

# 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 three-for-one split of both the Class A Non-Voting and Class B Voting Shares.**

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. On July 29, 2016 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 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 29, 2016 as the record date for the Meeting. Only Class B Shareholders of record as at the close of business on July 29, 2016 are entitled to receive notice of and to attend and vote at the Meeting.

To the knowledge of the directors and officers of the Corporation, Jalger Limited owns, and controls directly, 1,998,036 Class B Shares of the Corporation representing 66.5 percent of the outstanding Class B Shares of the Corporation as at July 29, 2016. 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.

Mr. E. J. Kernaghan of Toronto, Ontario owns indirectly through Kernwood Ltd., 302,500 Class B Shares of the Corporation representing 10.07 percent of the outstanding Class B Shares of the Corporation as at July 29, 2016. As of July 29, 2016, CDS Clearing and Depository Services Inc., the nominee for The Canadian Depository for Securities Limited, is the registered owner of 819,948 Class B Shares representing approximately 27.29 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.

## **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 three-for-one split of both the Class A Non-Voting and Class B Voting Shares.

### 1. Financial Statements

The audited consolidated financial statements of the Corporation for the year ended March 31, 2016 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 2016 Annual Report of the Corporation. You may obtain a copy of the 2016 Annual Report from the Secretary upon request. It will also be available at the Meeting. The full text of the 2016 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 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 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 President and 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 President and 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. Randy A. Powell, who serves as Chairman of the Board, is an independent director. Mr. Powell provides leadership to the Corporation’s independent directors and under their direction, the independent members of the Board held three 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, 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 29, 2016		Value <sup>(5)</sup>
				Class A Non-Voting	Class B Voting	
Dino J. Bianco (2) (4)	Ontario, Canada	Chairperson of the Audit Committee, Manitowoc Foodservice, Inc. <i>Manitowoc Foodservice, Inc. is a global leader in professional foodservice equipment and systems.</i>	-	-	-	-
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	500	-	\$13,500
Lori C. Covert (1) (4)	Nova Scotia, Canada	Corporate Director	1993	250	-	\$6,790
Michelle E. DiEmanuele	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>	-	-	-	-
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	9,000	-	\$244,440
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	4,500	-	\$122,220
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	4,450	-	\$120,862
John E. Peller (1)	Ontario, Canada	President & CEO, Andrew Peller Limited	1989	1,459,847	30	\$39,650,286
Randy A. Powell (2) (3)	Ontario, Canada	Founding Partner, Southpier Capital <i>Southpier Capital is a venture capital company exclusively focused on branded consumer goods and services</i>	2010	4,500	-	\$122,220

<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 1,998,036 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 29, 2016, the TSX closing prices for Class A Non-Voting Shares and Class B Voting Shares were \$27.16 and \$28.05 respectively.

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

Director	Public Entity	Committee Memberships
Dino J. Bianco	Manitowoc Foodservice, 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, 2016.

Directors	Board of Directors (5 Meetings)		Governance and Human Resource Committee (5 Meetings)		Audit, Finance, and Risk Committee (5 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
Cosens, Mark W. <sup>(1)</sup>	5	100%	5	100%	5	100%	2	100%
Covert, Lori C. <sup>(2)</sup>	5	100%	N/A	N/A	N/A	N/A	1	50%
Hossack, Richard D. <sup>(3)</sup>	5	100%	5	100%	5	100%	N/A	N/A
Miele, Perry J. <sup>(4)</sup>	4	80%	5	100%	5	100%	N/A	N/A
Peller, A. Angus <sup>(5)</sup>	5	100%	N/A	N/A	N/A	N/A	1	50%
Petch, John F. <sup>(6)</sup>	5	100%	N/A	N/A	N/A	N/A	N/A	N/A
Powell, Randy A. <sup>(7)</sup>	5	100%	5	100%	5	100%	N/A	N/A
Short, Brian J. <sup>(8)</sup>	5	100%	N/A	N/A	5	100%	2	100%

<sup>1.</sup> During fiscal 2016 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.

<sup>2.</sup> During fiscal 2016 Ms. Covert was a member of the Pension Committee.

<sup>3.</sup> During fiscal 2016 Dr. Hossack was the Chair of the Governance and Human Resource Committee and a member of the Audit, Finance, and Risk Committee.

<sup>4.</sup> During fiscal 2016 Mr. Miele was a member of the Governance and Human Resource Committee and the Audit, Finance, and Risk Committee.

