpeller.com).

### **General**

Unless otherwise noted, information contained herein is given as of July 31, 2017. The management of the Corporation knows of no matters to come before the Annual and Special Meeting of Shareholders other than the matters referred to in the Notice of Meeting.

### **Shareholder Proposals**

Holders of Class B Shares have the right to raise matters at the annual meeting of shareholders of the Corporation. All proposals for matters to be raised at the Meeting must be submitted in writing to the Secretary of the Corporation either by mail or by hand at 697 South Service Road, Grimsby, Ontario L3M 4E8. The Corporation has determined that the final date by which it must receive shareholder proposals for any matter to be raised at the next annual meeting is May 1, 2018.

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

Grimsby, Ontario this 31<sup>st</sup> day of July, 2017

BRIAN D. ATHAIDE, Secretary

## **APPENDIX A**

### **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

#### **Corporate Governance**

The Board of Directors and its Committees continually evaluate the corporate governance policies and procedures of the Corporation. The Board of Directors believes that strong corporate governance improves the Corporation's performance and investor confidence. The Corporation is currently subject to the corporate governance guidelines and disclosure requirements mandated by the Canadian Securities Administrators (the "CSA") in National Policy 58-201 ("NP 58-201") and National Instrument 58-101 ("NI 58-101").

The following sets out the Corporation's overview of its corporate governance practices. This overview has been prepared by the Governance and Human Resources Committee of the Board and has been approved by the Board of Directors.

#### **Board of Directors**

The Board of Directors is responsible for the overall stewardship of the business and affairs of the Corporation, and for acting in the best interests of the Corporation. The size of the Board is reviewed annually by the Governance and Human Resources Committee. The Board is of the view that the proposed size and membership of the Board (eight directors are nominated for election at The Meeting) will provide the breadth and depth of experience necessary to provide effective leadership to the Corporation. All persons standing for election to the Board are reviewed to ensure that the Board continues to have a majority of independent directors. Of the eight directors nominated for election, the Board has determined that a majority (five) are independent, as defined by NP 58-201 and NI 58-101. Messrs. Bianco, Cosens, Hossack and Miele and Ms. Mallett, are all independent directors.

#### **Director Search and Succession Planning**

The Governance and Human Resources Committee is responsible for the review of possible candidates for membership on the Board of Directors and recommends the nominees to the Board for approval. At least annually the Committee reviews the skills and attributes necessary for the effective functioning of the Board in light of the business strategy and direction of the Corporation. When recruiting new directors, the Committee considers, among other things, the vision and business strategy of the Corporation, the skills and competencies of the current directors, the existence of any gaps in Board skills, and the attributes and experience new directors should have in order to best contribute to the Corporation's business plan and strategies. Key criteria that are used include: possession of the highest personal and professional ethics and integrity, an understanding of the wine and consumer products industries, experience in marketing and sales, technology, executive compensation, financial expertise, and experience in working in a government regulated industry. The Committee maintains a list of potential director candidates that possess the attributes that match these criteria. The Board does strive for diversity and takes into account factors such as gender, ethnic background, and geographic residency when considering new directors. However the Board considers the knowledge, skills, experience, and character of an individual to be the most important criteria in determining the value he or she may bring to the Board.

#### **Director Term Limits**

In order to facilitate Board renewal, the Board has adopted term limits for the independent directors. Each term is three years and there are a maximum of three such terms for a total of nine years of service on the Board. At its discretion, the Board may extend the limit beyond the maximum if circumstances warrant.

#### **Gender Diversity**

The Board of Directors believes that a Board comprised of highly qualified directors from diverse backgrounds and who reflect the demographics of the markets in which the Corporation operates and the Corporation's shareholder, customer and employee base, will enhance Board decision-making. The Governance and Human Resources Committee will, when identifying candidates to recommend for appointment/election to the Board:

- a) consider only candidates who are highly qualified based on their talents, experience, expertise and personal skills, character and qualities;
- b) take into account criteria that promote diversity, including gender, age and ethnicity.

The same considerations are applicable in identifying senior executives of the Corporation. At present there is one female senior executive with the Corporation (10% of senior executives) and two female directors (25% of directors). The Corporation has had

senior female executives continuously for more than 12 years and since 1993, the Corporation has had at least one female director on its Board.

The Corporation has not however adopted a specific target regarding women on its Board. While diversity is an important consideration, the Corporation cannot make a commitment to select a Board candidate whose gender is a decisive factor above all other considerations and the Corporation must have flexibility to add qualified Board members when they become available, and this may mean adding male or female candidates, as appropriate. As a result at this time the Governance and Human Resources Committee has not adopted a written policy concerning women on the Board or in executive positions, or formal targets to be achieved by a special date for the gender composition of the Board or executive officers.

## **Board Mandate**

As part of its mandate, the Board of Directors is responsible for the supervision of the management of the business and affairs of the Corporation. The Board is not involved in the direct daily functioning of the Corporation.

The strategic planning process is initiated by the Corporation's CEO and is developed with input from senior management. The Board discharges its responsibility by reviewing, discussing, and approving the Corporation's five year strategic plan and annual business plan to oversee that the strategic plan enhances and preserves the business of the Corporation and its underlying value. The strategic plan details the strengths, opportunities, weaknesses, and risks of key initiatives as determined by senior management of the Corporation. Management reports to the Board on a quarterly basis by comparing the actual performance to the annual business plan. Any changes in the Corporation's strategic plan and annual business plan are discussed between the directors and management.

The Board's mandate also includes: reviewing and approving the major business development initiatives including acquisitions and divestitures, operating and capital budgets, dividend policies, quarterly and annual financial statements, security offerings, financing, shareholder communications, officer appointments, executive compensation, reviewing and assessing the Corporation's risk management processes, internal control and management information systems, and ensuring that management is running the Corporation's operations within the strategic framework set by the Board.

The Corporation treats the accurate and timely communication with shareholders and other key stakeholders as a key responsibility. Management has developed a disclosure policy which is reviewed periodically and approved by the Board. The most recent changes were adopted by the Board on June 7, 2017 as part of the Corporation's ongoing review of its disclosure controls and procedures.

All quarterly and annual reports, management's discussion and analysis, press releases, the annual information forms, and proxy circulars are reviewed and approved by the Board. As directed by the Board, management is given the responsibility of complying with regulatory disclosure requirements and responding to questions raised by shareholders and members of the investment community.

The Board meets on a regularly scheduled basis at least four times a year, or otherwise as required. A summary of directors' attendance at Board and committee meetings is set forth on page 6 of this Circular. Executive officers of the Corporation are available for discussion with regard to any questions or concerns which may arise between such meetings.

## **Position Descriptions**

The Governance and Human Resources Committee has developed a position description for the Chairman of the Board of the Corporation, the Independent Lead Director, and chairs of each of the committees including a description of objectives for which such individuals are responsible. The responsibilities of the Chairman of the Board are set out in the Board mandate and the responsibilities of each committee chair are set out in each committee's mandate. The Chairman of the Board is responsible for the efficient organization and operation of the Board and its committees. The Chairman is also responsible for ensuring the effective communication between the Board and management and that the Board effectively carries out its mandate. The responsibilities of each committee chair are also set out in each committee's mandate. The Independent Lead Director is responsible for ensuring the Board is able to function independently of management.

The Board has adopted a written position description for the CEO which sets out the CEO's responsibilities, including: enhancing corporate organizational effectiveness; developing business strategies for key issues and opportunities; reviewing key human resource activities; ensuring effective information systems; and working with the Board to fulfill the Corporation's corporate governance requirements. The CEO is evaluated having regard to his fulfillment of the objectives set out in his position description as viewed against certain other corporate objectives which are determined by the strategic plan and financial budgets

approved by the Board, against the overall corporate performance, and against his individual performance. For further information, see the “Statement of Executive Compensation” in this Circular.

## **Orientation and Continuing Education**

The Corporation provides new directors with access to the CEO and all other members of senior management to give each director an understanding of the Corporation and its business. The Chairman reviews with new directors the role of the Board, its committees and its directors, and the expectations of each member including the rules and regulations with regard to the trading of the securities of the Corporation. The Governance and Human Resources Committee is also responsible for providing directors with orientation and ongoing education with respect to the Corporation and its business activities. Updates on the Corporation’s business activities and legal or regulatory developments are provided to directors on a regular basis to ensure that directors have the necessary knowledge about the Corporation’s business to discharge their responsibilities effectively. All directors are also encouraged to visit the Corporation’s facilities with a view to enabling them to better understand the Corporation’s business.

## **Ethical Business Conduct**

As part of the Corporation’s commitment to effective corporate governance, all directors, officers, and employees of the Corporation must act in accordance with the Corporation’s Code of Conduct (the “Code”). The Code has been adopted by the Board of Directors and senior management, and requires every officer, director, and employee to observe high standards of business and personal ethics as they carry out their duties and responsibilities. The Code sets forth guidelines, policies, and procedures which comprise the core principles that are applicable to all directors, officers, and employees of the Corporation and address ethical conduct, conflicts of interest, and compliance with the law. The Code is administered by the Chief Financial Officer & Executive Vice President Human Resources and IT who oversees and monitors the implementation of the Code and reports to the Board on such implementation and monitoring and all matters that arise in relation to its provisions, including any departures or waivers of compliance. The Corporation has incorporated compliance with the Code into its internal controls and monitors compliance on an ongoing basis. A person may obtain a copy of the Code by request to the Secretary of the Corporation. The Board also ensures that directors exercise independent judgment in considering transactions in respect of which a director or executive officer has a material interest by requiring all directors to adhere to the Corporation’s conflict of interest policy and by the declaration of conflict of interest requirements mandated by the *Canada Business Corporations Act*.

The Board has adopted a Whistleblower Policy. The Whistleblower Policy sets out responsibilities, policies, and procedures in conjunction with any reports that are made pursuant to the Code and also governs the reporting and investigation of allegations of suspected improper activities in respect of accounting, internal controls or auditing matters, violations of law, and general violations of the Code. NI 52-110 requires that the Audit, Finance, and Risk Committee ensure that there are procedures in place for the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing conduct. The Audit, Finance, and Risk Committee has approved the Whistleblower Policy and the reporting mechanisms contained therein in order to fulfill its responsibilities.

## **Board and Committee Assessments**

The Chairman of the Board is responsible for the effective operation of the Board and its Committees. Issues regarding quality of information and Board performance are reviewed at Board meetings. The Chairman has made himself available at all times for discussions with individual Board members regarding Board performance. In carrying out his responsibilities, the Chairman also regularly reviews the contributions of individual directors and considers whether the current composition of the Board promotes effectiveness and efficiency in its decision-making. To date, the Chairman has been of the view that Board performance has been more than satisfactory.

The Governance and Human Resources Committee is responsible for assessing the effectiveness of the Board, its Committees, and each individual director on an annual basis in accordance with a Statement and Policy on Director Assessment. In addition, the Chairman of the Corporation and the Chair of the Governance and Human Resources Committee meet to review individual director assessments. The Chair of the Governance and Human Resources Committee reports to the Board on the evaluation of the performance of the Board and each Committee on an annual basis.

## **Shareholder Relations and Feedback**

The Corporation communicates regularly with its shareholders. At the Corporation's annual meeting, a full opportunity is afforded for shareholders to raise questions regarding the Corporation's activities. In addition, the Chief Financial Officer & Executive Vice President, Human Resources and IT is responsible for investor relations and the Chief Executive Officer is responsible for corporate communications and public relations. Together they address investor concerns and ensure that every inquiry receives a full and timely response.

## **Reports of Committees of the Board**

The Board discharges its responsibilities directly and through its Committees. The Board has established three standing Committees and delegated certain of its responsibilities to each of the Committees. In this regard, each of the Committees is mandated to carry out certain responsibilities and to make recommendations and report to the Board. The three standing Committees of the Board are: the Audit, Finance, and Risk Committee, the Governance and Human Resources Committee, and the Pension Committee. Only directors who are independent, as defined in NP 58-201 and NI 58-101, or as defined in National Instrument 52-110 in respect of the Audit, Finance, and Risk Committee, serve on the Board's committees. All individual directors have the right to engage outside advisors at the Corporation's expense in the appropriate circumstances and each of the Board's committee's reviews requests for such engagement. A brief summary of each Committee's mandate follows.

