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NOTICE OF ANNUAL MEETING

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TO THE SHAREHOLDERS OF AG GROWTH INTERNATIONAL INC:

An annual meeting (the "**Meeting**") of holders ("**Shareholders**") of common shares ("**Common Shares**") of Ag Growth International Inc. (the "**Company**") will be held at The Omni King Edward Hotel, 37 King Street East, Toronto, Ontario on Thursday, May 5, 2016, at 10:00 a.m., local time, for the following purposes:

1. to place before the Meeting the financial statements of the Company for the year ended December 31, 2015, including the auditors' report thereon;
2. to fix the number of directors ("**Directors**") of the Company to be elected at the Meeting;
3. to elect the Directors for the ensuing year;
4. to appoint auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration as such;
5. to consider and, if deemed advisable, approve certain amendments to the Company's equity incentive award plan;
6. to consider and, if deemed advisable, approve certain amendments to the Company's 2012 directors' deferred compensation plan; and
7. to transact such other business as may properly come before the Meeting.

Additional information relating to the matters to be brought before the Meeting is set out in the Management Proxy Circular that accompanies this Notice.

The Directors have fixed the close of business on March 24, 2016 as the record date for determining Shareholders who are entitled to attend and vote at the Meeting.

The Company is using the "Notice-and-Access" system for the delivery to Beneficial Shareholders (as defined below) of its proxy materials through the Company's website and through the System for Electronic Document Analysis and Retrieval (SEDAR). Beneficial Shareholders may access the proxy materials (including this Notice of Annual Meeting, the Management Proxy Circular and the Company's annual financial statements and management's discussion and analysis for the year ended December 31, 2015) at the Company's website, [www.aggrowth.com](http://www.aggrowth.com), and at [www.sedar.com](http://www.sedar.com), and may request a paper copy of the proxy materials. Instructions on how to access the proxy materials on the Company's website or at the SEDAR website or to request a paper copy may be found in the notice delivered to Beneficial Shareholders under the Notice-and-Access system. Delivery of the proxy materials to Beneficial Shareholders through the Notice-and-Access system reduces the cost and environmental impact of producing and distributing paper copies of documents in large numbers.

Registered Shareholders who are unable to attend the Meeting in person and wish to vote at the Meeting must date, execute and deliver the enclosed form of proxy to the Company, c/o Proxy Department, Computershare Trust Company of Canada, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, prior to 10:00 a.m., Toronto time, on May 3, 2016. Shareholders who do not hold Common Shares in their own name but rather through a broker, financial institution, trustee, nominee or other intermediary ("**Beneficial Shareholders**") must complete and return the voting instruction form provided to them or follow the telephone or internet-based voting procedures described therein in advance of the deadline set forth in the voting instruction form in order to have such Common Shares voted at the Meeting on their behalf. See "*Voting by Proxies*" and "*Advice to Beneficial Shareholders*" in the accompanying Management Proxy Circular.

DATED the 24<sup>th</sup> day of March, 2016.

By Order of the Board of Directors  
of Ag Growth International Inc.

(signed) "*Steve Sommerfeld*"  
Executive Vice President and Chief Financial Officer

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**MANAGEMENT PROXY CIRCULAR**

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Dated as of March 24, 2016

**SOLICITATION OF PROXIES**

This Management Proxy Circular is furnished in connection with the solicitation of proxies on behalf of the Board of Directors (the "**Board**" or "**Board of Directors**") of **AG GROWTH INTERNATIONAL INC.** (the "**Company**") for use at the Annual Meeting of shareholders ("**Shareholders**") of the Company (the "**Meeting**") to be held on May 5, 2016 at the time and place and for the purposes set forth in the accompanying Notice of Annual Meeting. This solicitation of proxies is made on behalf of the Board of Directors by management of the Company. The cost of solicitation of proxies shall be borne by the Company.