<sup>5.</sup> During fiscal 2016 Dr. Angus Peller was a member of the Pension Committee.

<sup>6.</sup> During fiscal 2016 Mr. Petch was the Vice Chair of the Board of Directors.

<sup>7.</sup> During fiscal 2016 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.

<sup>8.</sup> During fiscal 2016 Mr. Short was the Chair of the Audit, Finance, and Risk Committee and member of the Pension Committee.

## 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. Stock Split**

At the Meeting, Class B shareholders will be asked to consider, and if deemed advisable, to vote on a special resolution (the "Stock Split Special Resolution") authorizing the Corporation to amend its articles to provide for: (a) the division of each Class A Non-Voting Share into three Class A Non-Voting Shares; and (b) the division of each Class B Share into three Class B Shares (the "Stock Split").

The trading price of the Class A Non-Voting Shares has increased from \$16.00 at March 31, 2015 to \$29.45 at March 31, 2016. The trading price of the Class B Shares has increased from \$21.45 at March 31, 2015 to \$32.32 at March 31, 2016. The trading price of the Class A Non-Voting Shares and Class B Shares has decreased since March 31, 2016 with a close price on July 29, 2016 of \$27.16 per Class A Non-Voting Share and \$28.05 per Class B Share.

Management believes that having a greater number of Class A Non-Voting Shares and Class B Shares at a reduced price per share will enhance liquidity, increase investor interest in the Corporation and its business, and bring the trading price into a more accessible range for investors. Under existing Canadian income tax law and taking into account all published proposals for amendments, the proposed subdivision of Class A Non-Voting Shares and Class B Shares will not result in taxable income or in any gain or loss to holders of the shares. In computing any gain or loss on the disposition of the shares, holders of the shares will be required to reduce the adjusted cost base of each share to an amount equal to one-third of the adjusted cost base of each share currently held.

The Stock Split is subject to receipt of all required regulatory approvals and to the approval of the Class B shareholders at the Meeting. If these approvals are received, the Stock Split may be affected at a time determined by the Board of Directors and announced by a press release of the Corporation. Notwithstanding if the approvals are received, the Corporation may determine not to proceed with the Stock Split at the discretion of the Board of Directors.

On June 2, 2016, the Board of Directors of the Corporation approved the division on a three-for-one basis of each of the Class A Non-Voting Shares and Class B Shares and authorized the submission of the Stock Split Special Resolution to the Class B shareholders. To be effective, the Special Resolution to authorize the Board of Directors to amend the articles to give effect to the Stock Split must be passed by not less than two-thirds of the votes cast thereon by the Class B shareholders at the Meeting.

The form of the Stock Split Special Resolution is set forth as Appendix B to this 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, 2016, each non-management director was eligible to receive the following compensation:

Chairman annual retainer	\$50,000
Vice Chairman annual retainer	\$40,000
Director annual retainer	\$20,000
Pension Committee Chair retainer	\$2,000
Audit, Finance, and Risk Committee Chair retainer	\$4,000
Governance and Human Resources Committee Chair retainer	\$2,500
Pension Committee annual retainer	\$1,000
Governance and Human Resources Committee annual retainer	\$1,000
Audit, Finance, and Risk Committee annual retainer	\$2,000
Board meeting fee	\$1,000 in person, \$500 by telephone
Committee meeting fee	\$750 in person, \$500 by telephone

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

## Summary of Directors' Compensation for Fiscal 2016

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, 2016. 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 (6)	TOTAL (\$)
	CHAIR FEE	BOARD RETAINER FEE	BOARD MEETING FEES	COMMITTEE RETAINER FEES	COMMITTEE MEETING FEES			
Cosens, Mark W. <sup>(3,4)</sup>	2,000	20,000	5,000	3,000	7,000	-	12,500	49,500
Covert, Lori C. <sup>(4)</sup>	-	20,000	4,500	1,000	750	-	-	26,250
Hossack, Richard D. <sup>(3,4)</sup>	2,500	20,000	4,500	2,000	5,000	8,659	1,000	43,659
Miele, Perry J. <sup>(4)</sup>	-	20,000	4,000	3,000	5,500	8,659	1,000	42,159
Peller, A. Angus <sup>(4)</sup>	-	20,000	5,000	1,000	750	8,659	-	35,409
Petch, John F. <sup>(2)</sup>	40,000	-	4,500	-	-	8,659	1,000	54,159
Powell, Randy A. <sup>(1) (4)</sup>	50,000	-	5,000	-	5,500	8,659	1,000	70,159
Short, Brian J. <sup>(3,4)</sup>	4,000	20,000	4,500	1,000	4,000	8,659	1,000	43,159

1. Chairman of the Board
2. Vice Chairman of the Board
3. Committee Chair
4. Committee Member
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.
6. \$11,500 included in "all other compensation" for Mr. Cosens relates to director fees for services provided in fiscal 2017 that were paid in fiscal 2016.

