

# ANDREW PELLER

— LIMITED —

697 South Service Road, Grimsby, ON L3M 4E8 (905) 643-4131

## Notice of Annual Meeting of Shareholders

Notice is hereby given that the Annual Meeting of Shareholders of Andrew Peller Limited will be held at the Hillebrand, 1249 Niagara Stone Road, Niagara-on-the-Lake, Ontario on Thursday, the 17<sup>th</sup> day of September, 2009 at the hour of 3:00 o'clock in the afternoon for the following purposes.

1. To receive the Financial Statements and the Auditors' Report thereon for the year ended March 31, 2009.
2. To elect Directors.
3. To appoint Auditors.
4. To transact such other business as may properly come before the meeting.

If you are unable to attend the meeting, kindly sign, date and return the enclosed instrument of proxy, using the business reply envelope provided for that purpose.

Dated at Grimsby, Ontario, this 3<sup>rd</sup>, day of August, 2009.

BY ORDER OF THE BOARD OF DIRECTORS

“Peter B. Patchet”

PETER B. PATCHET  
Secretary

# ANDREW PELLER

— LIMITED —

## ANNUAL MEETING OF SHAREHOLDERS

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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 Meeting of Shareholders of the Corporation to be held at the time and place and for the purposes set forth in the enclosed 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 solicitation by management will be borne by the Corporation.

## 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 received by the Secretary of the Corporation prior to the meeting or any adjournment thereof. Proxies may be delivered to the Secretary of the Corporation either by mail or by hand at 697 South Service Road, Grimsby, Ontario L3M 4E8.

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 the address specified above 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 or with the chairman of such meeting on the day of the meeting or adjournment thereof.

Holders of Class B shares (as defined below) have the right to raise matters at the annual meeting of shareholders of the Corporation (the "Annual Meeting"). 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, 2010.

## 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 OF DIRECTORS AND THE APPOINTMENT OF AUDITORS.**

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 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 are the Class B shares. On August 3, 2009, the Corporation had outstanding 3,004,041 Class B shares without nominal or par value, each carrying the right to one vote per share. Class A shares are non-voting securities and, in the event that a take-over bid is made for Class B shares, the holders of Class A shares have no right to participate in such a take-over bid.

The Board of Directors of the Corporation ("Board of Directors" or the "Board") has fixed the close of business on August 3, 2009 as the record date for the meeting. Only Class B shareholders of record as at the close of business on August 3, 2009 are entitled to receive notice of and to attend and vote at the Annual Meeting.

To the knowledge of the directors and officers of the Corporation, Dr. Joseph A. Peller, the Chairman of the Board of the Corporation, owns and controls, directly and indirectly, 1,999,404 Class B shares of the Corporation representing 66.6 percent of the outstanding Class B shares of the Corporation as at August 3, 2009. Of the said 1,999,404 Class B shares owned and controlled, directly and indirectly, by Dr. Joseph A. Peller, 1,998,036 Class B shares of the Corporation representing 66.6 percent of the outstanding Class B shares of the Corporation are owned by Jalger Limited. Joseph A. Peller owns approximately 68 percent of the outstanding voting shares of Jalger Limited.

Mr. E. J. Kernaghan of Toronto, Ontario owns indirectly through Kernwood Ltd., 336,000 Class B shares of the Corporation representing 11.2 percent of the outstanding Class B shares of the Corporation as at August 3, 2009. As of August 3, 2009, CDS Clearing and Depository Services Inc., the nominee for The Canadian Depository for Securities Limited, is the registered owner of 673,440 Class B shares representing approximately 22.4 percent 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.

## BUSINESS OF THE MEETING

This Proxy Circular contains information relating to the receipt of Andrew Peller Limited's audited consolidated financial statements, the election of directors and the appointment of auditors and the authorization of the directors to set the remuneration of the auditors.

### 1. Financial Statements

The audited consolidated financial statements of Andrew Peller Limited for the year ended March 31, 2009 and the report of the auditors thereon will be tabled at the Meeting. These audited consolidated financial statements form part of the 2009 Annual Report of the Company. You may obtain a copy of the 2009 Annual Report from the Corporate Secretary upon request. It will be available at the Meeting. The full text of the 2009 Annual Report is available on Andrew Peller Limited's web site 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 9 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 directors, the persons named in the enclosed proxy intend to vote the shares represented by proxies for the election of the nominees whose names follow, all of whom are now members of the Board of Directors and have been since the dates indicated.**

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 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 President and Chief Executive Officer. Ms. Lori Covert and Dr. A. Angus Peller are non-independent directors as they are immediate family members, as defined in NP 58-201 and NI 58-101, of the President and Chief Executive Officer of the Corporation. Dr. Joseph A. Peller is also an immediate family member of the President and Chief Executive Officer of the Corporation, and accordingly is not an independent director.