### **Governance and Human Resources Committee**

Chair: Richard D. Hossack. Members in fiscal 2017 included: Mark W. Cosens, Perry J. Miele, and Michelle E. Mallett.

The Governance and Human Resources Committee is composed entirely of independent directors. The Committee is charged by the Board with the responsibility for developing the Corporation's approach to governance issues, including developing the Corporation's governance guidelines and ensuring that members of the Committee have sufficient experience and knowledge of governance issues to be able to ensure that the Corporation complies with its governance practices.

The Committee's mandate also includes: reviewing the performance of the CEO including the formulation and setting of corporate objectives; identifying and recommending candidates for nomination to the Board of Directors; providing directors with orientation and education; developing a system for measuring the performance of the Board and its Committees as well as the performance of individual directors; assessing the performance and approving the compensation of senior executives; periodically reviewing the compensation of the Board and its Committees; and overseeing and reviewing the Corporation's health, safety, and environmental management systems.

As noted above, the Committee is responsible for identifying and proposing nominees for election to the Board. The Committee looks for new nominees who have expertise in an area of strategic interest to the Corporation, the ability to devote the time required for director's service, and a willingness to serve on the Board and any of its Committees.

In 2014 the Committee conducted an internal review of directors' compensation to ensure that the Board's compensation is consistent with the roles, responsibilities, and risks assumed by each member. Fee changes as a result of this review were effective April 1, 2014. The Committee presented its findings to the Board to ensure that compensation is sufficient to attract and retain Board members of the calibre and experience necessary to oversee the management of the Corporation.

The Committee is responsible for reviewing the Corporation's succession plans on an annual basis including the appointment of senior management, a performance evaluation of each position, and a review of the succession plan for each senior management position. The independent directors, under the leadership of the Independent Lead Director, also review succession planning at separate meetings independent of the non-independent directors. The Committee is also responsible for matters of executive compensation. For further information, see the "Report on Executive Compensation" in this Circular.

### **Audit, Finance, and Risk Committee**

Chair: Dino J. Bianco. Members in fiscal 2017 included: Mark W. Cosens, Richard D. Hossack, and Perry J. Miele.

The Audit, Finance, and Risk Committee are composed entirely of independent directors, as required by National Instrument 52-110 ("NI 52-110"). All members of the Committee are considered by the Board to be financially literate by way of their business experience and educational background.

The Committee's mandate includes: responsibility for the conduct of external audits; the establishment of internal control systems; the preparation and audit of financial statements; and the review of risk management functions and management information systems. The Committee is also responsible for reviewing and recommending for approval, annual financial statements and management's discussion and analysis of the financial condition of the Corporation and the results of its operations, the Notice of Annual Meeting of Shareholders and related Management Information Circular, the Annual Information Form, and press releases prior to public disclosure.

The Committee also includes among its responsibilities: recommending the appointment, compensation, and retention of the external auditors; pre-approval of the non-audit services to be provided to the Corporation or any of its subsidiaries; satisfying itself that adequate procedures are in place for the review and disclosure of financial information extracted or derived from the Corporation's financial statements; establishing procedures for the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of information regarding questionable accounting matters; and reviewing and approving the Corporation's hiring policies regarding employees or former employees of the external auditor.

Management reviews with the Board the principal risks in the Corporation's business and ensures that the appropriate policies and procedures are in place to manage those risks. The Committee also regularly reviews the key financial risks in the Corporation, including the integrity of the financial reporting system, insurance coverage, wine supply, and foreign exchange.

The integrity of the Corporation's internal control and management information systems is one of the primary responsibilities of the Corporation's management and is reviewed on an annual basis by the Committee. The Committee meets at least quarterly with the external auditors to review any issues regarding the disclosure of financial information and meets privately without the participation of management at least annually to review any internal control and management information weaknesses.

The Committee has full access to the Corporation's auditors and reviews with the Board any matters raised during any discussions with the auditors.

Certain additional information regarding the Audit, Finance, and Risk Committee and related matters, including fees paid to the Corporation's external auditors as required by NI 52-110 may be found in the "Report of the Audit Committee" included in Corporation's Annual Information Form, a copy which can be found at [www.sedar.com](http://www.sedar.com).

## **Pension Committee**

Chair: Mark W. Cosens. Members in fiscal 2017 included: Dino J. Bianco, Lori C. Covert and A. Angus Peller.

The Committee's mandate is to oversee the discharge by the Corporation of its fiduciary responsibilities over the Corporation's pension plans. These responsibilities include: the setting of investment policies and goals; the establishment of procedures for the selection and review of the investment manager; and the establishment of measurement guidelines to assess performance of the Pension Plans assets.

## APPENDIX B SHARE BASED COMPENSATION PLAN

Andrew Peller Limited  
Share Based Compensation Plan  
June 7, 2017

### ARTICLE 1 PURPOSE

#### 1.1 Purpose

The purpose of this Plan is to advance the interests of Andrew Peller Limited and its subsidiaries (the “**Corporation**”) by enhancing their ability to attract and retain employees, managers and directors, to reward such individuals for their sustained contributions and to encourage such individuals to take into account the long-term financial performance of the Corporation and the creation of shareholder value through their participation in the Corporation’s share capital by receiving non-voting Class A common shares.

### ARTICLE 2 DEFINITIONS

#### 2.1 Definitions

When used herein the following terms have the following meanings, respectively:

“**Affiliate**”, with respect to any Person, means any other Person which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person (for the purposes of this definition, “**control**” (including, with correlative meanings, the terms “**controlling**”, “**controlled by**” and “**under common control with**”), as used with respect to any Person other than a natural Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise).

“**Applicable Law**” means any applicable provision of law, domestic or foreign, including, without limitation, applicable securities legislation, and, together with all regulations, rules, policy statements, rulings, notices, orders or other instruments promulgated thereunder, and the rules and policies of the TSX.

“**Award**” means a grant of Options, Deferred Share Units (DSUs), Restricted Share Units (RSUs), Performance Share Units (PSUs), or any or all of them pursuant to this Plan.

“**Award Agreement**” means an Option Agreement, a DSU Agreement, an RSU Agreement or a PSU Agreement, as applicable.

“**Beneficiary**” means any Person designated by a Participant by written instrument filed with the Board or the Committee to receive any amount payable in respect of Awards in the event of the Participant’s death or, failing any such effective designation, the Participant’s estate.

“**Black-Out Period**” means the period during which designated Directors, officers, employees and Consultants of the Corporation cannot trade Class A common shares pursuant to the Corporation’s insider trading policy which is in effect at that time (which, for greater certainty, does not include the period during which a cease trade order is in effect to which the Corporation, or in respect of an Insider, that Insider, is subject).

“**Board**” means the board of directors of the Corporation.

“**Cause**” with respect to any Participant (a) has the meaning, if any, set forth in the employment agreement then in effect, if any, between such Participant and the Corporation, or (b) if there is no such meaning set forth in such employment agreement or there is no such employment agreement then in effect, means the following events or conditions, as determined by the Chief Executive Officer or the Board in their reasonable judgment: (i) the refusal or failure to perform (other than by reason of disability), or material negligence in the performance of, the Participant’s duties and responsibilities to the Corporation, or the refusal or failure to follow or carry out any reasonable direction of the Chief Executive Officer or the Board, and the continuance of such refusal, failure or negligence for a period of ten days after notice to the Participant, (ii) the material breach by the Participant of any provision of any agreement to which the Participant and the Corporation are party, (iii) the commission of fraud, embezzlement, theft or other dishonesty by the Participant, (iv) the conviction of the Participant of, or plea by the Participant of *nolo contendere*

to, any felony or any other crime involving dishonesty or moral turpitude, and (v) any other conduct that involves a breach of fiduciary obligation on the part of the Participant or other could reasonably be expected to have a material adverse effect upon the business, interests or reputation of the Corporation.

“**Change in Control**” means the occurrence of (a) any transaction or series of related transactions, whether or not the Corporation is a party thereto, after giving effect to which fifty percent (50%) or more of the Corporation’s voting shares are owned directly, or indirectly through one or more entities, by any Person and its Affiliates, other than Jalger Limited and its Affiliates or the shareholders of Jalger Limited as of the date of this Plan; or (b) a sale, lease or other disposition of all or substantially all of the assets of the Corporation other than in connection with an internal reorganization.

“**Chief Executive Officer**” means the chief executive officer of Andrew Peller Limited.

“**Class A common shares**” means the non-voting Class A common shares of the Corporation.

“**Committee**” has the meaning set forth in Section 3.2 of this Plan.

“**Consultant**” means a person, other than an employee, executive officer or director of the Corporation or of a Related Entity of the Corporation, that (i) is engaged to provide services to the Corporation or a Related Entity of the Corporation, other than services provided in relation to a distribution, (ii) provides the services under a written contract with the Corporation or a Related Entity of the Corporation, and (iii) spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or a Related Entity of the Corporation.

“**controls**” and “**controlled**” have the meanings given to such terms in the *Securities Act* (Ontario), as such legislation may be amended, supplemented or replaced from time to time.

“**Corporation**” has the meaning set forth in Section 1.1 of this Plan.

“**Date of Grant**” means, for any Award, the date specified by the Board at the time it grants the Award or, if no such date is specified, the date upon which the Award was granted.

“**Deferral Period**” means, with respect to DSUs, the period during which any restrictions on transferability established by the Board remain in effect. Such restrictions shall remain in effect until such time as they have lapsed in accordance with the terms and conditions of the DSUs or as otherwise determined by the Board.

“**Deferred Share Unit**” or “**DSU**” means an Award, described in Section 4.3.1 hereof, of an amount, payable on a deferred payment basis in Class A common shares, as determined by the Board, based on the Fair Market Value of a specified number of Class A common shares.

“**Director**” means a member of the Board or of the board of directors of a Related Entity.

“**Dividend Equivalent**” means, with respect to each Full Value Award, an amount equal in value to the amount per Class A common share of any dividend declared by the Board to be payable to holders of Class A common shares as of the record date established by the Board with respect to such dividend.

“**DSU Agreement**” means a signed, written agreement, in the form set out in **Schedule C**, between a Participant and the Corporation evidencing the terms and conditions pursuant to which DSUs have been granted.

“**Eligible Participant**” means a Director, an officer, a current or past full-time or part-time employee of the Corporation or a Related Entity or a Consultant to the Corporation or a Related Entity.

“**Exercise Notice**” means a notice in writing, in the form set out in **Schedule A**, signed by a Participant and stating the Participant’s intention to exercise a particular Option.

“**Exercise Period**” means the period of time during which an Option granted under this Plan may be exercised, provided, however, that the Exercise Period may not exceed 10 years from the relevant Date of Grant.

“**Exercise Price**” means the price at which a Class A common share may be purchased pursuant to the exercise of an Award.

“**Fair Market Value**” on any date means the volume weighted average trading price of the shares on the TSX for the five Trading Day immediately preceding the relevant date; provided that if such relevant date occurs during a Black-Out Period, the Fair Market Value means the volume weighted average trading price of the Class A common shares on the TSX for the five Trading Day period following the last day of such Black-Out Period.

“**Full Value Award**” means any Award that is not an Option.

“**Insider**” has the meaning ascribed to the term “reporting insiders” in National Instrument 55-104 - *Insider Reporting Requirements and Exemptions* of the Canadian Securities Administrators, as such instrument may be amended, supplemented or replaced from time to time.

“**Option**” means a non-assignable, non-transferable right to purchase Class A common shares under this Plan, other than as contemplated in Section 3.6 of the Plan.

“**Option Agreement**” means a signed, written agreement, in the form set out in **Schedule B**, between a Participant and the Corporation evidencing the terms and conditions on which an Option has been granted.

“**Original Participant**” has the meaning set forth in Section 3.6 of the Plan.

“**Participant**” means a Person who has received an Award under the Plan or to whom an Award has been assigned or transferred by an Original Participant in accordance with Section 3.6 of the Plan.

“**Performance Goals**” means the goals established by the Board in accordance with Section 4.4.1.

“**Performance Measures**” means the criteria set forth in Section 4.4.4 that may be used by the Board as the basis for a Performance Goal.

“**Performance Multiple**” the meaning set forth in Section 4.4.2 of this Plan.

“**Performance Period**” means the period established by the Board for which the achievement of Performance Goals is assessed in order to determine whether and to what extent a Performance Share Unit has been earned. Unless otherwise determined by the Board, the Performance Period shall be three years.