Dr. Joseph A. Peller received an annual retainer in the amount of \$47,500 during the fiscal year ended March 31, 2016 for his time serving as Chairman of the Board of Directors prior to Mr. Powell's appointment.

Mark Cosens in his capacity as Managing Director of Kilbride Capital Partners provided consulting services to the Corporation. During the year, the Corporation paid \$47,500 to Mr. Cosens 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 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.

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 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 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 2016, the GHR was comprised of the following independent directors: Chair: Richard D. Hossack, Members: Mark W. Cosens, Perry J. Miele, and Randy A. Powell.

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 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. 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.

There is no liquid market for securities that would directly hedge or offset a decrease in the market value of shares in the Corporation. As a result, a policy to prohibit executive officers from purchasing such securities has not been developed.

## **Benchmarking of Executive Compensation**

The Corporation uses the advice from independent compensation consultants, Hay Group Limited (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 Hay Group Limited’s All Commercial Industrial comparator group which consists of 293 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 President and CEO 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. There is no provision for additional incentive payments that exceed targets. 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 profitability are achieved:

60% of the President and CEO’s total compensation is determined by the Corporation’s financial targets.

44% of the COO’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. These plans were introduced in fiscal 2011 and replaced the Short-Term and Three Year Incentive Plans that were in place since fiscal 2001. The combination of the fixed elements and the variable incentive opportunities delivers a competitive compensation package relative to the Corporation’s 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, 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 commercial and industrial 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 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 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 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 President and 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. The plan is designed to provide compensation opportunities which are competitive with other comparable companies. Executive officers and other members of management participate in the Cash Incentive Plan. The President and CEO, Chief Operating Officer, Chief Financial Officer and Executive Vice-President of Human Resources & IT, and the Executive Vice-President of Operations 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 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% to 40% of an executive officer's base salary and 75% for the President and 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 2016, the Corporation paid an aggregate of \$1,146,240 in the form of cash incentives to executive officers. The cash incentive payments include an additional 20% special payment because the company significantly over-delivered across all key metrics.

## **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 and 75% for the President and CEO. 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 Chief Operating Officer 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 President and CEO received his entire incentive under the Equity Based Incentive Plan in fiscal 2015 in the form of cash. In fiscal 2016, the Corporation paid an aggregate of \$1,152,060 in the form of equity incentives to executive officers. The Equity Based Incentive Payments include an additional 20% special payment because the company significantly over-delivered on both ROACE and debt/EBITA targets.

## **President & CEO – Fiscal 2016 Performance Targets**

The Cash Incentive Plan provides an opportunity for the President and 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 President and 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.

## **President & CEO – Fiscal 2016 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 120%.

With respect to the Equity Based Incentive Plan, the ROACE and debt/EBITA targets were exceeded. The incentive was achieved at 120%.

## **President & 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, 2016, the GHR determined that the President and CEO was entitled to receive payments under the Cash and Equity Based Incentive Plans for achievement under each of the plans. He received \$519,300 under the Cash Incentive Plan and was paid \$519,300 for the Equity Based Incentive Plan.

## **Executive Officers – Fiscal 2016 Incentive Targets**

The Cash Incentive Plan provides an opportunity for the executive officers to receive from 25% to 40% of their base salary based upon achieving the following objectives.

With respect to the Chief Operating Officer, 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 40% 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 2016 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 120% 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 120%.

## **Executive Officers Incentive Payments**

For the year ended March 31, 2016, the GHR determined that the nine executive officers were entitled to receive payments in the amount of \$626,940 under the Cash Incentive Plan and \$632,760 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 President and 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. 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 a wine allowance that amounts to \$1,500–\$6,000 annually depending on their position. 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.