**VOTING BY PROXIES**

The form of proxy accompanying this Management Proxy Circular confers discretionary authority upon the proxy nominee with respect to any amendments or variations to the matters identified in the Notice of Annual Meeting and any other matters that may properly come before the Meeting. On any ballot with respect to any matter to be acted on, the common shares ("**Common Shares**") of the Company represented by the proxy will be voted or withheld from voting in accordance with the instructions of the registered holders of such Common Shares as specified in the proxy, and if a Shareholder specifies a choice with respect to any matter to be acted upon at the Meeting, the Common Shares will be voted accordingly. **If a choice is not so specified with respect to any such matter, the Common Shares represented by a proxy given to the persons designated in the accompanying form of proxy are intended to be voted in favour of the resolutions referred to therein. A registered Shareholder has the right to appoint a person other than the persons designated in the accompanying form of proxy to attend and act for and on behalf of the Shareholder at the Meeting and may exercise such right by inserting the name in full of the desired person in the blank space provided in the accompanying form of proxy and striking out the names now designated.** Proxies must be delivered to the Company, c/o Proxy Department, Computershare Trust Company of Canada, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, prior to 10:00 a.m., Toronto time, on May 3, 2016.

The Board of Directors is not aware of any amendments to the matters to be presented for action at the Meeting or of any other matters to be presented for action at the Meeting.

**ADVICE TO BENEFICIAL SHAREHOLDERS**

**The information set forth in this section is important to Shareholders who do not hold Common Shares in their own name.** If a Shareholder holds Common Shares through a broker, financial institution, trustee, nominee or other intermediary or otherwise (referred to in this section as a "**Beneficial Shareholder**"), the Shareholder should note that only proxies deposited by persons whose names appear on the records of the Company as registered holders of Common Shares will be recognized and acted upon at the Meeting.

Common Shares that are listed in an account statement provided to a Shareholder by a broker are probably not registered in the Shareholder's own name on the records of the Company. Such Common Shares are more likely to be registered in the name of the Shareholder's broker or an agent of that broker. In Canada, most such Common Shares are registered in the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Common Shares held by Shareholders in the United States may be registered in the name of Cede & Co., the nominee for the Depository Trust Company, which is the United States equivalent of CDS Clearing and Depository Services Inc. Common Shares held by brokers or other intermediaries on a Shareholder's behalf can only be voted (for or against resolutions) at the Beneficial Shareholder's direction. Without specific instructions, brokers and other intermediaries are prohibited from voting Common Shares for their clients. Beneficial Shareholders should ensure that instructions regarding the voting of their Common Shares are communicated to the appropriate person within the appropriate period.

Applicable regulatory policy in Canada requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. Each broker or other intermediary has its own mailing procedures and provides its own return instructions to clients. Beneficial Shareholders should carefully follow these procedures and instructions to ensure that their Common Shares are voted at the Meeting. In some cases, the form of voting instruction form provided to a Beneficial Shareholder by or on behalf of the Beneficial Shareholder's broker or

other intermediary is very similar, even identical, to the form of proxy being solicited by management. The purpose of the form of voting instruction form provided by or on behalf of a broker or other intermediary, however, is limited to instructing the registered holder (the broker or other intermediary, or an agent thereof, such as CDS & Co. or Cede & Co.) how to vote on the Beneficial Shareholder's behalf. Most brokers now delegate responsibility for obtaining voting instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically supplies voting instruction forms, mails these forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge or follow specified telephone or internet-based voting procedures. Broadridge then tabulates the results of all instructions received and provides appropriate instructions regarding the voting of Common Shares to be represented at the Meeting. If a Beneficial Shareholder receives a voting instruction form from Broadridge, the Beneficial Shareholder cannot use that form to vote the holder's Common Shares directly at the Meeting, but must instead return the voting instruction form to Broadridge or complete the telephone or internet-based voting procedures well in advance of the Meeting to have such Common Shares voted at the Meeting on the holder's behalf.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of the Beneficial Shareholder's broker or other intermediary, the Beneficial Shareholder may attend at the Meeting as proxyholder for the registered holder and vote the Beneficial Shareholder's Common Shares in that capacity. If you wish to attend the Meeting and indirectly vote your own Common Shares, you must do so as proxyholder for the registered holder. To do this, a Beneficial Shareholder should enter the holder's own name in the blank space on the form of voting instruction form provided to the Beneficial Shareholder and return the document to the holder's broker or other intermediary (or the agent of such broker or other intermediary) in accordance with the instructions provided by such broker, intermediary or agent well in advance of the Meeting.