Dr. Joseph A. Peller, who serves as Chairman of the Board, is not an independent director, as noted above. The Board has, however, 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. John F. Petch as Vice-Chairman, in accordance with NP 58-201, in order to provide leadership to the Corporation's independent directors. Under Mr. Petch's direction, the independent members of the Board held four formal separate meetings, independent of management and the other non-independent directors, throughout the past fiscal year. Independent directors are also able to engage in discussions outside of regularly scheduled directors' meetings.

As discussed further below, all committees 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 lists the names of all persons proposed to be nominated as directors:

Name	Province and Country of Residence	Principal Occupation	Director Since	Shares Beneficially Owned and Controlled	
				Class A non-voting	Class B voting
Mark W. Cosens <sup>(3)(4)</sup>	Ontario, Canada	Managing Director, Kilbride Capital Partners <i>Kilbride Capital Partners is a private management advisory firm.</i>	2001	-	-
Lori C. Covert <sup>(2)</sup>	Nova Scotia, Canada	Vice President Marketing, Communications & Information Technology, Ocean Nutrition Canada Limited <i>Ocean Nutrition Canada Limited is a supplier of marine-based natural ingredients to the global dietary supplements and functional food markets.</i>	1993	250	-
C. William Daniel, O.C. <sup>(4)(5)</sup>	Ontario, Canada	Corporate Director	1991	13,500	-
Richard D. Hossack, Ph.D. <sup>(4)(5)</sup>	Ontario, Canada	Senior Partner, Oliver Wyman Delta <i>Oliver Wyman Delta is an organizational consulting firm.</i>	2004	3,750	-
A. Angus Peller, M.D. <sup>(2)</sup>	Ontario, Canada	Director of the Medical Wellness Program, Senior Medical Consultant, Medcan Health Management <i>Medcan Health Management Inc. is a health management company.</i>	1991	6,000	-
John E. Peller <sup>(2)</sup>	Ontario, Canada	President & CEO, Andrew Peller Limited	1989	1,174,420	30
Joseph A. Peller, M.D. <sup>(1)</sup>	Ontario, Canada	Chairman of the Board, Andrew Peller Limited	1966	1,753,068	1,999,404
John F. Petch, Q.C. <sup>(3)(4)(5)</sup>	Ontario, Canada	Vice Chairman of the Board, Andrew Peller Limited, Chair, University of Toronto, Counsel, Osler, Hoskin & Harcourt LLP <i>Osler, Hoskin &amp; Harcourt LLP is a law firm.</i>	1998	14,250	-
Brian J. Short <sup>(3)</sup>	Ontario, Canada	Sr. Vice President & CFO, Dover Industries Limited <i>Dover Industries Limited is a producer of flour for the food products industry and manufacturer of paper products.</i>	2003	5,250	-

- 1) Includes 1,998,036 Class B shares (representing 66.6 percent of all outstanding Class B shares) which are owned by Jalger Limited. Dr. Joseph A. Peller owns and controls approximately 68 percent and a trust owns the remaining 32 percent of the outstanding shares of Jalger Limited. Dr. Joseph A. Peller is a trustee, but not a beneficiary, of the trust. See "Voting Shares and Principal Holders thereof" above. Dr. Joseph A. Peller formerly served as President and CEO of the Corporation.
- 2) Is a beneficiary of a trust, which owns approximately 32 percent of the outstanding voting shares of Jalger Limited.
- 3) Member of Audit, Finance and Risk Committee.
- 4) Member of Governance and Human Resources Committee.
- 5) Member of Pension Committee.

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

Director	Public Entity	Committee Memberships
John F. Petch, Q.C.	Canada Bread Company, Limited	Chair, Human Resources and Governance Committee
	Shawcor Ltd.	Member, Governance Committee

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, 2009.

Directors	Directors (7 meetings)		Governance and Human Resource Committee (3 meetings)		Audit, Finance and Risk Committee (4 meetings)		Pension Committee (3 meetings)	
	Number of Meetings Attended	% of Meetings Attended	Number of Meetings Attended	% of Meetings Attended	4 of Meetings Attended	% of Meetings Attended	Number of Meetings Attended	% of Meetings Attended
Cosens, Mark W. <sup>(1)</sup>	7	100	3	100	4	100	n/a	
Covert, Lori C.	6	86	n/a		n/a		n/a	
Daniel, C. William <sup>(2)</sup>	7	100	3	100	n/a		3	100
Hossack, Richard D. <sup>(3)</sup>	7	100	3	100	n/a		2	67
Peller, A. Angus	7	100	n/a		n/a		n/a	
Petch, John F. <sup>(4)</sup>	7	100	3	100	4	100	3	100
Short, Brian J. <sup>(5)</sup>	7	100	n/a		4	100	n/a	

**Notes:**

- (1) Mr. Cosens is a member of the Audit, Finance and Risk Committee and a member of the Governance and Human Resource Committee.
- (2) Mr. Daniel is the Chair of the Governance and Human Resource Committee and a member of the Pension Committee.
- (3) Dr. Hossack is a member of the Governance and Human Resource Committee and a member of the Pension Committee.
- (4) Mr. Petch is the Vice Chair of the Board of Directors, Chair of the Pension Committee, a member of the Governance and Human Resource Committee and a member of the Audit, Finance and Risk Committee
- (5) Mr. Short is the Chair of the Audit, Finance and Risk Committee.