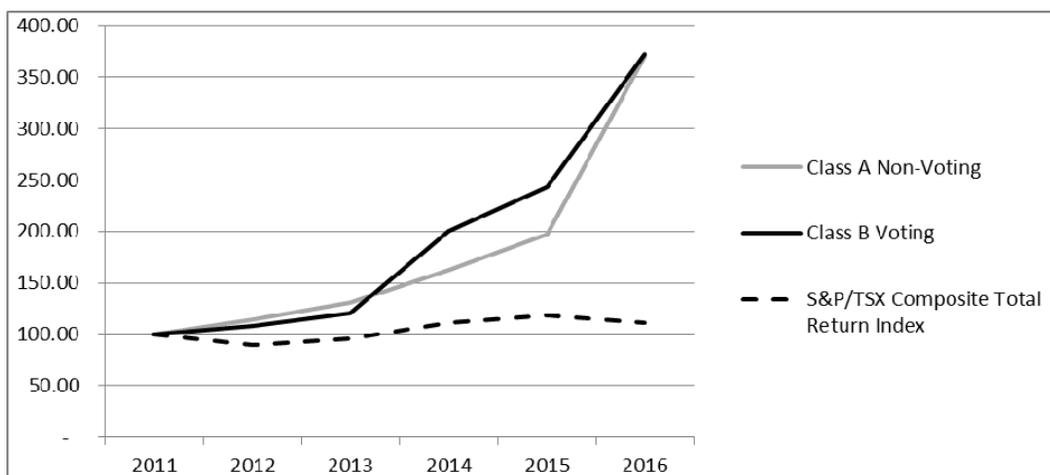
### Executive Compensation-Related Fees

Executive compensation-related fees were \$41,700 during the year ended March 31, 2016.

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

The Corporation has employment agreements with certain 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



	2011 \$	2012 \$	2013 \$	2014 \$	2015 \$	2016 \$
Class A Non-Voting	100.00	114.39	130.63	162.59	196.81	370.29
Class B Voting	100.00	108.51	120.97	200.07	242.83	371.89
S&P/TSX Composite Total Return Index	100.00	90.24	95.76	111.05	118.74	110.94

The Corporation achieved a total gain to shareholders of 270.29 percent over the last five years on the Class A Non-Voting Shares and a gain of 271.89 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. Note that EBITA for 2015 has been restated to reflect the early adoption of the amendments to International Accounting Standard 16, *Property, Plant and Equipment* and International Accounting Standards 41, *Agriculture*.

Year	EBITA (\$ thousands)	% of Growth	% Increase in Base Executive Compensation	% Increase (Decrease) in Variable Executive Compensation
2012	32,651	3.5%	4.2%	2.6%
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%

The President and CEO and all other executive officers received increases in base compensation of \$70,200 for the most recently completed fiscal year. Total base compensation paid to the President and CEO amounted to \$2,708,000 for the five years ended March 31, 2016. Total base compensation for all executive officers of the Corporation amounted to \$8,076,500 over the same period.

The President and CEO and all other executive officers received performance based compensation of \$2,298,300 for the year ended March 31, 2016. Total performance based compensation paid to the President and CEO and executive officers during the five years ended on March 31, 2016 amounted to \$7,909,463. This represents an overall average of 94% 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, 2016: (a) the President and Chief Executive Officer; (b) the Chief Financial Officer and Executive Vice-President HR & IT; (c) each of the three most highly compensated executive officers, other than the Chief Executive Officer and Chief Financial Officer and Executive Vice-President HR & IT, at the end of the fiscal year ended March 31, 2016; 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, 2016 (collectively, the “Named Executive Officers” or “NEOs”):

Name and Principal Position	Year	Salary (\$)	Incentive plan compensation <sup>(2)</sup> (\$)		Pension Value <sup>(1)</sup> (\$)	All other compensation <sup>(4)</sup> (\$)	Total Compensation (\$)
			Cash Incentive	Equity Based Incentive <sup>(3)</sup>			
John E. Peller President and Chief Executive Officer	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
	2014	540,000	243,000	202,500	67,816	56,938	1,110,254
Anthony M. Bristow Chief Operating Officer	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
	2014	278,700	66,888	55,740	35,051	35,463	471,842
Peter B. Patchet Chief Financial Officer and Executive Vice- President, HR & IT <sup>(5)</sup>	2016	114,000	41,040	41,040	22,436	14,761	233,277
	2015	228,000	68,400	68,400	29,208	29,568	423,576
	2014	222,800	40,104	33,420	28,025	27,682	352,031
Brian Athaide Chief Financial Officer and Executive Vice- President HR & IT <sup>(6)</sup>	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	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
	2014	215,300	38,754	32,295	27,082	41,544	354,975
Shari A. Niles Executive Vice- President, Marketing	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
	2014	206,000	37,080	30,900	25,913	21,695	321,588

1. Amounts identified as Pension Value for J.E. Peller, A.M. Bristow, P.B. Patchet, 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.