#### **REVOCABILITY OF PROXIES**

A registered Shareholder executing and delivering a proxy has the power to revoke it at any time prior to its exercise (a) by depositing an instrument in writing executed by the Shareholder (or by the Shareholder's attorney authorized in writing) (i) at the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or an adjournment thereof, or (ii) with the chair of the Meeting on the day of the Meeting or any adjournment thereof, or (b) in any other manner permitted by law.

#### **NOTICE-AND-ACCESS**

The Company is using the "Notice-and-Access" system for the delivery to Beneficial Shareholders (as defined above) of its proxy materials through the Company's website and through the System for Electronic Document Analysis and Retrieval (SEDAR). Beneficial Shareholders may access the proxy materials (including this Management Proxy Circular and the Notice of Annual Meeting) and the Company's annual financial statements and management's discussion and analysis for the year ended December 31, 2015, at the Company's website, [www.aggrowth.com](http://www.aggrowth.com), and at [www.sedar.com](http://www.sedar.com), and may request a paper copy of such materials. Instructions on how to access the proxy materials on the Company's website or at the SEDAR website or to request a paper copy may be found in the notice delivered to Beneficial Shareholders under the Notice-and-Access system. Delivery of the proxy materials to Beneficial Shareholders through the Notice-and-Access system reduces the cost and environmental impact of producing and distributing paper copies of documents in large numbers.

#### **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

The Company is authorized to issue an unlimited number of Common Shares. As of the date hereof, there are 14,653,602 Common Shares issued and outstanding. Each Common Share entitles the holder of record on the record date to attend the Meeting and to one vote on a poll.

The record date for determination of the Shareholders entitled to attend and vote at the Meeting is the close of business on March 24, 2016. Other than with respect to the election of Directors, a simple majority of votes cast are required to approve all matters set forth in the accompanying Notice of Annual Meeting.

To the knowledge of the directors ("**Directors**") and executive officers of the Company, no person or company beneficially owns, or exercises control or direction over, directly or indirectly, more than 10 per cent of the outstanding Common Shares.

## ELECTION OF DIRECTORS

There are currently seven Directors, each of whose term of office expires at the Meeting. It is proposed that the number of Directors to be elected at the Meeting be set at seven. Each of the persons whose name appears hereunder is currently a Director and is proposed to be nominated for election as a Director at the Meeting, to serve until the next annual meeting of the Shareholders or until their successor is otherwise elected or appointed.

The Board has adopted a majority voting policy stipulating that if the votes withheld from voting for the election of a nominee for director at a shareholders' meeting are greater than the number of votes received in favour of the election of such nominee, the nominee will promptly offer to resign as director. The Corporate Governance Committee will then review the matter and make a recommendation to the Board whether to accept or reject the resignation offer after considering all factors it deems relevant. The Board will make a decision to accept or reject the resignation within 90 days of the applicable shareholders' meeting, which decision will then promptly be disclosed to the public by news release, a copy of which shall be provided to the Toronto Stock Exchange. The Board shall accept the resignation absent exceptional circumstances. If the Board determines not to accept a resignation, the news release will fully state the reasons for that decision. The nominee will not participate in any committee or Board deliberations on the resignation offer. The policy does not apply in circumstances involving contested director elections.