“**Performance Share Unit**” or “**PSU**” means an Award, described in Section 4.4.1 hereof, of Class A common shares based on the achievement of Performance Goals during a Performance Period.

“**Performance Vesting Condition**” means any condition established by the Board, from time to time, which may include conditions based on the Participant’s personal performance and/or the financial performance of the Corporation, and that are to be used to determine the vesting of Awards.

“**Person**” means any individual, partnership, corporation, company, association, trust, joint venture, limited liability company, unincorporated organization, entity or division, or any government, governmental department or agency or political subdivision thereof.

“**Plan**” means this Share Based Compensation Plan.

“**PSU Agreement**” means a signed, written agreement, in the form set out in **Schedule D**, between a Participant and the Corporation evidencing the terms and conditions pursuant to which PSUs have been granted.

“**Related Entity**” means a Person that controls or is controlled by the Corporation or that is controlled by the same Person that controls the Corporation.

“**Restricted Share Unit**” or “**RSU**” means an Award, described in Section 4.5.1 hereof, of an amount, payable in Class A common shares, as determined by the Board, based on the Fair Market Value of a specified number of Class A common shares.

“**Restriction Period**” means, with respect to RSUs, the period during which any restrictions on transferability established by the Board remain in effect. Such restrictions shall remain in effect until such time as they have lapsed in accordance with the terms and conditions of the RSUs or as otherwise determined by the Board.

“**Retirement**” means retirement from active employment with the Corporation at or after age 65 or at or after such earlier age and upon the completion of such years of service as the Board may specify.

“**RRIF**” means a registered retirement income fund as defined in the *Income Tax Act* (Canada).

“**RRSP**” means a registered retirement savings plan as defined in the *Income Tax Act* (Canada).

“**RSU Agreement**” means a signed, written agreement, in the form set out in **Schedule E**, between a Participant and the Corporation evidencing the terms and conditions pursuant to which RSUs have been granted.

“**Share Compensation Arrangement**” means a stock option, stock option plan, employee stock purchase plan, long-term incentive plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Class A common shares or other equity securities of the Corporation to one or more Directors, officers of the Corporation, current or past full-time or part-time employees, Insider, service providers or consultants of the Corporation including a share purchase from treasury by one or more Directors, officers of the Corporation, current or past full-time or part-time employee, Insider, service provider or consultant of the Corporation which is financially assisted by the Corporation by way of a loan, guarantee or otherwise.

“**Successor Corporation**” means, for purposes of Section 5.3, the issuer of the shares or other securities in which the Class A common shares are reclassified, reorganized or other changed into or exchanged for, or the Person resulting or continuing from a consolidation, merger or amalgamation as contemplated in Section 5.3.

“**Termination Date**” means in the case of a Participant whose employment, term or office with the Corporation terminates in the circumstances set out in Section 4.8(c), 4.8(d) or 4.8(e), the last day of the Participant’s employment or term of office with the Corporation, excluding any statutory, contractual, or common law period of notice of termination, and provided that in the case of termination of employment or term of office by voluntary resignation by the Participant, such date shall not be earlier than the date notice of resignation was given. For certainty, the “**Termination Date**” of a Participant shall be deemed to be the date on which any notice of termination of employment provided by the Corporation is stated by the Corporation to be effective (or in the case of an alleged constructive dismissal, the date on which the alleged constructive dismissal is alleged to have occurred), and not during or as of the end of any period following such date during which the Participant is in receipt of, or eligible to receive, statutory, contractual or common law notice of termination or any compensation in lieu of such notice or severance pay.

“**TFSA**” means a tax free savings plan as defined in the *Income Tax Act* (Canada).

“**Trading Day**” means any day on which the TSX is opened for trading.

“**TSX**” means the Toronto Stock Exchange.

“**Vested Performance Share Units**” has the meaning set forth in section 4.4.3 of this Plan.

## **2.2 Interpretation**

- a) Whenever the Board or, where applicable, the Committee is to exercise discretion in the administration of the terms and conditions of this Plan, the term “discretion” means the sole and absolute discretion of the Board or the Committee, as the case may be.
- b) As used herein, the terms “Article”, “Section”, “Subsection” and “clause” mean and refer to the specified Article, Section, Subsection and clause of this Plan, respectively.
- c) Words importing the singular include the plural and vice versa and words importing any gender include any other gender.
- d) The words “including” and “includes” mean “including (or includes) without limitation”.
- e) Headings used in the Plan are for reference purposes only and do not limit or extend the meaning of the provisions of the Plan. A reference to a Section or Schedule shall, except where expressly stated otherwise, mean a Section or Schedule of the Plan, as applicable.
- f) Any reference to a statute, regulation, rule, instrument or policy statement shall refer to such statute, regulation, rule, instrument or policy statement as it may be amended, replaced or re-enacted from time to time.
- g) Unless otherwise specified, all references to money amounts are to Canadian currency.
- h) If any provision of the Plan is determined to be void or unenforceable in whole or in part, such determination shall not affect the validity or enforcement of any other provision or part of any provision thereof.
- i) In the case of an individual who was granted Awards and who has transferred such Awards to an RRSP, RRIF or TFSA of which he or she is the annuitant, or to a corporation of which he or she is the sole shareholder, such individual shall

be the Participant for the purposes of the definition of “Termination Date” and also for the purpose of the death of the Participant.

### **ARTICLE 3 ADMINISTRATION**

#### **3.1 Administration**

Subject to Section 3.2, this Plan will be administered by the Board and the Board has sole and complete authority, in its discretion, to:

- a) determine the individuals (from among the Eligible Participants) to whom Awards may be granted;
- b) grant Awards in such amounts and, subject to the provisions of this Plan, on such terms and conditions as it determines, including:
  - i. the time or times at which Awards may be granted;
  - ii. the Exercise Price (subject to the requirements of section 4.2.1);
  - iii. the time or times when each Award vests and becomes exercisable and, subject to Section 4.2.2, the duration of the Exercise Period;
  - iv. whether any Award is subject to any Performance Vesting Condition and, if so, to establish such Performance Vesting Conditions;
  - v. the Performance Goals, Performance Measures and Performance Periods for any PSUs issued pursuant to the Plan;
  - vi. the Restriction Period for any RSUs issued pursuant to the Plan;
  - vii. any other restrictions or limitations to be imposed on the Awards and the nature of such restrictions or limitations (including the conditions of exercise set forth in Article 4); and
  - viii. any acceleration of exercisability or waiver of termination regarding any Award, based on such factors as the Board may determine;
- c) interpret this Plan and, subject to Section 6.2, adopt, amend and rescind administrative guidelines and other rules and regulations relating to this Plan; and
- d) make all other determinations, settle all controversies and disputes that may arise under this Plan and take all other actions necessary or advisable for the implementation and administration of this Plan.

The Board’s determinations and actions under this Plan are conclusive and binding on the Corporation and all other Persons. The day-to-day administration of the Plan may be delegated to such officers and employees of the Corporation as the Board determines.

#### **3.2 Delegation to Committee**

To the extent permitted by applicable law, the Board may, from time to time, delegate to a committee (the “**Committee**”) of the Board all or any of the powers conferred on the Board under the Plan. In such event, any reference in this Plan to the “Board” shall be deemed to constitute a reference to the “Committee” to the extent such powers have been delegated to the Committee, and the Committee will exercise the powers delegated to it by the Board in the manner and on the terms authorized by the Board. Any decision made or action taken by the Committee arising out of or in connection with the administration or interpretation of this Plan in this context is final and conclusive.

No member of the Board or of the Committee shall be liable for any action or determination taken or made in good faith in the administration, interpretation, construction or application of the Plan or any Awards granted hereunder, nor shall a member of the Board be liable for any action or determination taken or made in good faith by the Committee of a member thereof.

### **3.3 Eligibility**

All Eligible Participants are eligible to participate in the Plan, subject to Sections 4.7(b) and 4.8. Eligibility to participate does not confer upon any Eligible Participant any right to be granted Awards pursuant to the Plan. The extent to which any Eligible Participant is entitled to be granted Awards pursuant to the Plan will be determined in the sole and absolute discretion of the Board.

### **3.4 Total Class A common shares Subject to Awards**

- a) Subject to adjustment as provided in Sections 5.3 and 5.4, a maximum of 3,358,149 Class A common shares are reserved for issuance under the Plan, representing 10% of the total issued and outstanding Class A common shares as of the date hereof. At all times, the Corporation will reserve and keep available a sufficient number of Class A common shares to satisfy the requirements of all outstanding Awards granted under the Plan.
- b) No Award may be granted if such grant would have the effect of causing the total number of Class A common shares subject to Awards to exceed the total number of Class A common shares reserved for issuance pursuant to the exercise of Awards as set forth in Section 3.4(a).
- c) To the extent any Award is cancelled or expires (whether because it has not been exercised prior to the expiry of any applicable Exercise Period, any applicable vesting conditions have not been satisfied or for any other reason whatsoever), the Class A common shares reserved for issuance in respect of such Awards shall again become available for future grants of Awards under the Plan and the number of Class A common shares reserved for issuance pursuant to section 3.4(a) of the Plan shall not be reduced in respect of the Class A common shares reserved for issuance under such Awards.

### **3.5 Award Agreements**

All grants of Awards under Section 4.1 of this Plan will be evidenced by Award Agreements. Such Award Agreements will be subject to the applicable provisions of this Plan and contain such provisions as are required by this Plan and any other provisions that the Board may, in its discretion, determine. Any one officer or Director of the Corporation is authorized and empowered to execute and deliver, for and on behalf of the Corporation, an Award Agreement to each Participant. Each Award Agreement will require acknowledgement and acceptance by the Participant.

### **3.6 Non-transferability**

Subject to Section 4.7 and except as specifically provided in an Award Agreement approved by the Board, Awards granted under this Plan may only be exercised during the lifetime of the Participant to whom the Award was originally granted (the “**Original Participant**”) by such Original Participant personally. No sale, assignment, encumbrance or other transfer of Awards, whether voluntary, involuntary, by operation of law or otherwise (other than upon the death of the Original Participant), vests any interest or right in such Awards whatsoever in any assignee or transferee (except that an Original Participant may transfer Awards to an RRSP, RRIF or TFSA of which he or she is the annuitant or to a corporation in respect of which the Original Participant is the sole shareholder) and immediately upon any assignment or transfer, or any attempt to make the same, in contravention of this Section 3.6, such Awards will terminate and be of no further force or effect. If any Original Participant has transferred Awards to an RRSP, RRIF or TFSA of which he or she is the annuitant or a corporation pursuant to this Section 3.6, such Awards will terminate and be of no further force or effect if at any time the Original Participant should cease to be the annuitant of such RRSP, RRIF or TFSA or cease to own all of the issued shares of such corporation, as the case may be, other than by reason of death, in which case the provisions of Section 4.7 shall apply, *mutatis mutandis*.

### **3.7 Appointment of Beneficiaries**

Subject to the requirements of Applicable Law, a Participant may designate in writing a Beneficiary to receive any benefits that are payable under the Plan upon the death of such Participant and, from time to time, change such designation in writing. Such designation or change shall be in such form, and executed and delivered in such manner, as the Board may from time to time determine.

### **3.8 Directors Entitled to Vote**

Directors who are eligible for Awards or have received Awards may vote on any matters affecting the administration of this Plan or the grant of Awards, except that no such Director will act upon the grant of an Award to himself or herself, but any such member may be counted in determining the existence of a quorum at any meeting of the Board during which action is taken with respect to the grant of Awards to himself or herself.

**ARTICLE 4  
GRANT OF AWARDS**

**4.1 Grant of Awards**

- a) The Board may, from time to time by resolution, subject to the provisions of this Plan and such other terms and conditions as the Board may prescribe, grant Awards to any Eligible Participant with effect from such date or dates as the Board may specify. Each grant of Awards will be evidenced by an Option Agreement, a DSU Agreement, a PSU Agreement or an RSU Agreement, as applicable, which shall be subject to the applicable provisions of this Plan and will incorporate the terms and conditions applicable to such Award and contain such other provisions as may be required by this Plan or that the Board may direct. Any one officer of the Corporation is authorized and empowered to execute and deliver, for and on behalf of the Corporation, an Award Agreement to each Eligible Participant to whom Awards have been granted.
- b) The aggregate number of Class A common shares reserved for issuance at any time to any one Eligible Participant shall not exceed five percent (5%) of the issued and outstanding Class A common shares at such time.
- c) The aggregate number of Class A common shares issued to any one Insider under the Plan or any other proposed or established Share Compensation Arrangement within any one-year period, shall not exceed five percent (5%) of the issued and outstanding Class A common shares.
- d) The aggregate number of Class A common Shares (i) issued to Insiders under the Plan or any other proposed or established Share Compensation Arrangement within any one-year period and (ii) issuable to Insiders at any time under the Plan or any other proposed or established Share Compensation Arrangement, shall in each case not exceed five percent (5%) of the issued and outstanding Class A common shares.