### 3. Appointment of Auditors

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

### 4. 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 Meetings, 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 management nominees 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 Governance and Human Resources Committee (“GHR”) and approved by the Board against 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 each of the Board and Committees, meeting fees, a share purchase plan and 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 Company. Directors have the option of receiving their fees solely in cash, or may use part of their fees to purchase Class A shares of Corporation at a price that is 50% of the market value of the Class A shares with the Corporation contributing 50% towards this purchase up to a maximum of 750 Class A 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 ending March 31, 2009, each non-management director was eligible to receive the following compensation:

Chairman annual retainer	\$95,000
Vice Chairman annual retainer	\$22,000
Director annual retainer	\$12,000
Committee chair retainer	\$1,500
Board meeting fee	\$1,000 in person \$500 telephone
Committee fee	\$500

The President and CEO does not receive any fees in his capacity as a director.

## Shareholdings of Directors

Director & Year Appointed	Year	Shares Owned <sup>(1)</sup>	Value <sup>(2)</sup>	Shares Purchased/Sold	Value - Shares Purchased/(Sold)
Cosens, Mark W. <sup>(2001)</sup>	2009	0		(5,250)	(\$35,025)
	2008	5,250	48,562		
Covert, Lori C. <sup>(1993)</sup>	2009	250	1,697	(2,000)	(\$13,580)
	2008	2,500	23,125		
Daniel, C. William <sup>(1991)</sup>	2009	13,500	91,665	750	\$5,092
	2008	12,750	117,938		
Hossack, Richard D. <sup>(2004)</sup>	2009	3,750	25,462	750	\$5,092
	2008	3,000	27,750		
Peller, A. Angus <sup>(1991)</sup>	2009	6,000	40,740	750	\$5,092
	2008	5,250	48,562		
Peller Joseph A. <sup>(1966)</sup>	2009	3,752,472 <sup>(3)</sup>	32,297,253 <sup>(4)</sup>	0	0
	2008	3,752,472 <sup>(3)</sup>	40,208,727 <sup>(4)</sup>		
Petch, John F. <sup>(1998)</sup>	2009	14,250	96,758	750	\$5,092
	2008	13,500	124,875		
Short, Brian J. <sup>(2003)</sup>	2009	5,250	35,648	750	\$5,092
	2008	4,500	41,625		

<sup>1</sup> as of March 31, 2009 and March 31, 2008

<sup>2</sup> Value based on TSX closing of Class A shares at \$6.790 on March 31, 2009 and \$9.25 on March 31, 2008

<sup>3</sup> Dr. Joseph A. Peller beneficially holds 1,753,068 Class A Shares and 1,999,404 Class B shares both March 31, 2009 and March 31, 2008

<sup>4</sup> Value based on TSX closing of Class A shares at \$6.790 and Class B shares at \$10.20 on March 31, 2009 and Class A shares closing at \$9.25 and Class B shares closing at \$12.00 on March 31, 2008

## Summary of Directors' Compensation for the Fiscal 2009

The following table sets forth all amounts of compensation earned by the Directors (other than the Director who was 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, 2009.

NAME	FEES EARNED (\$)				SHARE BASED AWARDS (\$)	ALL OTHER COMPENSATION (\$)	TOTAL (\$)
	BOARD RETAINER FEE	CHAIR FEE	BOARD MEETING FEES	COMMITTEE MEETING FEES	(BASED ON GRANT DATE FAIR VALUE OF THE AWARD) 1		
Cosens, Mark W.	12,000	N/A	5,500	5,000	2,825	1,000	26,325
Covert, Lori C.	12,000	N/A	4,000	N/A			16,000
Daniel, C. William	12,000	1,500	5,000	4,250	2,825	1,000	26,575
Hossack, Richard D.	12,000	N/A	5,500	4,500	2,825	1,000	25,825
Peller, A. Angus	12,000	N/A	5,500	N/A	2,825		20,325
Peller Joseph A.	N/A	95,000	N/A	N/A			95,000
Petch, John F.	12,000	11,500	4,000	7,500	2,825	1,000	38,825
Short, Brian J.	12,000	1,500	5,500	2,000	2,825	1,000	24,825

- 1) Represents a subsidy of 50% on directors who elect to receive a portion of their retainer in the form of Class A shares of the Corporation.