It is intended that the Common Shares represented by proxies solicited on behalf of the Board of Directors will be voted in favour of the election of the nominees set forth below if no choice in respect of such election is specified in the proxy. Management does not contemplate that any of the nominees will be unable to serve as a Director, but, if that should occur for any reason prior to the Meeting, the persons designated in the enclosed form of proxy reserve the right to vote for other nominees in their discretion.

The following information concerning the respective nominees has been furnished by each nominee. The number of Common Shares or other securities referred to in respect of each individual is the number of such securities beneficially owned, or over which control and direction is exercised, directly or indirectly, by each individual as of the date hereof.

<i>Name and Jurisdiction of Residence</i>	<i>Appointment Date<sup>(4)</sup></i>	<i>Principal Occupation</i>	<i>Common Shares/Equity Awards<sup>(5)</sup>/Total</i>
Gary Anderson Manitoba, Canada	May 9, 2006	Special advisor to AGI since January 1, 2016; prior thereto, Chief Executive Officer of the Company from December 12, 2010 to December 31, 2015.	171,953/Nil/171,953
Tim Close Ontario, Canada	March 9, 2016	President and Chief Executive Officer of the Company since January 1, 2016; prior thereto, President of the Company since March 2015; prior thereto, Vice President, Strategic Development of the Company from August 2012 to March 2015; and prior thereto, Senior Vice President at Macquarie Capital, a global investment bank, for nine years.	45,819/20,000/65,819
Janet Giesselman <sup>(1)(2)(3)</sup> Colorado, U.S.A.	March 14, 2013	Corporate Director	Nil/2,162/2,162

<i>Name and Jurisdiction of Residence</i>	<i>Appointment Date<sup>(4)</sup></i>	<i>Principal Occupation</i>	<i>Common Shares/Equity Awards<sup>(5)</sup> /Total</i>
Bill Lambert <sup>(2)</sup> Ontario, Canada	November 27, 2006	Corporate Director	77,834/7,943/85,777
Bill Maslechko Alberta, Canada	November 9, 2006	Partner, Burnet, Duckworth & Palmer LLP (law firm)	Nil/18,183/18,183
Malcolm (Mac) Moore <sup>(1)(2)(3)</sup> Florida, U.S.A.	March 14, 2013	Executive Vice President – Operations of Twin Disc, Incorporated (a Wisconsin based public company involved with power transmission equipment).	Nil/1,646/1,646
David White <sup>(1)(2)(3)</sup> Pennsylvania, U.S.A.	November 27, 2006	Corporate Director and Chief Executive Officer of First Call Services LLC (private holding company and advisory firm).	2,507/6,200/8,707

## Notes:

- (1) Member of the Compensation and Human Resources Committee. Janet Giesselman, Chair. All of the members of the Compensation and Human Resources Committee are independent.
- (2) Member of the Audit Committee. David White, Chair. All of the members of the Audit Committee are independent and financially literate. See "Audit Committee" in the Company's annual information form for the year ended December 31, 2015 for information regarding the Audit Committee, including the disclosure mandated by National Instrument 52-110 – *Audit Committees* and Form 52-110F1 – *Audit Committee Information Required in an AIF*, and for a copy of the Audit Committee's terms of reference.
- (3) Member of the Corporate Governance Committee. Malcolm (Mac) Moore, Chair. All of the members of the Corporate Governance Committee are independent.
- (4) Appointment date before June 3, 2009, is the date initially appointed a trustee of Ag Growth Income Fund (the "**Fund**"), the predecessor of the Company.
- (5) All securities in the "Equity Awards" column are deferred grants of Common Shares ("**DSUs**") granted to the non-management directors under the Company's Directors' Deferred Compensation Plan (see "*Compensation of Directors*") except in the case of Mr. Close whose securities are Restricted Awards granted pursuant to the Company's Equity Incentive Award Plan (see "*Amendment to the Company's Equity Incentive Award Plan*" and "*Compensation Discussion and Analysis – Equity Incentive Award Plan*"). Based on the closing price of the Common Shares on the Toronto Stock Exchange on December 31, 2015, of \$33.25, the total value of the Common Shares and DSUs (Restricted Awards in the case of Mr. Close) held by the directors is as follows: Mr. Anderson, \$5,717,437; Mr. Close, \$2,188,482; Ms. Giesselman, \$71,887; Mr. Lambert, \$2,852,085; Mr. Maslechko, \$604,585; Mr. Moore, \$54,730; and Mr. White, \$289,508.