***Stock Options***

**4.2.1 Exercise price**

The Exercise Price for Class A common shares that are the subject of any Option shall be fixed by the Board or the Committee, as the case may be, when such Option is granted, but shall not be less than the Fair Market Value of such Class A common shares at the time of the grant.

**4.2.2 Expiration of Options**

Subject to any accelerated termination as set forth in this Plan (including, without limitation, as provided in Sections 4.7, 4.8 and 4.9), each Option expires on the 10<sup>th</sup> anniversary of the Date of Grant. Unless otherwise determined by the Board or the Committee, all unexercised Options shall be cancelled at the expiry of such Options.

Should the expiration date for an Option fall within a Black-Out Period or within two Trading Days following the expiration of a Black-Out Period, such expiration date shall be automatically extended without any further act or formality to that date which is the fifth Business Day after the end of the Black-Out Period, such fifth Business Day to be considered the expiration date for such Option for all purposes under the Plan. Notwithstanding Article 6 hereof, the five Business Day period referred to in this Section 4.2.2 may not be extended by the Board.

**4.2.3 Vesting, Conditions of Exercise and Exercise Period**

Unless otherwise determined by the Board or the Committee in respect of any specific grant of Options, the Options will vest over a three-year period, as to one-third of the Options on each anniversary of the Date of Grant, commencing on the first anniversary of the Date of Grant. The Options may also be subject to Performance Vesting Conditions. Once an Option has vested and become exercisable, it remains exercisable until expiration or termination of the Option, unless otherwise specified by the Board in the Option Agreement entered into in connection with the grant of such Option. Each Option may be exercised at any time or from time to time, in whole or in part, for up to the total number of Class A common shares with respect to which it is then exercisable. For greater certainty, no Option shall be exercised by a Participant during a Black-Out Period. The Board has the right to accelerate the date upon which any Option becomes exercisable notwithstanding the vesting schedule set forth in such Option, regardless of any adverse or potentially adverse tax consequences resulting from such acceleration.

Subject to the provisions of this Plan and any Option Agreement, Options shall be exercised by means of a fully completed Exercise Notice delivered to the Corporation.

#### **4.2.4 Payment of Exercise Price**

The Exercise Notice must be accompanied by payment in full of the purchase price for the Class A common shares to be purchased. The Exercise Price must be fully paid in cash or by wire transfer, certified cheque, bank draft or money order payable to the Corporation or by such other means as might be specified from time to time by the Board. No Class A common shares will be issued or transferred until full payment therefor has been received by the Corporation. As soon as practicable after receipt of any Exercise Notice and full payment, the Corporation will forthwith cause the transfer agent and registrar of the Class A common shares to deliver to the Participant a certificate or certificates in the name of the Participant or a statement of account, at the discretion of the Participant, representing in the aggregate the purchased Class A common shares.

With the consent of the Board or the Committee, a Participant may, rather than exercise the Options which the Participant is entitled to exercise under this Plan as provided above, elect to surrender such Options, in whole or in part and, in lieu of receiving the Class A common shares to which the surrendered Options relate, receive the number of Class A common shares, disregarding fractions, which, when multiplied by the market value of the Class A common shares to which the surrendered Options relate, have a value equal to the product of the number of Class A common shares to which the surrendered Options relate multiplied by the difference between the market value of such Class A common shares and the Exercise Price of such Options, less any amount withheld on account of income taxes, which withheld income taxes will be remitted by the Corporation. A Participant may also elect, subject to the approval of the Board or the Committee, to surrender such Options in whole or in part and, in lieu of receiving the Class A common shares to which the surrendered Options relate, receive cash equal to the product of the number of Class A common shares to which the surrendered Options relate multiplied by the difference between the market value of such Class A common shares and the Exercise Price of such Options, less any amount withheld on account of income taxes, which withheld income taxes will be remitted by the Corporation. For greater certainty, upon any exercise of Options pursuant to this paragraph, the number of Class A common shares remaining reserved for issuance pursuant to section 3.4(a) of this Plan shall be reduced by the total number of Class A common shares to which the surrendered Options relate irrespective of the number of Class A common shares which are issued to the Participant.

For purposes of this Section 4.2.4, any surrendered Options will be exercised in full and the Class A common shares issuable upon such exercise will be sold on the open market to satisfy withholding tax obligations and/or the Exercise Price. These transactions will be conducted on behalf of the Participant by the designated transfer agent.

#### ***Deferred Share Units***

##### **4.3.1 Terms and Conditions**

The Board shall impose such terms, conditions and/or restrictions on any Deferred Share Units granted pursuant to the Plan as it may deem advisable including, but not limited to: a requirement that Participants pay a stipulated purchase price for each Deferred Share Unit, forfeiture conditions, and/or time vesting conditions. Unless otherwise determined by the Board, there will be no Exercise Price for Deferred Share Units and any time based vesting conditions shall be three years. In the event that Participants are required to pay a stipulated purchase price for Deferred Share Units, with the consent of the Board, a Participant may satisfy such purchase price, in whole or in part, by instructing a designated transfer agent to sell some of the issued Class A common shares on the open market. Deferred Share Units may be redeemed for Class A common shares only after they have vested and the Participant ceases to be an Eligible Participant for any reason. The Board has the right to accelerate the date upon which any Deferred Share Unit can be redeemed, regardless of any adverse or potentially adverse tax consequences resulting from such acceleration. All other terms governing Deferred Share Units shall be set forth in the applicable DSU Agreement.

Should the redemption date for Deferred Share Units fall within a Black-Out Period or within two Trading Days following the expiration of a Black-Out Period, such redemption date shall be automatically extended without any further act or formality to that date which is the fifth Business Day after the end of the Black-Out Period, such fifth Business Day to be considered the redemption date for such Deferred Share Units for all purposes under the Plan. Notwithstanding Article 6 hereof, the five Business Day period referred to in this Section 4.3.1 may not be extended by the Board.

##### **4.3.2 Dividend Equivalents**

Unless otherwise determined by the Board, during the Deferral Period, each Participant who holds Deferred Share Units as of the record date applicable to any dividend declared by the Board in respect of the Class A common shares shall be credited with Dividend Equivalents in respect of such Deferred Share Units, and unless otherwise determined by the Board, such Dividend Equivalents shall be immediately converted, in accordance with such terms and conditions as the Board shall determine, into additional Deferred Share Units with an initial value equal to the amount of such Dividend Equivalents. The number of such additional Deferred Share Units shall be calculated by dividing (a) the amount of the Dividend Equivalent multiplied by the aggregate number of Deferred Share Units to which such Participant is entitled as of the applicable record date; by (b) the Fair Market Value of the Class A common shares on the Trading Day immediately preceding the date on which the Class A common shares began to trade on an ex-dividend basis, rounded up to the next whole number of Deferred Share Units. No fractional

Deferred Share Units will thereby be created. The foregoing does not obligate the Corporation to pay dividends on the Class A common shares and nothing in this Plan shall be interpreted as creating such an obligation.

#### **4.3.3 No Certificates**

No certificates shall be issued with respect to Deferred Share Units.

#### **4.3.4 DSU Account**

An account, to be known as a “**DSU Account**”, shall be maintained by the Corporation (or such other Person as the Corporation may appoint) for each Participant, which DSU Account shall be credited with such Deferred Share Units as are granted to the Participant and any additional Deferred Share Units granted to the Participant on account of Dividend Equivalents in respect of such Deferred Share Units.

#### **4.3.5 Cancellation of Deferred Share Units that Fail to Vest or Are Redeemed**

Deferred Share Units that fail to vest or that are redeemed in accordance with any DSU Agreement shall be cancelled and shall cease to be recorded in the DSU Account of the relevant Participant as of the date on which such Deferred Share Units fail to vest or are redeemed, as the case may be, and the Participant will have no further right, title or interest in or to such Deferred Share Units.

### *Performance Share Units*

#### **4.4.1 Performance Goals**

Unless otherwise determined by the Board, Performance Share Units shall be conditioned on the achievement of Performance Goals (which shall be based on one or more Performance Measures, as determined by the Board) over a Performance Period. The Performance Period shall be three years, unless otherwise determined by the Board.

#### **4.4.2 Determination of Performance Multiple**

The Board shall, as soon as reasonably practicable following the end of the Performance Period applicable to a grant of Performance Share Units, determine, in its sole discretion, each Participant’s performance toward achievement of the Performance Goals for such Performance Period by assigning a percentage from 50 per cent to 150 per cent reflecting such performance (the “**Performance Multiple**”).

#### **4.4.3 Vesting of Performance Share Units Based on Performance Multiple**

Unless otherwise determined by the Board, and subject to the remaining provisions of this Section 4.4, the number of Performance Share Units granted to the Participant and the number of Performance Share Units issuable to each such Participant in respect of Dividend Equivalents, which shall vest in full at the end of the Performance Period, shall be calculated by multiplying the aggregate number of such Performance Share Units by the Performance Multiple. Except where the context requires otherwise, the Performance Share Units that have so vested shall be referred to herein as “**Vested Performance Share Units**”. For greater certainty, where the Performance Multiple is greater than 100 per cent, the number of Vested Performance Share Units of a Participant will be greater than the aggregate of the number of Performance Share Units granted to the Participant and the number of Performance Share Units issuable to each such Participant in respect of any Dividend Equivalents.

#### **4.4.4 Performance Measures**

The Performance Measure(s) to be used for the purposes of Performance Share Units may be described in terms of objectives that are related to Corporation-wide measures and may consist of one or more of any combination of the following criteria:

- Income measures (including operating income, earnings before interest, amortization, net unrealized gains and losses on derivative financial instruments, other (income) expenses, and income taxes, net income, or earnings per share);
- Return measures (including return on assets and capital employed, investment, equity);
- Revenue measures; and
- Cash flow.

#### **4.4.5 Extraordinary Events**

At any time (or from time to time) after a Performance Share Unit is granted, the Board, in its sole discretion, may provide for the manner in which Performance Measures will be determined and compared against the Performance Goals (or may adjust the Performance Goals) to reflect the impact of specific corporate transactions, accounting or tax law changes, and other extraordinary or non-recurring events.

#### **4.4.6 Dividend Equivalents**

Unless otherwise determined by the Board, during the vesting period as defined in the applicable PSU Award Agreement, each Participant who holds Performance Share Units as of the record date applicable to any dividend declared by the Board in respect of the Class A common shares shall be credited with Dividend Equivalents in respect of such Performance Share Units, and unless otherwise determined by the Board, such Dividend Equivalents shall be immediately converted, in accordance with such terms and conditions as the Board shall determine, into additional Performance Share Units with an initial value equal to the amount of such Dividend Equivalents. The number of such additional Performance Share Units shall be calculated by dividing (a) the amount of the Dividend Equivalent multiplied by the aggregate number of Performance Share Units to which such Participant is entitled as of the applicable record date; by (b) the Fair Market Value of the Class A common shares on the Trading Day immediately preceding the date on which the Class A common shares began to trade on an ex-dividend basis, rounded up to the next whole number of Performance Share Units. No fractional Performance Share Units will thereby be created. The foregoing does not obligate the Corporation to pay dividends on the Class A common shares and nothing in this Plan shall be interpreted as creating such an obligation.

#### **4.4.7 Redemption of Performance Share Units**

Unless otherwise determined by the Board or the Committee in respect of any specific grant of Performance Share Unit, the Performance Share Units will vest upon the achievement of Performance Goals at the end of the Performance Period. Once a Performance Share Unit has vested, it will be redeemed immediately. Unless otherwise determined by the Board, there will be no Exercise Price for Performance Share Units. For greater certainty, no Performance Share Unit shall be redeemed during a Black-Out Period. The Board has the right to accelerate the date upon which any Performance Share Unit becomes redeemable notwithstanding the vesting schedule set forth in the applicable PSU Award Agreement, regardless of any adverse or potentially adverse tax consequences resulting from such acceleration.