Richard Hossack, in his capacity as Senior Partner, Oliver Wyman Delta provides consulting services to the Corporation. During the year, the Corporation paid \$16,995 to Oliver Wyman Delta for these services. Mark Cosens, in his capacity as Managing Director, Kilbride Capital Partners provides consulting services to the Corporation. During the year, the Corporation paid to Mark Cosens \$5,250 for these services. These amounts are not included in the table above.

# 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 executive officers, motivating these executives to achieve both the short and long-term objectives of the Corporation and aligning the interest of the executive officers 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 executive officers for the performance of pre-established corporate revenue growth and profitability objectives and individual performance goals.

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. Notwithstanding the overall decline in stock market values and the economic activity over the past year, the GHR believes that the compensation practices of the Corporation over the past five years 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 President and 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. The GHR is comprised of the following independent directors: C. William Daniel (Chair), Mark W. Cosens, Richard D. Hossack and John F. Petch.

### 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 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 Plans of the Corporation, the GHR reviews the compensation design and strategy to ensure alignment with the overall Plans. The GHR 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, short-term incentive and three year incentive) against a group of companies of similar size and scope 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.
- 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 approves the overall salary budget for the upcoming year and 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.

### Benchmarking of Executive Compensation

The Corporation uses the advice from independent compensation consultants, Hay Group Limited and AON Consulting (the "Sources") to undertake market comparisons and provide advice on developing appropriate compensation programs including salary, benefits, pension and short and long-term incentive plans. The comparator group used to undertake market comparisons are consumer products companies in Canada that are size adjusted to be comparable to the Corporation as well as several national surveys conducted in Canada and published by major human resource consulting firms such as AON National Survey; Mercer Executive, Management, and Professional Compensation Survey; Watson Wyatt Annual Canadian Executive Survey; and Toronto Board of Trade Executive Survey.

The following table provides a list of the companies used in the comparator group to determine executive compensation.

Cadbury Trebor Allan Inc.	Dover Industries Limited	Kraft Canada Inc.	Pepsi-QTG Canada Inc.
Canada Bread Company Ltd.	General Mills Canada Corporation	Labatt Breweries of Canada	Rothmans Benson & Hedges Inc.
Coca-Cola Bottling Company	High Liner Foods Ltd.	Lassonde Industries Inc.	Sleeman Breweries Ltd.
Coca-Cola Limited	H.J. Heinz Company of Canada Ltd.	Levi Strauss & Co. (Canada) Inc.	SunOpta
Coolbrands	Hiram Walker & Sons Ltd.	Lilydale Foods	Sun-Rype Products Ltd.
Corby Distilleries	Humpty Dumpty Foods	McCormick Canada Co.	VanHoutte
Cott Corporation	JTI-Macdonald Corp.	Nestlé Canada Inc.	Vincor International
Danone Canada Inc.	Kellogg Canada Inc.	Oakrun Farm Bakery Ltd.	Wrigley Canada

Total compensation is designed to pay at the 50<sup>th</sup> percentile of the comparator group for executive officers, other than the President and CEO whose design is to pay at the 75<sup>th</sup> percentile. The total compensation is paid only if the Corporation were to meet its overall financial objectives and each individual were to meet their personal objectives. There is no provision for additional incentive payments that exceed targets.

## 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 those of shareholders. Accordingly, a significant portion of compensation is at risk by virtue of the short-term and three year incentive plan and is tied to corporate profitability.

Assuming that target levels of profitability are achieved:

60% of the President and CEO's total compensation is determined by the Corporations and individual performance targets.

44% of the COO total compensation is determined by the Corporations and individual performance targets.

33%-38% of other executive officers total compensation is determined by the Corporations and individual performance targets.

Differences in performance based compensation for executive officers reflect market differentials driven by the impact individuals have 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; salary, benefits, perquisites and the pension plan, provide a competitive base of secure compensation necessary to attract and retain executive talent. The variable elements, short-term and three year incentive plans are designed to balance short-term gains with the long-term interests of the company and motivate the superior performance of both elements. The three year incentive plan also aligns executive officers' interest 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 compared to the comparator group.

Total compensation for executive officers, including the Named Executive Officers ("NEOs" as defined in the Summary Compensation Table below) is comprised of three components: base salary, short-term incentive and three year 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 providing of leased vehicles, reimbursement for car related expenses and for certain executive officers, payment of annual professional dues, club memberships and wine allowance.

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.

The corporation has no employment or termination on change of control agreements with its NEO's or other executive officers.

## Base Salary

Base salaries for executive officers are designed to be competitive with consumer product companies of comparable size to the corporation. In determining base salaries, the GHR receives recommendations from the President and CEO and assesses an executive officer's past performance, experience and level of responsibility. The GHR also considers the profitability of 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 NEO's are recommended by the GHR to the Board for approval.