See "*Corporate Governance Practices*" for additional information on the Board and its Committees.

### Cease Trade Orders, Bankruptcies, and Penalties

To the knowledge of the Company, none of the persons proposed for election as Directors: (a) are, as at the date hereof, or have been within the 10 years before the date of this Management Proxy Circular, a director, chief executive officer or chief financial officer of any company that, (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days (an "**Order**") that was issued while the person was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an Order that was issued after the person ceased to be a director, chief executive officer or chief financial officer of the company and which resulted from an event that occurred while that person was acting in such capacity; (b) are, as at the date hereof, or have been within 10 years before the date of this Management Proxy Circular, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (c) have, within the 10 years before the date of this Management Proxy Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to

or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

Prior to the conversion of Fund to a corporate structure effective June 3, 2009 (the "**Conversion**") and the Company's acquisition of all of the outstanding trust units of the Fund, the Company was engaged in a different business and was subject to an order providing creditor protection under the *Companies' Creditors Arrangement Act* (Canada), which order was discharged in connection with the completion of the Conversion.

To the knowledge of the Company, none of the persons proposed for election as Directors nor any personal holding company owned or controlled by any of them (i) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (ii) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable Shareholder in deciding whether to vote for a proposed Director.

### **APPOINTMENT OF AUDITORS**

It is proposed that Ernst & Young LLP, the present auditors of the Company, be reappointed as the auditors of the Company, to hold office until the termination of the next annual meeting of Shareholders, and that the Directors be authorized to fix the auditors' remuneration as such. The Audit Committee has recommended to the Board of Directors and the Board has approved the nomination of Ernst & Young LLP for such reappointment. Ernst & Young LLP was first appointed as Auditor in 2004 at the time of the initial public offering of the Company's predecessor, the Fund.

See "*Audit Committee – External Audit Service Fees*" in the Company's annual information form for the year ended December 31, 2015 for information regarding the fees paid to Ernst & Young LLP in each of the last two fiscal years.

### **AMENDMENT TO THE COMPANY'S EQUITY INCENTIVE AWARD PLAN**

The Company's equity incentive award plan (the "**Equity Incentive Award Plan**") is described under "Compensation Discussion and Analysis – Equity Incentive Award Plan" below. Currently, the maximum number of Common Shares issuable pursuant to the Equity Incentive Award Plan is 465,000 (approximately 3.17% of the outstanding Common Shares). Of such Common Shares, 366,717 (approximately 2.5% of the outstanding Common Shares) have been allocated under the Equity Incentive Award Plan and the Company estimates that the remaining 98,283 Common Shares (less than 1.0% of the outstanding Common Shares) will be utilized in 2016. As such, the Board of Directors has determined to amend the Equity Incentive Award Plan to increase the maximum number of Common Shares issuable pursuant thereto by 450,000 Common Shares to 915,000 Common Shares (approximately 6.2% of the outstanding Common Shares) (the "**Equity Incentive Award Plan Amendment**"), subject to the approval of such amendment by the Shareholders. Accordingly, at the Meeting Shareholders will be asked to consider and, if deemed advisable, authorize and approve the amendment. If the Equity Incentive Award Plan Amendment is not approved, additional share award grants to officers, employees and consultants of the Company will not be possible once the threshold of 465,000 Common Shares has been reached under the current terms of the Equity Incentive Award Plan, which will restrict the Company's ability to provide equity based incentives for its management, employees and consultants in relation to the long-term performance and growth of the Company.