Should the redemption date for Vested Performance Share Units fall within a Black-Out Period or within two Trading Days following the expiration of a Black-Out Period, such redemption date shall be automatically extended without any further act or formality to that date which is the fifth Business Day after the end of the Black-Out Period, such fifth Business Day to be considered the redemption date for such Vested Performance Share Units for all purposes under the Plan. Notwithstanding Article 6 hereof, the five Business Day period referred to in this Section 4.4.7 may not be extended by the Board.

#### **4.4.8 No Certificates**

No certificates shall be issued with respect to Performance Share Units.

#### **4.4.9 PSU Account**

An account, to be known as a “**PSU Account**”, shall be maintained by the Corporation (or such other Person as the Corporation may appoint) for each Participant, which PSU Account shall be credited with such Performance Share Units as are granted to the Participant and any additional Performance Share Units granted to the Participant on account of Dividend Equivalents in respect of such Performance Share Units.

#### **4.4.10 Cancellation of Performance Share Units that Fail to Vest or Are Redeemed**

Performance Share Units that fail to vest or that are redeemed in accordance with any PSU Award Agreement shall be cancelled and shall cease to be recorded in the PSU Account of the relevant Participant as of the date on which such Performance Share Units fail to vest or are redeemed, as the case may be, and the Participant will have no further right, title or interest in or to such Performance Share Units.

#### ***Restricted Share Units***

##### **4.5.1 Terms and Conditions**

The Board shall impose such terms, conditions and/or restrictions on any Restricted Share Units granted pursuant to the Plan as it may deem advisable including, but not limited to: a requirement that Participants pay a stipulated purchase price for each

Restricted Share Units, forfeiture conditions, and/or time-based restrictions on vesting. Unless otherwise determined by the Board, there will be no Exercise Price for Restricted Share Units and any time-based Restriction Period shall be three years. In the event that Participants are required to pay a stipulated purchase price for Restricted Share Units, with the consent of the Board, a Participant may satisfy such purchase price, in whole or in part, by instructing a designated transfer agent to sell some of the issued Class A common shares on the open market. All other terms governing Restricted Share Units shall be set forth in the applicable RSU Agreement.

#### **4.5.2 Dividend Equivalents**

Unless otherwise determined by the Board, during the Restricted Period, each Participant who holds Restricted Share Units as of the record date applicable to any dividend declared by the Board in respect of the Class A common shares shall be credited with Dividend Equivalents in respect of such Restricted Share Units, and unless otherwise determined by the Board, such Dividend Equivalents shall be immediately converted, in accordance with such terms and conditions as the Board shall determine, into additional Restricted Share Units with an initial value equal to the amount of such Dividend Equivalents. The number of such additional Restricted Share Units shall be calculated by dividing (a) the amount of the Dividend Equivalent multiplied by the aggregate number of Restricted Share Units to which such Participant is entitled as of the applicable record date; by (b) the Fair Market Value of the Class A common shares on the Trading Day immediately preceding the date on which the Class A common shares began to trade on an ex-dividend basis, rounded up to the next whole number of Restricted Share Units. No fractional Restricted Share Units will thereby be created. The foregoing does not obligate the Corporation to pay dividends on the Class A common shares and nothing in this Plan shall be interpreted as creating such an obligation.

#### **4.5.3 Redemption of Restricted Share Units**

Unless otherwise determined by the Board or the Committee in respect of any specific grant of Restricted Share Units, the Restricted Share Units will vest in full at the end of the Restriction Period. Once a Restricted Share Unit has vested, it will be redeemed immediately. For greater certainty, no Restricted Share Unit shall be redeemed by a Participant during a Black-Out Period. The Board has the right to accelerate the date upon which any Restricted Share Unit becomes redeemable notwithstanding the vesting schedule set forth in the applicable RSU Agreement, regardless of any adverse or potentially adverse tax consequences resulting from such acceleration.

Should the redemption date for Restricted Share Units fall within a Black-Out Period or within two Trading Days following the expiration of a Black-Out Period, such redemption date shall be automatically extended without any further act or formality to that date which is the fifth Business Day after the end of the Black-Out Period, such fifth Business Day to be considered the redemption date for such Restricted Share Units for all purposes under the Plan. Notwithstanding Article 6 hereof, the five Business Day period referred to in this Section 4.5.3 may not be extended by the Board.

#### **4.5.4 No Certificates**

No certificates shall be issued with respect to Restricted Share Units.

#### **4.5.5 RSU Account**

An account, to be known as a “**RSU Account**”, shall be maintained by the Corporation (or such other Person as the Corporation may appoint) for each Participant, which RSU Account shall be credited with such Restricted Share Units as are granted to the Participant and any additional Restricted Share Units granted to the Participant on account of Dividend Equivalents in respect of such Restricted Share Units.

#### **4.5.6 Cancellation of Restricted Share Units that Fail to Vest or Are Redeemed**

Restricted Share Units that fail to vest or that are redeemed in accordance with any RSU Agreement shall be cancelled and shall cease to be recorded in the RSU Account of the relevant Participant as of the date on which such Restricted Share Units fail to vest or are redeemed, as the case may be, and the Participant will have no further right, title or interest in or to such Restricted Share Units.

#### **4.6 Use of an Administrative Agent and Trustee**

The Board may in its sole discretion appoint from time to time one or more entities to act as administrative agent to administer the Awards granted under the Plan and to act as trustee to hold and administer the assets that may be held in respect of Awards granted under the Plan, the whole in accordance with the terms and conditions determined by the Board in its sole discretion. The Corporation and the administrative agent will maintain records showing any assignments or transfers of Awards by a Participant as permitted under Section 3.6

#### **4.7 Exercise upon Death of Participant**

If a Participant dies while an employee, Director or officer of the Corporation:

- a) the executor, liquidator or administrator of the Participant's estate may exercise any Options of the Participant to the extent that the Options were exercisable at the date of such death and the right to exercise such Options terminates on the earlier of: (i) the date that is 365 days from the date of the Participant's death; and (ii) the date on which the Exercise Period of the particular Option expires. Any Options held by the Participant that were not exercisable at the date of death immediately expire and shall be cancelled as of such date;
- b) a pro-rata portion of the Participant's unvested Restricted Share Units and/or Performance Share Units shall vest on the next scheduled vesting date set forth in the respective Award Agreement based on the number of days since the Date of Grant to the date of death and such Restricted Share Units and/or Performance Share Units shall be redeemed and certificates issued to the Participant's Beneficiary as if the Participant had remained employed until the next scheduled vesting date set forth in the Award Agreement; and
- c) such Participant's eligibility to receive further grants of Awards made under the Plan ceases as of the date of the Participant's death.

#### **4.8 Exercise upon Retirement, Termination of Employment or Term of Office**

- a) Where a Participant's employment or term of office with the Corporation ceases by reason of the Participant's death, then the provisions of Section 4.7 will apply.
- b) Where a Participant's employment or term of office terminates by reason of Retirement, then any Awards held by the Participant that have not vested at the date of Retirement will continue to vest in accordance with the vesting conditions set out in the Award Agreement, unless otherwise determined by the Board or the Committee and, in the case of any Options held by the Participant, such Options will continue to be exercisable until expiration of the Options in accordance with the provisions of Section 4.2.2.
- c) Where a Participant's employment or term of office terminates by reason of termination by the Corporation without Cause (whether such termination occurs with or without any or adequate notice, or with or without any or adequate compensation in lieu of such reasonable notice), then:
  - (i) any Options held by the Participant that are exercisable at the Termination Date continue to be exercisable by the Participant until the earlier of: (A) the date that is 30 days after the Termination date; and (B) the date on which the Exercise Period of the particular Option expires, and any Options held by the Participant that are not exercisable at the Termination Date immediately expire and are cancelled on the Termination Date; and
  - (ii) a pro-rata portion of the Participant's unvested Restricted Share Units and/or Performance Share Units shall vest on the next scheduled vesting date set forth in the respective Award Agreement based on the number of days since the Date of Grant to the date of such termination and such Restricted Share Units and/or Performance Share Units shall be redeemed and certificates issued to the Participant or the Participant's Beneficiary as if the Participant had remained employed until the next scheduled vesting date set forth in the Award Agreement.
- d) Where a Participant's employment or term of office is terminated by the Corporation on account of disability, then:
  - (i) any Options held by the Participant that are exercisable at the Termination Date continue to be exercisable by the Participant until the earlier of: (i) the date that is 90 days after the Termination Date; and (ii) the date on which the Exercise Period of the particular Option expires, and any Options held by the Participant that are not exercisable at the Termination Date immediately expire and are cancelled on the Termination Date; and
  - (ii) a pro-rata portion of the Participant's unvested Restricted Share Units and/or Performance Share Units shall vest on the next scheduled vesting date set forth in the respective Award Agreement based on the number of days since the Date of Grant to the date of such termination and such Restricted Share Units and/or Performance Share Units shall be redeemed and certificates issued to the Participant or the Participant's Beneficiary as if the Participant had remained employed until the next scheduled vesting date set forth in the Award Agreement.
- e) Where a Participant's employment or term of office terminates by reason of (i) termination by the Corporation for Cause, or (ii) voluntary resignation by the Participant, then any Awards held by the Participant, whether or not

exercisable at the Termination Date, immediately expire and are cancelled on the Termination Date or at a time as may be determined by the Board, in its sole discretion.

- f) A Participant's eligibility to receive further grants of Awards under the Plan ceases as of the date that the Corporation provides the Participant with written notification that the Participant's employment or term of office, as the case may be, is terminated, notwithstanding that such date may be prior to the Termination Date.
- g) Unless the Board, in its discretion, otherwise determines, at any time and from time to time, Awards are not affected by a change of employment or office within or among the Corporation or an Affiliate for so long as the Participant continues to be a Director, officer or employee of the Corporation.

#### **4.9 Discretion to Permit Exercise**

Notwithstanding the provisions of Sections 4.7 and 4.8, the Board may, in its discretion, at any time prior to or following the events contemplated in such sections and in any Award Agreement, permit the exercise of any or all Awards held by the Participant in the manner and on the terms authorized by the Board, provided that, subject to an extension resulting from a Black-Out Period, the Board will not, in any case, authorize the exercise of an Option pursuant to this section beyond the expiration of the Exercise Period of the particular Award.

#### **4.10 Change of Control**

Except as otherwise set forth in any Award Agreement, in the event of any Change of Control transaction in which there is an acquiring or surviving entity, the Board may provide for substitute or replacement Awards of similar value from, or the assumption of outstanding Awards by, the acquiring or surviving entity or one or more of its Affiliates, any such substitution, replacement or assumption to be on such terms as the Board in good faith determines; provided, however, that in the event of a Change of Control transaction the Board may take, as to any outstanding Awards, any one or more of the following actions:

- a) provide that any or all Awards shall thereupon terminate; provided that any such outstanding Awards that have vested shall remain exercisable until consummation of such Change of Control; and/or
- b) accelerate the vesting of and declare any or all of the outstanding Awards exercisable in full.

#### **4.11 Conditions of Exercise**

Each Participant will, when requested by the Corporation, sign and deliver all such documents relating to the granting or exercise of Awards which the Corporation deems necessary or desirable.

#### **4.12 No Interest**

For greater certainty, no interest shall be payable to Participants in respect of any amount payable pursuant to the Plan.

### **ARTICLE 5 SHARE CAPITAL ADJUSTMENTS**

#### **5.1 General**

The existence of any Awards does not affect in any way the right or power of the Corporation or its shareholders to make, authorize or determine any adjustment, dividend distribution, recapitalization, reorganization or any other change in the Corporation's capital structure or its business, or any amalgamation, combination, plan of arrangement, merger or consolidation involving the Corporation, to create or issue any bonds, debentures, Class A common shares or other securities of the Corporation or to determine the rights and conditions attaching thereto, to effect the dissolution or liquidation of the Corporation or any sale or transfer of all or any part of its assets or business, or to effect any other corporate act or proceeding, whether or a similar character or otherwise, whether or not any such action referred to in this section would have an adverse effect on this Plan or any Award granted hereunder.