2. Incentives earned for a fiscal year are paid in June of the following fiscal year.

3. Management incentives under the Equity Based Incentive Plan are payable annually based on the achievement of ROACE and debt/EBITA targets. The maximum amount of the award is 75% of base salary for the President and Chief Executive Officer, 40% of base salary for the Chief Operating Officer and 30% of base salary for the remaining NEOs. The President and Chief Executive Officer’s award is paid entirely in cash. For the year ended March 31, 2015, Peter B. Patchet received his award 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. Executives must accumulate and hold Class A Non-Voting Shares representing 200% of base salary for the Chief Operating Officer and 140% of base salary for the other NEOs before they are able to sell any Class A Non-Voting Shares. The Class A Non-Voting Shares are held with Sun Life Assurance Company of Canada.

4. 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: \$31,631 to John Peller, \$18,780 to Anthony Bristow, \$14,850 to Brian Athaide, \$16,200 to Brendan Wall, and \$11,847 to Shari Niles.

5. Peter Patchet was Chief Financial Officer and Executive Vice President, Human Resources & IT until January 5, 2015. In connection with a retirement and transition services agreement, Mr. Patchet is entitled to additional compensation and benefits to be paid to Mr. Patchet during the period between April 1, 2015 and March 31, 2017.

6. Brian Athaide became Chief Financial Officer and Executive Vice President, Human Resources & IT effective January 5, 2015.

## 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>	2016	1,588	\$42,315	1,588	\$42,315
	2015	-	-	-	-
Berti, Gregory J.	2016	33,887	\$920,371	1,685	\$45,765
	2015	32,202	\$515,232	2,713	\$43,408
	2014	29,489	\$401,050	3,707	\$50,415
Bristow, Anthony M. <sup>(5)</sup>	2016	43,457	\$1,180,292	(10,075)	\$(273,637)
	2015	53,532	\$856,512	6,928	\$110,848
	2014	46,604	\$633,814	5,331	\$72,501
Campbell, Colin	2016	7,046	\$191,369	1,050	\$28,518
	2015	5,996	\$95,936	1,899	\$30,384
	2014	4,097	\$55,719	88	\$1,197
Cole, James H	2016	11,378	\$309,026	1,095	\$29,740
	2015	10,283	\$164,528	55	\$880
	2014	10,228	\$139,101	214	\$2,910
J. Gavin Hawthorne <sup>(7)</sup>	2016	251	\$6,817	1	\$27
Craig D. McDonald <sup>(8)</sup>	2016	3,131	\$85,038	26	\$706
Niles, Shari A.	2016	25,333	\$688,044	1,945	\$52,826
	2015	23,388	\$374,208	3,617	\$57,872
	2014	19,771	\$268,886	2,774	\$37,726
Peller, John E.	2016	1,459,877 <sup>(3)</sup>	\$39,650,286 <sup>(4)</sup>	-	-
	2015	1,459,877 <sup>(3)</sup>	\$23,358,196 <sup>(4)</sup>	194,633	\$3,114,128
	2014	1,265,244 <sup>(3)</sup>	\$17,207,450 <sup>(4)</sup>	-	-
Rooney, Erin L.	2016	3,521	\$95,630	1,218	\$33,081
	2015	2,303	\$36,848	2,303	\$36,848
	2014	-	-	-	-
Wall, Brendan P	2016	16,650	\$452,214	1,897	\$51,523
	2015	14,753	\$236,048	1,671	\$26,736
	2014	13,082	\$177,915	481	\$6,542

1. Class A Non-Voting Shares as of July 29, 2016, March 31, 2015, March 31, 2014.
2. Value is based on the Class A Non-Voting Share close price on the TSX on July 29, 2016 at \$27.16, March 31, 2015 at \$16.00, March 31, 2014 at \$13.60 per share.
3. At July 29, 2016 and March 31, 2015, Mr. John E. Peller beneficially owned 1,459,847 Class A Non-Voting Shares and 30 Class B Shares. At March 31, 2014 Mr. John E. Peller beneficially owned 1,265,214 Class A Non-Voting Shares and 30 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 29, 2016 was \$39,649,445 and \$841, 2015 was \$23,357,552 and \$644 and 2014 was \$17,206,910 and \$540.
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 250 Class A Non-Voting Shares.
8. Mr. Criag D. McDonald became an Officer (insider) on April 1, 2016 with an opening balance of 3,105 Class A Non-Voting Shares.