Assessments of the individual performance of executive officers of the Corporation are prepared by way of a written evaluation process that was developed and is administered by the CFO and EVP Human Resources in conjunction with other senior executives. The results of these assessments are presented for review by the President and CEO 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 executives salaries) and external compensation data (including data provided by the Sources) and the performance of the Corporation for the prior year and projected profitability of the Corporation for upcoming year, on the recommendation of the President and CEO, the GHR will recommend increases in annual salaries for the NEOs and other executive officers for approval by the Board.

### **Short-Term Incentive**

Executive officers participate in a short-term incentive plan which provides for the payment of incentives dependent upon the Corporation achieving prescribed earnings targets which are set at the beginning of each fiscal year (75%) and the achievement of certain personal objectives set for each executive officer (25%). The level of the incentive is determined by a review of market data provided by Sources for similar positions in companies of similar size and scope of operations. The amount of incentive earned by an executive officer for a financial year is based on a percentage of 25%-40% of an executive officers' base salary and 75% for the President and CEO.

The annual short-term incentive paid under this plan is based on the corporation achieving a specified level of net income after taxes, including accruals for all incentive payments, before other and unusual items. In 2009, the Corporation did not achieve its target and accordingly no short-term incentives were paid.

### **Three Year 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 a management incentive plan which provides for the payment of incentives dependent on the Corporation achieving prescribed earnings per share targets ("Three Year Incentive Plan"). The level of incentive is determined by the GHR and ranges from 22%-30% of base salary and 75% for the President and CEO. The targets are based on a three year rolling average earnings per share calculation which is set at the beginning of each financial year. The incentive is payable in the form of Class A shares of the Corporation. The Class A shares are purchased on behalf of the executive officers representing 50% of the incentive awarded and the balance of the incentive is paid in cash. Each executive officer is required to accumulate a required number of Class A shares, the value of which represents a predetermined percentage of base salary, before Class A shares can be traded. Executives must accumulate and hold Class A shares of the Corporation representing 60% of base salary for the Chief Operating Officer and 40% of base salary for all other executive officers. All dividends received on the ownership of the shares are used to purchase additional Class A shares. The President and CEO receives his entire incentive under the Three Year Incentive Plan in the form of cash. In 2009, the Corporation did not achieve its target and accordingly no three year incentive was paid.

### **President & CEO – Fiscal 2009 Performance Targets**

The annual short-term incentive plan provides an opportunity for the President and CEO to receive up to 75% of his base salary based upon achieving the following objectives.

- 75% of base salary for achievement of revenue and net earnings before other and unusual items target.
- 25% of base salary for the achievement of certain pre-determined objectives. These objectives include developing plans for enhancing return to shareholders through improved productivity, reductions in inventory levels, grape usage optimization and the execution of long range plans for key brands

The three year incentive plan provides an opportunity for the President and CEO to receive up to 75% of his base salary upon achieving a three year average earnings per share, before other and unusual items.

### **President & CEO – Fiscal 2009 Actual Performance**

The Company did achieve its target for revenue but did not achieve its target for net earnings before other and unusual items. The President and CEO put in place plans to improve productivity and to launch new products into the market during the year. These plans did not have any significant impact on net earnings for the year but are expected to provide improvements to performance during fiscal 2010.

Actual performance for achievement on the three year incentive plan for the fiscal year did not meet target levels.

### **President & CEO – Incentive Payments**

In determining performance against objectives for the year, the GHR begins with the net earnings as reported in the annual audited financial statements of the corporation and adjusts for other and unusual amounts including unrealized losses/gains on market-to-market adjustments on an interest rate swap, foreign exchange contracts and costs related to plant closures.

For the year ending March 31, 2009, the GHR determined that the President and CEO was not entitled to receive any payments under the short-term or three year incentive plans.

## **Executive Officers – Fiscal 2009 Incentive Targets**

The annual short-term incentive plan provides an opportunity for the executive officers to receive from 25%-40% of their base salary based upon achieving the following objectives.

- 75% of base salary for achieving net earnings before other and unusual items target.
- 25% of base salary for the achievement of: pre-determined personal objectives as set by the President and CEO or the COO.

The three year incentive plan provides an opportunity for the executive officers to receive up to 22%-30% of their base salary upon achieving a three year average earnings per share, before other and unusual items of \$0.77 per Class A share.

## **Executive Officers – Fiscal 2009 Actual Performance**

Actual performance for achievement on the short-term and three year incentive plan for the fiscal year ending March 31, 2009 was as set out above for the President and CEO.

## **Executive Officers Incentive Payments**

The same adjustments were made by the GHR to the executive officers net earnings target as were made to the President and CEO.