#### **5.2 Reorganization of the Corporation's Capital**

- a) In the event of any subdivision of the Class A common shares into a greater number of Class A common shares at any time after the grant of an Award to a Participant and prior to the expiration of the Exercise Period of such Award, the Corporation will deliver to such Participant at the time of any subsequent exercise of such option in accordance with the terms hereof in lieu of the number of Class A common shares to which such Participant was theretofore entitled upon such exercise, but for the same aggregate consideration payable therefor, such number of Class A common shares as such Participant would have held as a result of such subdivision if on the record date thereof the Participant had been

the registered holder of the number of Class A common shares to which such Participant was theretofore entitled upon such exercise.

- b) In the event of any consolidation of Class A common shares into a lesser number of Class A common shares at any time after the grant of an Award to any Participant and prior to the expiration of the Exercise Period of such Award, the Corporation shall deliver to such Participant at the time of any subsequent exercise of such Award in accordance with the terms hereof in lieu of the number of Class A common shares to which such Participant was theretofore entitled upon such exercise, but for the same aggregate consideration payable therefor, such number of Class A common shares as such Participant would have held as a result of such consideration if on the record date thereof the Participant had been the registered holder of the number of Class A common shares to which such Participant was theretofore entitled upon such exercise.

### **5.3 Other Events Affecting the Corporation**

If at any time after the grant of an Award to any Eligible Participant and prior to the expiration of the Exercise Period of such Award, the Class A common shares shall be reclassified, reorganized or otherwise changed into or exchanged for a different number or class of shares or other securities of the Corporation or of a Successor Corporation, (otherwise than as specified in Section 5.1 and Section 5.2 hereof), or the Corporation shall consolidate, merge or amalgamate with or into another Person, the Participant will, subject to the provisions of Section 6.3 hereof, be entitled to receive at the time of any subsequent exercise of such Award in accordance with the terms hereof and will accept in lieu of the number of Class A common shares then subscribed for an aggregate consideration payable therefor, adjusted, if necessary, to preserve proportionately the rights and obligations of the Participant, the aggregate number of shares of the appropriate class or other securities of the Corporation or the Successor Corporation (as the case may be) or other consideration from the Corporation or the Successor Corporation (as the case may be) that such Participant would have been entitled to receive as a result of such reclassification, reorganization or other change or exchange of shares or, subject to the provisions of Section 6.3 hereof, as a result of such consolidation, merger or amalgamation, if on the record date of such reclassification, reorganization or other change or exchange of shares or the effective date of such consolidated, merger or amalgamation, as the case may be, such Participant had been the registered holder of the number of Class A common shares to which such Participant was immediately theretofore entitled upon such exercise.

### **5.4 Distribution to Securityholders**

If, at any time after the grant of an Award to any Eligible Participant and prior to the expiration of the Expiration Period of such Award, the Corporation makes a distribution to all holders of Class A common shares or other securities payable in cash, evidences of indebtedness or other assets in the capital of the Corporation (excluding a regular ordinary course dividend in cash or Class A common shares, but including common shares or equity interests in a subsidiary or business unit of the Corporation or one of its subsidiaries or cash proceeds from the disposition of such a subsidiary or business unit), or should the Corporation effect any transaction or change having a similar effect, then the Exercise Price or, the number of Class A common shares to which the Participant is entitled upon exercise of Awards, or any combination thereof, will be adjusted to take into account such distribution, transaction or change. Subject to receipt of any required approvals of the TSX, the Board will determine the appropriate adjustments to be made in such circumstances in order to maintain the Participant's economic rights in respect of their Awards in connection with such distribution, transaction or change.

### **5.5 Immediate Exercise of Awards**

Where the Board determines that the steps provided in Sections 5.1 to 5.4 inclusive would not preserve proportionately the rights and obligations of the Participants in the circumstances or otherwise determines that it is appropriate, the Board may permit the immediate exercise of any outstanding Awards that are not otherwise exercisable.

### **5.6 Issue by Corporation of Additional Class A common shares**

Except as expressly provided in this Article 5, neither the issue by the Corporation of shares of any class or securities convertible into or exchangeable for shares of any class, nor the conversion or exchange of such shares or securities, affects, and no adjustment by reason thereof is to be made with respect to: (i) the number of Class A common shares that may be acquired on the exercise of any outstanding Awards; or (ii) the Exercise Price of any outstanding Awards.

### **5.7 Fractions**

Fractional Class A common shares will be issued on the redemption of a Full Value Award. If, as a result of any adjustment in this Article 5 or as a result of issuance of Dividend Equivalents as contemplated in Article 4, a Participant would become entitled to a fractional Class A common share, the Participant has the right to acquire only the adjusted number of Class A common shares, rounded up to the next whole number and no payment or other adjustment will be made with respect to the fractional Class A common shares so disregarded.

## **5.8 Conditions of Exercise**

The Plan and each Award are subject to the requirement that if at any time the Board determines that the listing, registration or qualification of the Class A common shares subject to such Award on any stock exchange or under any provincial, state or federal law, or the consent or approval of any governmental body, stock exchange or of the holders of the Class A common shares generally, is necessary or desirable, as a condition of, or in connection with, the granting of such Award or the issue or purchase of Class A common shares thereunder, no such Award may be granted or exercised in whole or in part unless such listing, registration, qualification, consent or approval has been effected or obtained free of any conditions not acceptable to the Board. The Participants shall, to the extent applicable, cooperate with the Corporation in relation to such listing, registration, qualification, consent or other approval and shall have no claim or cause of action against the Corporation of any of its Directors or officers as a result of any failure by the Corporation to obtain or to take any steps to obtain any such registration, qualification or approval.

## **5.9 Compliance with Laws and Corporate Policies**

The terms of the Plan are subject to any Applicable Laws and governmental and regulatory requirements (including the rules and regulations of the TSX), approvals and consents, and the provisions of any applicable policies of the Corporation that may be or become applicable. Without limiting the generality of the foregoing, the Corporation may, in its sole discretion, delay the crediting of Awards to Participants and/or the exercise or redemption of Awards if and to the extent it considers necessary or appropriate as a result of any Black-Out Period.

# **ARTICLE 6 AMENDMENT OR DISCONTINUANCE OF THE PLAN**

## **6.1 General**

The Board may amend the Plan or any Award at any time without the consent of the Participants provided that such amendment shall:

- a) not adversely alter or impair any Award previously granted except as permitted by the provisions of Article 5 hereof;
- b) be subject to any regulatory approvals including, where required, the approval of the TSX; and
- c) be subject to shareholder approval, where required by law or the requirements of the TSX, provided, however, that shareholder approval shall not be required for the following amendments and the Board may make any changes which may include:
  - i. amendments of a “housekeeping” nature;
  - ii. a change to the provisions of any Award concerning vesting, assignability and effect of termination of a Participant’s employment or cessation of a Participant’s term of office;
  - iii. the amendment of the cashless exercise feature payable in cash or in securities, whether or not such feature provides for a full deduction of the number of underlying securities from the Plan reserve;
  - iv. the addition of a form of financial assistance and any amendment to a financial assistance provision which is adopted;
  - v. subject to Section 6.4, a change to advance the date on which any Option may be exercised under the Plan; and
  - vi. a change to the Eligible Participants of the Plan, including a change which would have the potential of broadening or increasing participation by Insiders.

## **6.2 Amendments Requiring Shareholder Approval**

Notwithstanding Section 6.1(c), the Board shall be required to obtain shareholder approval to make the following amendments:

- a) any change to the maximum number of Class A common shares issuable from treasury under the Plan, including an increase to the fixed maximum number of Class A common shares or a change from a fixed maximum number of Class A common shares to a fixed maximum percentage, other than an adjustment pursuant to Article 5;

- b) any amendment which reduces the Exercise Price, if any, of any Award after the Awards have been granted or any cancellation of an Award and the substitution of that Award by a new option with a reduced price, except in the case of an adjustment pursuant to Article 5;
- c) any amendment which extends the Exercise Period of any Award beyond the original Exercise Period, except in case of an extension due to a Black-Out Period;
- d) any amendment which would permit any Award granted under the Plan to be transferable or assignable by any Participant other than as allowed by Section 3.6;
- e) any amendment which increases the maximum number of Class A common Shares that may be issued to (i) Insiders; or (ii) any one Insider under the Plan or any other proposed or established Share Compensation Arrangement in a one-year period, except in case of an adjustment pursuant to Article 5;
- f) any amendment to the amendment provisions of the Plan,

provided that Class A common shares held directly or indirectly by Insiders benefiting from the amendments in Section 6.2(b) and 6.2(c) shall be excluded when obtaining such shareholder approval.

### **6.3 Amendments upon a Change of Control**

Notwithstanding anything contained to the contrary in the Plan or in an Award Agreement contemplated herein, but subject to any specific provisions contained in any employment agreements, in the event of a Change in Control, a reorganization of the Corporation, an amalgamation of the Corporation, an arrangement involving the Corporation, a take-over bid (as that term is defined in the *Securities Act* (Ontario)) for all of the Class A common shares or the sale or disposition of all or substantially all of the property and assets of the Corporation, the Board may make such provision for the protection of the rights of the Participants as the Board in its discretion considers appropriate in the circumstances, including changing the vesting conditions of the Awards and the date on which any Award expires.

### **6.4 Acceleration of Vesting**

The Board may, by resolution, advance the date on which any Award may be exercised or, subject to applicable regulatory provisions and shareholder approval, extend the Exercise Period of any Award, in the manner to be set forth in such resolution provided that the period during which an Award is exercisable does not exceed ten (10) years from the date such Award is granted. The Board will not, in the event of any such advancement or extension, be under any obligation to advance or extend the date on or by which any Award may be exercised by any other Participant.

### **6.5 Waiver of Termination Provisions**

The Board may, by resolution, but subject to applicable regulatory approvals, decide that any of the provisions hereof concerning the effect of termination of any Participant's employment or term of office will not apply for any reason acceptable to the Board.

### **6.6 Termination of Plan**

The Board may, subject to regulatory approval, discontinue the Plan at any time without the consent of the Participants provided that such discontinuance shall not materially and adversely affect any Awards previously granted to a Participant under the Plan.

## **ARTICLE 7 MISCELLANEOUS PROVISIONS**

### **7.1 Legal Requirement**

The Corporation is not obligated to grant any Awards, issue any Class A common shares or other securities, make any payments or take any other action if, in the opinion of the Board, in its sole discretion, such action would constitute a violation by a Participant or the Corporation of any provision of any applicable statutory or regulatory enactment of any government or government agency.

### **7.2 Conformity to Plan**

In the event that an Award is granted or an Award Agreement is executed which does not conform in all particulars with the provisions of the Plan, or purports to grant Awards on terms different from those set out in the Plan, the Award, or the grant of

such Award shall not be in any way void or invalidated, but the Award so granted will be adjusted to become, in all respects, in conformity with the Plan.

### **7.3 Participant's Entitlement**

Except as otherwise provided in this Plan, Awards previously granted under this Plan, whether or not then exercisable, are not affected by any change in the relationship between, or ownership of, the Corporation and a Related Entity. For greater certainty, all Awards remain valid and exercisable in accordance with the terms and conditions of this Plan and are not affected by reason only that, at any time, a Related Entity ceases to be an Affiliate.

### **7.4 Withholding Taxes**

To the extent the exercise of an Award hereunder gives rise to any tax or other statutory withholding obligation (including, without limitation, income and payroll withholding taxes imposed by any jurisdiction), the Board may implement appropriate procedures to ensure that the tax withholding obligations are met. These procedures may include, without limitation, increased withholding from a Participant's regular compensation, cash payments by a Participant or the sale of a portion of the Class A common shares issued pursuant to the exercise of an Award on behalf of the Participant, which sale may be required and/or permitted by the Board. Unless otherwise determined by the Board, any such procedure, including offering choices among procedures, will be applied consistently with respect to all similarly situated Participants, except to the extent any procedure may not be permitted under the laws of the applicable jurisdiction.

### **7.5 Rights of Participants**

No Participant has any claim or right to be granted an Award (including an Award granted in substitution for any Award that has expired pursuant to the terms and conditions of this Plan), and the granting of any Award is not to be construed as giving a Participant a right to remain in the employ of the Corporation. No Participant has any rights as a shareholder of the Corporation in respect of Class A common shares issuable on the exercise of rights to acquire Class A common Shares under any Award (including voting rights and the payment of dividends or other distributions) until the allotment and issuance to the Participant of certificate or certificates in the name of the Participant or a statement of account, at the discretion of the Participant, representing such Class A common shares. The loss of existing or potential profit in Awards granted under this Plan will not constitute an element of damages in the event of termination of a Participant's employment or service in any office or otherwise.