The Equity Incentive Award Plan Amendment must be approved by a simple majority of the votes cast by Shareholders voting in person or by proxy at the Meeting. **The Board recommends that Shareholders vote FOR the resolution approving the Equity Incentive Award Plan Amendment.**

At the Meeting, the Shareholders will be asked to consider and, if deemed advisable, to approve the following ordinary resolution to approve the Equity Incentive Award Plan Amendment:

"BE IT RESOLVED as an ordinary resolution of the holders of common shares ("**Common Shares**") of Ag Growth International Inc. (the "**Company**") that:

- (a) the amendment to the Company's equity incentive award plan to delete the reference to "465,000 Common Shares" in Section 5 thereof and replace the same with a reference to "915,000 Common Shares", such that, subject to adjustment in accordance with the terms thereof, the

maximum number of Common Shares reserved for issuance from time to time pursuant to awards granted and outstanding under the equity incentive award plan at any time shall be increased by 450,000 Common Shares from 465,000 to 915,000 Common Shares, be and the same is hereby approved and authorized; and

- (b) any officer or director of the Company be and is hereby authorized for, on behalf of and in the name of the Company, to take any and all action and to execute and deliver any and all documents and instruments as may be necessary or desirable to give full effect to this resolution."

On any ballot that may be called for at the Meeting, the persons named in the enclosed instrument of proxy, if named as proxy, intend to vote for the foregoing resolution (the "**Equity Incentive Award Plan Amendment Resolution**"), unless a Shareholder has specified in its instrument of proxy that its Common Shares are to be voted against the Equity Incentive Award Plan Amendment Resolution. If no choice is specified by a Shareholder to vote either for or against the Equity Incentive Award Plan Amendment Resolution, the persons whose names are printed in the enclosed instrument of proxy intend to vote for the Equity Incentive Award Plan Amendment Resolution.

#### **AMENDMENT TO THE COMPANY'S DIRECTORS' DEFERRED COMPENSATION PLAN**

The Company's 2012 directors' deferred compensation plan (the "**2012 DDCP**") is described under "Compensation of Directors" below. Currently, the maximum number of Common Shares issuable pursuant to the 2012 DDCP is 35,000 (approximately 0.24% of the outstanding Common Shares). Of such Common Shares, 19,572 (approximately 0.13% of the outstanding Common Shares) have been allocated under the 2012 DDCP and the Company estimates that the remaining 15,428 Common Shares (approximately 0.11% of the outstanding Common Shares) will be utilized in 2016. As such, the Board of Directors has determined to amend the 2012 DDCP to increase the maximum number of Common Shares issuable pursuant thereto by 50,000 Common Shares to 85,000 Common Shares (approximately 0.6% of the outstanding Common Shares) (the "**DDCP Amendment**"), subject to the approval of such amendment by the Shareholders. Accordingly, at the Meeting Shareholders will be asked to consider and, if deemed advisable, authorize and approve the amendment. If the DDCP Amendment is not approved, additional deferred share grants to non-management Directors will not be possible once the threshold of 35,000 Common Shares has been reached under the current terms of the 2012 DDCP, which will restrict the Company's ability to provide equity based incentives for its non-management Directors in relation to the long-term performance and growth of the Company.

The DDCP Amendment must be approved by a simple majority of the votes cast by Shareholders voting in person or by proxy at the Meeting. **The Board recommends that Shareholders vote FOR the resolution approving the DDCP Amendment.**

At the Meeting, the Shareholders will be asked to consider and, if deemed advisable, to approve the following ordinary resolution to approve the DDCP Amendment:

"BE IT RESOLVED as an ordinary resolution of the holders of common shares ("**Common Shares**") of Ag Growth International Inc. (the "**Company**") that:

- (a) the amendment to the Company's 2012 directors' deferred compensation plan to delete the reference to "35,000" in Section 8 thereof and replace the same with a reference to "85,000", such that, subject to adjustment in accordance with the terms thereof, the total number of Common Shares issuable pursuant to the plan shall be increased by 50,000 Common Shares from 35,000 to 85,000 Common Shares, be and the same is hereby approved and authorized; and
- (b) any officer or director of the Company be and is hereby authorized for, on behalf of and in the name of the Company, to take any and all action and to execute and deliver any and all documents and instruments as may be necessary or desirable to give full effect to this resolution."