For the year ending March 31, 2009, the GHR determined that the executive officers were not entitled to receive any payments under the short-term or three year incentive plans.

## **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 President and CEO, participate in a benefits program that is based upon the same competitive set 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. The Corporation also reimburses executive officers for their expenses and insurance in operating the vehicle. This program is reviewed periodically to ensure that levels provided are competitive with the market.

Executive officers, other than the President and CEO, are provided with wine allowance that amounts to \$1,500 annually. The President and CEO does not have a limit on his wine allowance.

Certain senior executives including the President and 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.

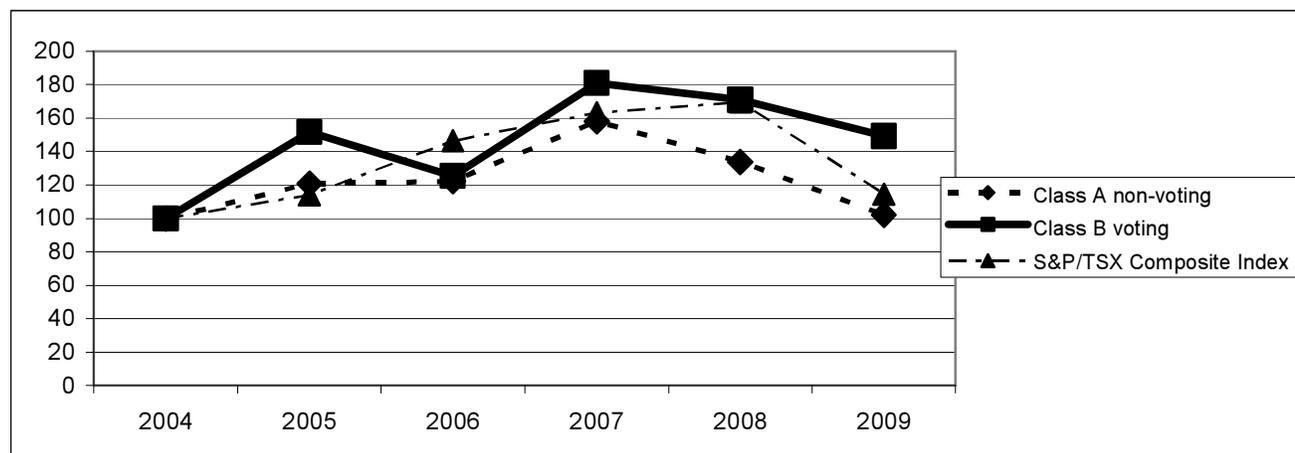
## **EMPLOYMENT AGREEMENTS OR TERMINATION AND CHANGE OF CONTROL BENEFITS**

The Corporation has no employment agreements or termination and change of control benefits with the President and CEO and any other executive officer.

## Performance Graph

The graph below compares the cumulative shareholders return over the last five years on the Class A shares and Class B shares of the Corporation (assuming a \$100 investment was made on March 31, 2004) with the cumulative total return of the S&P/TSX 300 Composite Index, assuming reinvestment of dividends.

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



	2004 \$	2005 \$	2006 \$	2007 \$	2008 \$	2009 \$
Class A non-voting	100.00	120.60	122.10	157.91	133.84	102.05
Class B voting	100.00	151.71	125.34	181.04	170.83	149.28
S&P/TSX Composite Index	100.00	113.93	146.32	163.04	169.56	114.58

The Corporation has achieved a total return to shareholders of 2.0% over the last five years on the Class A shares and 49.3% on the Class B shares. The return to shareholders has been severely impacted over the past year due to a deteriorating economic outlook which led to an overall decline in the stock market and due to the small market capitalization of the Corporation. Small capitalization stocks share prices have been more severely impacted over the past year.

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.

	Net Earnings before Other & Unusual Items	% of Growth	% Increase in Base Executive Compensation	% increase in Variable Executive Compensation
2005	\$8,467	7.57%	3.80%	0.78%
2006	\$8,958	5.80%	4.38%	(12.96%)
2007	\$9,610	7.27%	4.22%	32.40%
2008	\$10,598	10.28%	4.03%	16.00%
2009	\$7,199	(32.1%)	0%	(100.00%)

The President and CEO and all other executive officers did not receive any increase in base compensation for the most recently completed fiscal year. Total base compensation paid to the President and CEO amounted to \$2,146,500 for the five years ended March 31, 2009. Total base compensation for all executive officers of the Corporation amounted to \$9,804,145 over the same period.