### **7.6 Termination**

The Plan will terminate and, for greater certainty, all unexercised Awards will terminate and expire on the date upon which no further Class A common shares are available for issuance pursuant to Awards which may be granted under the Plan and no Awards remain outstanding, unless renewed for such further period and upon such terms and conditions as the Board may determine.

### **7.7 Indemnification**

Every Director or member of the Committee will at all times be indemnified and saved harmless by the Corporation from and against all costs, charges and expenses whatsoever including any income tax liability arising from any such indemnification, that such Director or member of the Committee may sustain or incur by reason of any action, suit or proceeding, taken or threatened against such Director or member of the Committee, otherwise than by the Corporation, for or in respect of any act done or omitted by such Director or member of the Committee in respect of this Plan, such costs, charges and expenses to include any amount paid to settle such action, suit or proceeding or in satisfaction of any judgment rendered therein. This shall be in addition to any indemnification agreement between the Corporation and the Directors.

### **7.8 Participation in the Plan**

The participation of any Eligible Participant in the Plan is entirely voluntary and not obligatory and shall not be interpreted as conferring upon such Participant any rights or privileges other than those rights and privileges expressly provided in the Plan. In particular, participation in the Plan does not constitute a condition of employment nor a commitment on the part of the Corporation to ensure the continued employment of such Participant. The Plan does not provide any guarantee against any loss which may result from fluctuations in the market value of the Class A common shares. The Corporation does not assume responsibility for the income or other tax consequences for the Participants and they are advised to consult with their own tax advisors.

### **7.9 Successors and Assigns**

The Plan shall be binding on the Corporation and on the Participants and, if applicable, their Beneficiaries and legal representatives.

#### **7.10 Unfunded and Unsecured Plan**

The Plan is an unfunded obligation of the Corporation and the Corporation will not secure its obligations under the Plan. Neither the establishment of the Plan nor the grant of Awards (or any action taken in connection therewith) shall be deemed to create a trust. To the extent any individual holds any rights by virtue of a grant of Awards the Plan, such rights shall be no greater than the rights of an unsecured creditor of the Corporation.

#### **7.11 Effective Date**

This Plan was adopted by the Board of the Corporation on June 7, 2017. Should any changes to the Plan be required by any securities commission or other governmental body of any jurisdiction of Canada to which the Plan has been submitted or by any stock exchange on which the Class A common shares may from time to time be listed, such changes will be made to the Plan as are necessary to conform with such requests and, if such changes are approved by the Board of the Corporation, the Plan, as amended, will remain in full force and effect in its amended form as of and from that date.

#### **7.12 Language**

The parties have expressly requested that this Plan and all related documents be drafted in English only. *Les parties ont expressément requis que ce régime et tous les documents qui s'y rattachent soient rédigés en anglais seulement.*

#### **7.13 Governing Law**

This Plan is created under and is to be governed, construed and administered in accordance with the laws of the Province of Ontario and the laws of Canada applicable thereto.

**SCHEDULE A**

**Stock Option Plan Exercise Notice Form – Options**

I, \_\_\_\_\_, hereby exercise the option to purchase \_\_\_\_\_ Class A common shares of Andrew Peller Limited (the Corporation) at a purchase price of \$ \_\_\_\_\_ per Class A common share of the Corporation. This Exercise Notice is delivered in respect of the option to purchase \_\_\_\_\_ Class A common shares of the Corporation that was granted to me on \_\_\_\_\_ pursuant to the Option Agreement entered into between the Corporation and me.

In connection with the foregoing, I enclose cash, a certified cheque, bank draft or money order payable to the Corporation in the amount of \$ \_\_\_\_\_ as full payment for the Class A common shares to be received upon exercise of the Option.

I hereby elect, subject to the consent of the Board of Directors of the Corporation or the Committee, to:

- i. Terminate \_\_\_\_\_ (number) of Options and receive such number of Class A common shares as provided by Section 4.2.4 of the Plan;
- ii. Surrender \_\_\_\_\_ (number) of Options to cover option cash and taxes and receive the remaining value in Class A common shares as provided by Section 4.2.4 of the Plan; and
- iii. Surrender \_\_\_\_\_ (number) of Options and receive such amount of cash, net of taxes, as provided by Section 4.2.4 of the Plan.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Participant's Signature

\_\_\_\_\_  
(Print name)

**SCHEDULE B**

**Stock Option Plan Option Agreement**

**WHEREAS** Andrew Peller Limited (the “**Corporation**”) wishes to reward \_\_\_\_\_ (the “**Participant**”) for [his/her/[its]] sustained contributions to the Corporation and to encourage the Participant to take into account the long-term corporate performance of the Corporation and the creation of shareholder value in performing services for the benefit of the Corporation.

**NOW THEREFORE** this agreement is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the “**Date of Grant**”) between the Corporation and the Participant pursuant to the Share Based Compensation Plan (the “**Plan**”) implemented by the Corporation effective June 7, 2017, a copy of which has been provided to the Participant. All capitalized terms that are used and not otherwise defined below shall have the meaning ascribed to such terms in the Plan.

1. **Grant and Terms of Options.** Pursuant to the Plan, the Corporation hereby grants to the Participant options (collectively, the “**Options**”) to acquire \_\_\_\_\_ Class A common shares in the capital of the Corporation at an exercise price of \$ \_\_\_\_\_ per share (the “**Exercise Price**”) and agrees to issue Class A common shares to the Participant in accordance with the terms of the Plan upon the due exercise of the Options.
2. **Vesting.** The Options will vest and be exercisable as follows:

**Fraction of Total Number of Shares that may be Purchased**

**Exercise Period**

1/3	From the first anniversary of the Date of Grant to and including the tenth anniversary of the Date of Grant;
1/3	From the second anniversary of the Date of Grant to and including the tenth anniversary of Date of Grant; and
1/3	From the third anniversary of the Date of Grant to and including the tenth anniversary of Date of Grant, with the result that all of the Options subject to the grant shall be vested and all Shares subject to such Options may be purchased as of the third anniversary of the Date of Grant to and including the tenth anniversary of the Date of Grant.

3. **Method of Exercise.** The Options shall be exercisable by the Participant by (i) delivering to the Corporation an executed Exercise Notice in the form of Schedule A to the Plan Agreement specifying the number of Class A common shares in respect of which the Options are exercised; (ii) paying in full the Exercise Price for each Class A common share under Option; and (iii) surrendering this Stock Option Plan Agreement to the Corporation. Upon notice and payment there will be a binding contract for the issue of the Class A common shares in respect of which the Options are exercised. Delivery of the Participant’s cash, certified cheque, wire transfer, bank draft or money order payable to the Corporation in the amount of the aggregate Exercise Price shall constitute payment of the Exercise Price.
4. **Acknowledgement by the Participant.** The exercise of the Options granted hereby, issuance of Class A common shares and ownership of the Class A common shares are subject to the terms and conditions of the Plan (all of which are incorporated into and form part of this Stock Option Plan Agreement) and this Stock Option Plan Agreement. In particular, the Participant hereby acknowledges and agrees that:
  - (i) in accordance with section 4.2.3 of the Plan, the Options may not be exercised during a Black-Out Period (as defined in the Plan);
  - (ii) [he/she/it] shall comply with the terms of the Corporation’s insider trading policy, a copy of which has been provided or made available to the Participant;
  - (iii) the Options shall expire and terminate and no longer be exercisable on the [tenth anniversary] of the Date of Grant or such other date as may be applicable pursuant to Sections 4.7, 4.8, 4.9 or 4.10 of the Plan;
  - (iv) the Board may amend the Plan and/or the Options from time to time in accordance with Article 6 of the Plan;

- (v) any rule, regulation or determination, including the interpretation by the Board or the Committee relating to the Options granted hereunder and the exercise thereof, is final and conclusive for all purposes and binding on all persons including the Corporation and the Participant; and
  - (vi) the Participant has not been induced to enter into this agreement or acquire any Options by expectation of employment or continued employment with the Corporation or any Related Entity.
5. **Employment with the Corporation.** Nothing in the Plan or in this Stock Option Plan Agreement will affect the right of the Corporation or any Related Entity (as defined in the Plan) to terminate the employment of, term of office of, or consulting agreement with a Participant at any time for any reason whatsoever. Upon such termination, a Participant's rights to exercise Options will be subject to restrictions and time limits for the exercise of Options, the complete details of which restrictions are set out in Section 4.8 of the Plan.
  6. **Notice.** Any notice relating to the Options, including an Exercise Notice, must be in writing and must be delivered personally or by prepaid registered mail and must be addressed to the [**Secretary**] of the Corporation. All notices to the Participant will be addressed to the principal address of the Participant on file with the Corporation. Either the Corporation or the Participant may designate a different address by written notice to the other. Such notices are deemed to be received, if delivered personally, on the date of delivery, and if sent by prepaid, registered mail, on the third business day following the date of mailing. Any notice given by either the Participant or the Corporation is not binding on the recipient thereof until received.
  7. **Successors and Assigns.** This Stock Option Plan Agreement shall be binding upon and enure to the benefit of the Corporation, its successors and assigns and the Participant and the legal representative of the Participant's estate and any other person who acquires Class A common shares by bequest or inheritance. The Participant shall not be entitled to assign this Stock Option Plan Agreement nor any of the Options granted hereby except in accordance with the Plan.
  8. **Counterparts.** This Stock Option Plan Agreement may be executed in counterparts and by facsimile or other electronic means, each of which shall constitute an original and all of which taken together shall constitute one and the same instrument.
  9. **Governing Law.** This Stock Option Plan Agreement has been made in and is to be construed under and in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

**ANDREW PELLER LIMITED**

Per: \_\_\_\_\_  
Authorized Signatory

**SIGNED, SEALED AND DELIVERED**  
in the presence of

\_\_\_\_\_  
(Witness)

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)  
)

\_\_\_\_\_  
(Signature of Participant)

## SCHEDULE C

### Deferred Share Unit Award Agreement

**WHEREAS** Andrew Peller Limited (the “**Corporation**”) wishes to reward \_\_\_\_\_ (the “**Participant**”) for [his/her/its] sustained contributions to the Corporation and to encourage the Participant to take into account the long-term corporate performance of the Corporation and the creation of shareholder value in performing services for the benefit of the Corporation.

**NOW THEREFORE** this agreement is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the “**Date of Grant**”) between the Corporation and the Participant pursuant to the Share Based Compensation Plan (the “**Plan**”) implemented by the Corporation effective June 7, 2017, a copy of which has been provided to the Participant. All capitalized terms that are used and not otherwise defined below shall have the meaning ascribed to such terms in the Plan.

1. **Grant and Terms of Award.** Pursuant to the Plan, the Corporation hereby grants \_\_\_\_\_ Deferred Share Units (collectively, the “**Award**”) to the Participant.
2. **Vesting.** Subject to any acceleration in vesting as provided in the Plan, each Deferred Share Unit vests in full upon acceptance of the Deferred Share Unit Award Agreement.
3. **Redemption of Awards.** The payment in respect of Deferred Share Units held by the Participant shall be satisfied by the issuance of Class A common shares to the Participant on the [third] anniversary of the Date of Grant.
4. **Acknowledgement by the Participant.** The redemption of the Award granted hereby, issuance of Class A common shares and ownership of the Class A common shares are subject to the terms and conditions of the Plan (all of which are incorporated into and form part of this Deferred Share Unit Award Agreement) and this Deferred Share Unit Award Agreement. In particular, the Participant hereby acknowledges and agrees that:
  - (i) [he/she/it] shall comply with the terms of the Corporation’s insider trading policy, a copy of which has been provided or made available to the Participant;
  - (ii) the Board may amend the Plan and/or the Awards from time to time in accordance with Article 6 of the Plan;
  - (iii) any rule, regulation or determination, including the interpretation by the Board or the Committee relating to the Awards granted hereunder and the exercise thereof, is final and conclusive for all purposes and binding on all persons including the Corporation and the Participant; and
  - (iv) the Participant has not been induced to enter into this agreement or acquire any Awards by expectation of employment or continued employment with the Corporation or any Related Entity.
5. **Employment with the Corporation.** Nothing in the Plan or in this Deferred Share Unit Award Agreement will affect the right of the Corporation or any Related Entity (as defined in the Plan) to terminate the employment of, term of office of, or consulting agreement with a Participant at any time for any reason whatsoever. Upon such termination, a Participant’s rights to exercise Awards will be subject to restrictions and time limits for the exercise of Awards, the complete details of which restrictions are set out in Section 4.8 of the Plan.
6. **Notice.** Any notice relating to the Award must be in writing and must be delivered personally or by prepaid registered mail and must be addressed to the [Secretary] of the Corporation. All notices to the Participant will be addressed to the principal address of the Participant on file with the Corporation. Either the Corporation or the Participant may designate a different address by written notice to the other. Such notices are deemed to be received, if delivered personally, on the date of delivery, and if sent by prepaid, registered mail, on the third business day following the date of mailing. Any notice given by either the Participant or the Corporation is not binding on the recipient thereof until received.
7. **Successors and Assigns.** This Deferred Share Unit Award Agreement shall be binding upon and enure to the benefit of the Corporation, its successors and assigns and the Participant and the legal representative of the Participant’s estate and any other person who acquires Class A common shares by bequest or inheritance. The Participant shall not be entitled to assign this Deferred Share Unit Award Agreement nor any of the Awards granted hereby except in accordance with the Plan.