On any ballot that may be called for at the Meeting, the persons named in the enclosed instrument of proxy, if named as proxy, intend to vote for the foregoing resolution (the "**DDCP Amendment Resolution**"), unless a Shareholder has specified in its instrument of proxy that its Common Shares are to be voted against the DDCP Amendment Resolution. If no choice is specified by a Shareholder to vote either for or against the DDCP Amendment Resolution, the persons whose names are printed in the enclosed instrument of proxy intend to vote for the DDCP Amendment Resolution.

## **COMPENSATION DISCUSSION AND ANALYSIS**

### **Composition of the Compensation and Human Resources Committee**

The Compensation and Human Resources Committee (the "**CHR Committee**") of the Board is comprised of Ms. Giesselman (Chair) and Messrs. Moore and White, each of whom is independent within the meaning of section 1.4 of National Instrument 52-110 – *Audit Committees*.

Ms. Giesselman is the retired President and General Manager of Dow Oil & Gas, a business unit of The Dow Chemical Company, and has over 30 years of U.S. and international agriculture, energy and specialty and commodity chemicals industry experience, having led businesses in the United States, Europe, Latin America, the Middle East and Asia. From 2001 to 2010, she held numerous senior leadership positions with The Dow Chemical Company including Vice President, Dow AgroSciences, and Vice President, Dow Latex (Switzerland). Before joining Dow, Ms. Giesselman held various leadership positions in marketing and strategic planning with the Rohm & Haas Company, a specialty and performance materials company. Ms. Giesselman is also a director of Omnova Solutions Inc. (a public Ohio based specialty chemicals and engineered surfaces company), where she serves on the audit committee, Twin Disc, Incorporated (a Wisconsin based public company involved with power transmission equipment), where she serves on the audit, compensation and executive development (Chair) and nominating and governance committees and McCain Foods Limited (a private New Brunswick based frozen food, produce and transportation company), where she serves on the audit, environmental health & safety (Chair), and compensation and management committees. Ms. Giesselman holds a B.Sc., Biology from Pennsylvania State University and a Masters in Plant Pathology from the University of Florida.

Mr. Moore is currently the Executive Vice President – Operations of Twin Disc, Incorporated (a Wisconsin based public company involved with power transmission equipment), and is an experienced executive with over 35 years of diverse industry experience. Mr. Moore is the retired President and Chief Executive Officer of Gehl Company, a manufacturer and distributor of construction and agricultural equipment during Mr. Moore's tenure. In his 11 years with Gehl Company, Mr. Moore held a series of senior positions including President since 2003 and culminating with his appointment as Chief Executive Officer in 2009. Mr. Moore is also the former President and Chief Executive Officer of Digi-Star Investments LLC, a provider of specialized monitoring and electronic control systems for precision agriculture. Mr. Moore also serves on the board of directors of FreightCar America, Inc. (a public Illinois based railroad car manufacturing company), where he serves on the compensation and nominating and governance committees. Mr. Moore holds a B.S., International Business, from American University and an M.B.A. from the J. L. Kellogg Graduate School of Management-Northwestern University.

Mr. White is currently the President and CEO of First Call Services LLC, a private holding company and advisory firm. Mr. White held a number of senior financial and operating positions with John Labatt Limited, Lawson Mardon Group Inc., and Laidlaw Inc., and most recently was Chief Executive Officer of TransCare Inc., a medical transportation company and President and Chief Operating Officer of Student Transportation of America, a TSX-listed company. Mr. White has been a Canadian Chartered Accountant since 1978, he holds a BA from the University of Western Ontario, an MBA from the University of Toronto and in 2013 received the ICD.D designation from the Institute of Corporate Directors.