The President and CEO and all other executive officers did not receive any performance based compensation for the year ended March 31, 2009. Total performance based compensation paid to the President and CEO and executive officers from March 31, 2004 to March 31, 2009 amounted to \$2,397,656. This represents an overall average of 74.4% of 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, 2009: (a) the President and Chief Executive Officer; (b) the Chief Financial Officer; and (c) each of the three most highly compensated executive officers, other than the Chief Executive Officer and Chief Financial Officer, at the end of the fiscal year ended March 31, 2009 (collectively, the “**Named Executive Officers**” or “**NEOs**”):

Name and principal position	Year	Salary (\$)	Non-equity incentive plan compensation <sup>(2)</sup> (\$)		Pension Value <sup>(1)</sup> (\$)	All other compensation (\$)	Total Compensation (\$)
			Short-term incentive	Three year incentive <sup>(3)</sup>			
John E. Peller President and Chief Executive Officer	2009	472,500	0	0	58,730	55,388	586,618
	2008	472,500	337,500	337,500	56,052	60,988	1,264,540
Anthony M. Bristow Chief Operating Officer	2009	239,200	0	0	29,829	30,728	299,757
	2008	239,200	92,000	57,500	28,692	28,992	446,384
Robert P. Van Wely President; Winexpert and Vineco International Products	2009	197,600	0	0	24,646	23,886	246,132
	2008	197,600	57,000	38,000	23,782	22,247	338,629
Peter B. Patchet Chief Financial Officer and Executive Vice President Human Resources	2009	194,500	0	0	24,259	29,485	248,244
	2008	194,500	56,100	37,400	23,356	27,636	338,992
Brendan Wall Executive Vice President Operations	2009	187,200	0	0	23,350	26,318	236,868
	2008	187,200	49,500	33,001	14,784	15,534	300,019

<sup>1</sup> Amounts identified as Pension Value for J.E. Peller, A.M. Bristow, R.P. Van Wely, P.B. Patchet, and B.P. Wall represents the Corporation’s contributions towards the Corporation’s Defined Contribution Pension Plan and Supplementary Executive Retirement Plan.

<sup>2</sup> Incentives earned for a fiscal year are paid in June of the following fiscal year.

<sup>3</sup> Management incentives under the Three Year Incentive Plan are payable annually based on the achievement of a three year rolling average earnings per Class A share targets. The maximum amount of the award is 75% of base salary for the President and Chief Executive Officer, 30% of base salary for the Chief Operating Officer and 25% of base salary for the remaining three highest paid executive officers. The President and Chief Executive Officer’s award is paid entirely in cash. All other awards are paid, as to 50%, in the form of Class A shares and as to the remaining 50%, in cash in order to pay income tax on the awards. Executives must accumulate and hold Class A shares representing 0.6 times base salary for the Chief Operating Officer and 0.4 times base salary for the other executives before they are able to sell any Class A shares. The Class A shares are held in trust by Sun Life Assurance Company of Canada.

## Shareholdings of Executives

Executive	Year	Balance end of year		Change during year	
		Total Shares <sup>(1)</sup>	Value <sup>(2)</sup>	Shares Purchased/ Reinvestment	Value of Shares Purchased/Reinvestment
Berti, Gregory J.	2009	13,332	90,524	3,541	\$24,043
	2008	9,791	90,567		
Bristow, Anthony M.	2009	24,969	169,540	3,633	\$24,668
	2008	21,336	197,358		
Fraser, Scott D.	2009	2,270	15,413	1,106	\$7,510
	2008	1,164	10,767		
Niles, Shari A.	2009	5,939	40,326	1,811	\$12,297
	2008	4,128	38,184		
Patchet, Peter B.	2009	14,190	96,350	2,351	\$15,963
	2008	11,839	109,511		
Peller, John E.	2009	1,174,450 <sup>(3)</sup>	7,974,618 <sup>(4)</sup>	4,000	\$27,160
	2008	1,170,450 <sup>(3)</sup>	10,826,745 <sup>(4)</sup>		
Van Wely, Robert <sup>(5)</sup>	2009	9,092	61,735	339	\$2,302
	2008	8,753	80,965		
Wall, Brendan P. <sup>(6)</sup>	2009	1,693	11,495	1,693	\$11,495
	2008	0	0		
Zarafonitis, J. Christopher	2009	7,389	50,171	1,719	\$11,672
	2008	5,670	52,447		

<sup>1</sup> Class A shares as of March 31, 2009 and March 31, 2008

<sup>2</sup> Value as at closing on the TSX on March 31, 2009 at \$6.79 per share and March 31, 2008 at \$9.25 per share

<sup>3</sup> For 2009, Mr. John E. Peller beneficially owned 1,174,420 Class A Shares and 30 Class B shares and for 2008 he beneficially owned 1,170,420 Class A Shares and 30 Class B shares

<sup>4</sup> Value of Mr. John E. Peller's Class A Shares in 2009 was \$7,974,311.80 and \$306.00 for Class B shares. In 2008 the value of his Class A shares was \$10,826,385.00 and \$360.00 for his Class B shares

<sup>5</sup> In 2009 Mr. Van Wely received his three year incentive in cash.