- 8. **Counterparts.** This Deferred Share Unit Award Agreement may be executed in counterparts and by facsimile or other electronic means, each of which shall constitute an original and all of which taken together shall constitute one and the same instrument.
- 9. **Governing Law.** This Deferred Share Unit Award Agreement has been made in and is to be construed under and in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

**ANDREW PELLER LIMITED**

Per: \_\_\_\_\_  
 Authorized Signatory

**SIGNED, SEALED AND DELIVERED**  
 in the presence of

\_\_\_\_\_  
 (Witness)

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\_\_\_\_\_  
 (Signature of Participant)

**SCHEDULE D**

**Performance Share Unit Award Agreement**

**WHEREAS** Andrew Peller Limited (the “**Corporation**”) wishes to reward \_\_\_\_\_ (the “**Participant**”) for [his/her/[its]] sustained contributions to the Corporation and to encourage the Participant to take into account the long-term corporate performance of the Corporation and the creation of shareholder value in performing services for the benefit of the Corporation.

**NOW THEREFORE** this agreement is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the “**Date of Grant**”) between the Corporation and the Participant pursuant to the Share Based Compensation Plan (the “**Plan**”) implemented by the Corporation effective June 7, 2017, a copy of which has been provided to the Participant. All capitalized terms that are used and not otherwise defined below shall have the meaning ascribed to such terms in the Plan.

1. **Grant and Terms of Award.** Pursuant to the Plan, the Corporation hereby grants \_\_\_\_\_ Performance Share Units (collectively, the “**Award**”) to the Participant.
2. **Vesting.** Subject to any acceleration in vesting as provided in the Plan, each Performance Share Unit vests in full at the end of the third anniversary of the Date of Grant.
3. **Performance Measures.** The Performance Measures to be taken into consideration in determining the Performance Multiple are as follows:

Measure	Weighting	Measure frequency	Details
	●%		
	●%		
	●%		

4. **Performance Multiple.** The number of Performance Share Units that vest based on the Corporation’s performance relative to the Performance Measures will be determined based on the following vesting schedule:

Company performance over three-year period	Percent of units granted that will vest
Above target	150%
Target	100%
Below target	50%

5. **Redemption of Awards.** The payment in respect of Performance Share Units held by the Participant shall be satisfied by the issuance of Class A common shares to the Participant upon vesting.
6. **Extraordinary Events.** At any time (or from time to time) after a Performance Share Unit is granted, the Board, in its sole discretion, may provide for the manner in which Performance Measures will be determined and compared against the Performance Goals (or may adjust the Performance Goals) to reflect the impact of specific corporate transactions, accounting or tax law changes, and other extraordinary or non-recurring events.
7. **Acknowledgement by the Participant.** The redemption of the Award granted hereby, issuance of Class A common shares and ownership of the Class A common shares are subject to the terms and conditions of the Plan (all of which are incorporated into and form part of this Performance Share Unit Award Agreement) and this Performance Share Unit Award Agreement. In particular, the Participant hereby acknowledges and agrees that:
  - (i) in accordance with section 4.4.7 of the Plan, the Award may not be exercised during a Black-Out Period (as defined in the Plan);
  - (ii) [he/she/it] shall comply with the terms of the Corporation’s insider trading policy, a copy of which has been provided or made available to the Participant;
  - (iii) the Board may amend the Plan and/or the Awards from time to time in accordance with Article 6 of the Plan;

- (iv) any rule, regulation or determination, including the interpretation by the Board or the Committee relating to the Awards granted hereunder and the exercise thereof, is final and conclusive for all purposes and binding on all persons including the Corporation and the Participant; and
  - (v) the Participant has not been induced to enter into this agreement or acquire any Awards by expectation of employment or continued employment with the Corporation or any Related Entity.
8. **Employment with the Corporation.** Nothing in the Plan or in this Performance Share Unit Award Agreement will affect the right of the Corporation or any Related Entity (as defined in the Plan) to terminate the employment of, term of office of, or consulting agreement with a Participant at any time for any reason whatsoever. Upon such termination, a Participant's rights to exercise Awards will be subject to restrictions and time limits for the exercise of Awards, the complete details of which restrictions are set out in Section 4.8 of the Plan.
  9. **Notice.** Any notice relating to the Award, including an Exercise Notice, must be in writing and must be delivered personally or by prepaid registered mail and must be addressed to the [**Secretary**] of the Corporation. All notices to the Participant will be addressed to the principal address of the Participant on file with the Corporation. Either the Corporation or the Participant may designate a different address by written notice to the other. Such notices are deemed to be received, if delivered personally, on the date of delivery, and if sent by prepaid, registered mail, on the third business day following the date of mailing. Any notice given by either the Participant or the Corporation is not binding on the recipient thereof until received.
  10. **Successors and Assigns.** This Performance Share Unit Award Agreement shall be binding upon and enure to the benefit of the Corporation, its successors and assigns and the Participant and the legal representative of the Participant's estate and any other person who acquires Class A common shares by bequest or inheritance. The Participant shall not be entitled to assign this Performance Share Unit Award Agreement nor any of the Awards granted hereby except in accordance with the Plan.
  11. **Counterparts.** This Performance Share Unit Award Agreement may be executed in counterparts and by facsimile or other electronic means, each of which shall constitute an original and all of which taken together shall constitute one and the same instrument.
  12. **Governing Law.** This Performance Share Unit Award Agreement has been made in and is to be construed under and in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

**ANDREW PELLER LIMITED**

Per: \_\_\_\_\_  
Authorized Signatory

**SIGNED, SEALED AND DELIVERED**  
in the presence of

\_\_\_\_\_  
(Witness)

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\_\_\_\_\_  
(Signature of Participant)

## SCHEDULE E

### Restricted Share Unit Award Agreement

WHEREAS Andrew Peller Limited (the “Corporation”) wishes to reward \_\_\_\_\_ (the “Participant”) for [his/her/[its]] sustained contributions to the Corporation and to encourage the Participant to take into account the long-term corporate performance of the Corporation and the creation of shareholder value in performing services for the benefit of the Corporation.

NOW THEREFORE this agreement is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (the “Date of Grant”) between the Corporation and the Participant pursuant to the Share Based Compensation Plan (the “Plan”) implemented by the Corporation effective June 7, 2017, a copy of which has been provided to the Participant. All capitalized terms that are used and not otherwise defined below shall have the meaning ascribed to such terms in the Plan.

1. **Grant and Terms of Award.** Pursuant to the Plan, the Corporation hereby grants \_\_\_\_\_ Restricted Share Units (collectively, the “Award”) to the Participant.
2. **Vesting.** Subject to any acceleration in vesting as provided in the Plan, each Restricted Share Unit vests in full at the end of the third anniversary of the Date of Grant.
3. **Redemption of Awards.** The payment in respect of Restricted Share Units held by the Participant shall be satisfied by the issuance of Class A common shares to the Participant at the end of the third anniversary of the Date of Grant.
4. **Acknowledgement by the Participant.** The redemption of the Award granted hereby, issuance of Class A common shares and ownership of the Class A common shares are subject to the terms and conditions of the Plan (all of which are incorporated into and form part of this Restricted Share Unit Award Agreement) and this Restricted Share Unit Award Agreement. In particular, the Participant hereby acknowledges and agrees that:
  - (i) in accordance with section 4.5.3 of the Plan, the Award may not be exercised during a Black-Out Period (as defined in the Plan);
  - (ii) [he/she/it] shall comply with the terms of the Corporation’s insider trading policy, a copy of which has been provided or made available to the Participant;
  - (iii) the Board may amend the Plan and/or the Awards from time to time in accordance with Article 6 of the Plan;
  - (iv) any rule, regulation or determination, including the interpretation by the Board or the Committee relating to the Awards granted hereunder and the exercise thereof, is final and conclusive for all purposes and binding on all persons including the Corporation and the Participant; and
  - (v) the Participant has not been induced to enter into this agreement or acquire any Awards by expectation of employment or continued employment with the Corporation or any Related Entity.
5. **Employment with the Corporation.** Nothing in the Plan or in this Restricted Share Unit Award Agreement will affect the right of the Corporation or any Related Entity (as defined in the Plan) to terminate the employment of, term of office of, or consulting agreement with a Participant at any time for any reason whatsoever. Upon such termination, a Participant’s rights to exercise Awards will be subject to restrictions and time limits for the exercise of Awards, the complete details of which restrictions are set out in Section 4.8 of the Plan.
6. **Notice.** Any notice relating to the Award, including an Exercise Notice, must be in writing and must be delivered personally or by prepaid registered mail and must be addressed to the [Secretary] of the Corporation. All notices to the Participant will be addressed to the principal address of the Participant on file with the Corporation. Either the Corporation or the Participant may designate a different address by written notice to the other. Such notices are deemed to be received, if delivered personally, on the date of delivery, and if sent by prepaid, registered mail, on the third business day following the date of mailing. Any notice given by either the Participant or the Corporation is not binding on the recipient thereof until received.
7. **Successors and Assigns.** This Restricted Share Unit Award Agreement shall be binding upon and enure to the benefit of the Corporation, its successors and assigns and the Participant and the legal representative of the Participant’s estate and any other person who acquires Class A common shares by bequest or inheritance. The Participant shall not be entitled to assign this Restricted Share Unit Award Agreement nor any of the Awards granted hereby except in accordance with the Plan.
8. **Counterparts.** This Restricted Share Unit Award Agreement may be executed in counterparts and by facsimile or other electronic means, each of which shall constitute an original and all of which taken together shall constitute one and the same instrument.

9. **Governing Law.** This Restricted Share Unit Award Agreement has been made in and is to be construed under and in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

**ANDREW PELLER LIMITED**

Per: \_\_\_\_\_  
Authorized Signatory

**SIGNED, SEALED AND DELIVERED**  
in the presence of

\_\_\_\_\_  
(Witness)

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)  
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)  
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\_\_\_\_\_  
(Signature of Participant)

**APPENDIX C**  
**SHARE BASED COMPENSATION PLAN RESOLUTION**  
**RESOLUTION OF THE CLASS B SHAREHOLDERS**  
**OF**  
**ANDREW PELLER LIMITED**  
**(the “Corporation”)**

**WHEREAS:**

- A. the Board of Directors of the Corporation approved the adoption of a Share Based Compensation Plan on June 7, 2017; and
- B. a maximum of 3,358,149 Class A Common Shares in the capital of the Corporation shall be reserved for issuance under the Share Based Compensation Plan;

**NOW THEREFORE IT IS RESOLVED THAT:**

- 1. the Share Based Compensation Plan of the Corporation in the form attached as Appendix B to the Corporation’s management information circular dated July 31, 2017 be and is hereby confirmed, ratified and approved.
- 2. any one director or officer of the Corporation is hereby authorized and directed, acting for, in the name of and on behalf of the Corporation, to execute or cause to be executed, under the seal of the Corporation or otherwise, and to deliver or to cause to be delivered, all such other documents and instruments, and to do or cause to be done all other such acts and things, as in the opinion of such director or officer of the Corporation may be necessary or desirable to carry out the intent of the foregoing resolutions, such necessity to be conclusively evidenced by the execution and delivery of any such documents or instruments or the taking of any such actions.