## Pension Plan Benefits

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

The President and CEO 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. The President and CEO and other executive officers 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 President and CEO and other NEOs as at March 31, 2016.

Name	Accumulated value at April 1, 2015 (\$)	Contributions made during the year (\$)	Gain/(Loss) during the year (\$)	Accumulated value at March 31, 2016 (\$)
John E. Peller	1,970,050	72,482	(84,841)	1,957,691
Anthony M. Bristow	786,662	37,758	(27,189)	797,231
Peter B. Patchet	619,187	22,436	(31,680)	609,943
Brian Athaide	7,302	28,703	(564)	35,441
Brendan P. Wall	295,966	28,702	8,234	332,902
Shari A. Niles	414,385	27,193	(8,603)	432,975

### 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 \$21,160 for the year ended March 31, 2016 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 15, 2016 for the fiscal year ended March 31, 2016, 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, 2016. 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 29, 2016. 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, 2017.

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

Grimsby, Ontario this 29<sup>th</sup> day of July, 2016

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 (ten 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 (six) are independent, as defined by NP 58-201 and NI 58-101. Messrs. Cosens, Hossack, Miele, Petch, Powell, and Short are all independent directors.

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

The Governance and Human Relations 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 Human Resources and Governance 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 promotes diversity, including gender, age and ethnicity.

The same considerations are applicable in identifying senior executives of the Corporation. At present there are two female senior executives with the Corporation (20% of senior executives). The Corporation has had senior female executives continuously for more than 12 years and since 1993, the Corporation has had a 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 President and 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 6, 2012 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 Vice Chairman, and chairs of each of the committees including a description of objectives for which such individuals are responsible. The responsibilities of the Chairman and Vice 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 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 the agenda for all meetings of the committees of the Board.

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 President and 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 at [www.sedar.com](http://www.sedar.com) or 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 have approved the Whistleblower Policy and the reporting mechanisms contained therein in order to fulfill its responsibilities.

## **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 are reviewed at Board meetings. 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 and IT 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.

## **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 2016 included: Mark W. Cosens, Perry J. Miele, and Randy A. Powell.

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 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 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 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**

Chair: Brian J. Short. Members in fiscal 2016 included: Mark W. Cosens, Richard D. Hossack, Perry J. Miele, and Randy A. Powell.

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 2016 included: Lori C. Covert, A. Angus Peller, Brian J. Short.

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  
STOCK SPLIT SPECIAL RESOLUTION**

**RESOLUTION OF THE CLASS B SHAREHOLDERS  
OF  
ANDREW PELLER LIMITED  
(the “Corporation”)**

**WHEREAS** the Board of Directors and management have recommended the approval of amendments to the articles of the Corporation providing for the division, on a three-for-one basis, of the Corporation’s Class A Non-Voting and Class B Voting Shares.

**NOW THEREFORE IT IS RESOLVED THAT:**

1. The articles of the Corporation be amended to change each of the issued and outstanding Class A Non-Voting Shares into three Class A Non-Voting Shares.
2. The articles of the Corporation be amended to change each of the issued and outstanding Class B Voting Shares into three Class B Voting Shares.
3. The changes referred to in paragraphs one and two above are to be effected as of the close of business on September 23, 2016 or such later date as may be determined by the Board of Directors.
4. Any director or officer of the Corporation is authorized and directed to take all such action and execute all such documents, including the execution and filing of Articles of Amendment and the issuance of two additional Class A Non-Voting Shares for each one Class A Non-Voting Share issued and outstanding and the issuance of two additional Class B Voting Shares for each one Class B Voting Share issued and outstanding, as such director or officer deems necessary or advisable in order to complete the matters provided for herein.
5. The directors of the Corporation may, in their discretion, without further approval of the Shareholders, revoke this special resolution at any time prior to the filing of the Articles of Amendment giving effect to the foregoing.

DATED as of the \_\_\_\_\_ day of \_\_\_\_\_, 2016.