<sup>6</sup> Brendan P. Wall joined the Company on May 7, 2007.

## Pension Plan Benefits

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

The President and CEO and other executive officers are members of a non-contributory defined contribution pension plan and supplementary executive plan. The Corporation contributes 12.5% of an executive officers base salary to the plans. The President and CEO and other executive officers are not permitted to make additional contributions into the plans. In calendar 2008, the Income Tax Act capped earnings at \$116,667 resulting in a maximum contribution to each member's defined contribution pension plan account of \$21,000. Contributions are deposited into a member's 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 by the investment. Contributions in excess of the Income Tax Act maximum are contributed to the Supplementary Executive Retirement Plan member's account. Investment selection is determined by the Corporation and is currently invested in a diversified 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 account defined contribution pension account to a personal locked-in RRSP. Upon retirement, the balance in their supplementary plan 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, they are entitled to the full cash value of their supplementary account.

The following table details the estimated benefit for the DCRSP & SERP accruing to the President and CEO and other the NEOs as at March 31, 2009.

Name	Accumulated value at April 1, 2008 (\$)	Contributions made during the year (\$)	Gain/(Loss) during the year	Accumulated value at March 31, 2009 (\$)
John E. Peller	\$1,008,772	\$58,730	(\$174,115)	\$893,387
Anthony M. Bristow	\$311,108	\$29,829	(\$73,452)	\$267,485
Robert P. Van Wely	\$252,512	\$24,646	(\$43,371)	\$233,787
Peter B. Patchet	\$243,571	\$24,259	(\$57,106)	\$210,724
Brendan P. Wall	\$20,241	\$23,350	(\$2,065)	\$41,526

## **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 \$28,000 for the year ended March 31, 2009 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.

## **ADDITIONAL INFORMATION**

Additional information relating to the Corporation, including its Annual Information Form dated June 25, 2009 for the fiscal year ended March 31, 2009, is filed with 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, 2009. 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 August 3, 2009. The management of the Corporation knows of no matters to come before the Annual Meeting of Shareholders other than the matters referred to in the notice of meeting. If any matters which are not known should properly come before the meeting, the persons named in the accompanying form of proxy will be entitled to vote on such matters in accordance with their best judgment.

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

Grimsby, Ontario this 3<sup>rd</sup> day of August, 2009.

PETER B. PATCHET, 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 (nine directors are nominated for election at the Annual 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 nine 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. Cosens, Daniel, Hossack, Petch and Short are all independent directors.

#### **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 and 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 5, 2009 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 below. 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 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 Vice Chairman is responsible for ensuring the Board is able to function independently of management, and for reviewing the agenda for each meeting of the Board and agendas for all meetings of the Board committees.

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.

The Governance and Human Resources Committee has developed a position description for the Chairman of the Board of the Corporation, the Vice Chairman and chairs of each of the committees including the description of objectives for which such individuals are responsible.

## **Orientation and Continuing Education**

The Corporation provides new directors with access to the President and CEO and all other members of the 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 on the Corporation and its business activities. Updates on the Corporation's business and 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 and the Chief Financial Officer 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. 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 the declaration of conflict of interest requirements mandated by the *Canada Business Corporations Act*.

In addition, the Board has adopted a Whistleblowing Policy. The Whistleblowing 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. MI 52-110 requires that the Audit, Finance and Risk Committee ensures 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 have approved the Whistleblowing Policy and the reporting mechanisms contained therein in order to fulfill its responsibilities.

## **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 Multilateral 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**

Members: C. William Daniel (Chair), Mark W. Cosens, Richard D. Hossack and John F. Petch

The Human Resources and Governance 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 President and 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 has the responsibility of 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 2009, 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. 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. No compensation consultants were retained by the Committee during the fiscal year ended March 31, 2009.

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 Vice-Chairman, 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**

Members: Brian J. Short (Chair), Mark W. Cosens and John F. Petch

The Audit, Finance and Risk Committee are composed entirely of independent directors, as required by MI 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, 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.

### **Pension Committee**

Members: John F. Petch (Chair), C. William Daniel and Richard D. Hossack

The Pension Committee is composed entirely of independent directors. 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.

Cowan Benefits Consulting was retained to provide consultation on the administration of the pension plans during the fiscal year ended March 31, 2009.

## **Board and Committee Assessments**

The Vice-Chairman of the Board is responsible for the effective operation of the Board and its committees. Issues regarding quality of information and Board performance have been reviewed at Board meetings. In addition, the Vice-Chairman has made himself available at all times for discussions with individual Board members regarding Board performance. In carrying out his responsibilities, the Vice-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 and Vice-Chairman have 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 and Vice 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 is responsible for investor relations, and the President and 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.