The mandate of the CHR Committee includes reviewing and making recommendations to the Board of Directors concerning the appointment of officers of the Company and the hiring, compensation, benefits and termination of senior officers and all other key employees of the Company.

## Compensation Strategy

The Company's executive compensation program is composed of base salaries and perquisites, short-term incentives in the form of cash bonuses under the short term incentive plan (the "**STIP**"), and long-term incentives in the form of participation in the Company's deferred profit sharing plan and the grant of restricted share awards ("**Restricted Awards**") and performance share awards ("**Performance Awards**") under the Equity Incentive Award Plan.

The compensation strategy for the Company is intended to accomplish the following objectives:

- attract executive officers who have demonstrated superior leadership and management skills;
- retain the services of valued members of the executive team;
- link the interests of the executive officers with those of Shareholders; and
- motivate executive officers to achieve excellence within their respective areas of responsibility.

A combination of fixed and variable compensation is used to motivate executives to achieve overall corporate goals. Fixed salary comprises a portion of the total cash compensation; however, annual cash bonus incentives and long-term share-based compensation generally represent compensation that is "at risk" and thus may or may not be paid to the respective executive officer depending on: (i) achievements of applicable targets including adjusted earnings before interest, taxes, depreciation and amortization ("**adjusted EBITDA**") levels; (ii) achievement of certain non-financial objectives; and (iii) market performance of the Common Shares.

As part of its oversight of the Company's compensation program, one of the CHR Committee's objectives is to ensure that the Company's compensation program provides executive officers with adequate incentives to achieve both short term and long term corporate objectives, without motivating them to take inappropriate or excessive risks. In that regard, the CHR Committee considered the following aspects of the Company's compensation program, among others: a significant portion of executive compensation is at-risk (not guaranteed) and is variable year over year (for example, annual short-term incentive compensation under the STIP provides for annual cash awards that target a percentage of base annual salary and are dependent on the level of achievement of corporate financial, strategic and individual non-financial goals); and awards under the Equity Incentive Award Plan have been designed such that Restricted Awards have a term of five years and only commence to vest after the third year and Performance Awards have a term of approximately and only vest upon achievement of three-year cumulative financial targets, and therefore generally encourage sustainable Common Share price appreciation and reduce the risk of actions which may only have short term benefits. The CHR Committee has not identified any significant areas of risk arising from the Company's compensation policies and practices that would be reasonably likely to have a material adverse effect on the Company.

The Company's trading policy prohibits directors and officers from purchasing financial instruments that are designed to hedge or offset a decrease in market value of the Common Shares held, directly or indirectly, by the director or officer, including short sales, puts and calls.

## Base Salary, Benefits and Perquisites

Base salaries for each named executive officer for the financial year ended December 31, 2015, being Mr. Anderson, the Chief Executive Officer (retired effective January 1, 2016), Mr. Close, the President (and appointed Chief Executive Officer effective January 1, 2016), Mr. Sommerfeld, the Executive Vice President and Chief Financial Officer, Mr. Donner, the Senior Vice President, Commercial, and Mr. Franzmann, the Senior Vice President, Special Projects of the Company (collectively, the "**NEOs**"), were based on a subjective assessment of factors such as current competitive market conditions, comparable compensation levels and the particular skills of the NEO, such as leadership ability and management effectiveness, and the experience, responsibility and proven or expected performance of the NEO.

Base salary, benefits and perquisites for Mr. Anderson, the Company's Chief Executive Officer in 2015 were determined by the Board on the recommendation of the CHR Committee and were targeted to approximate comparable programs in other companies of comparable market capitalization and operations to the Company. Base salary, benefits and perquisites for Mr. Close, the Company's President in 2015, and Mr. Sommerfeld, the Company's Executive Vice President and Chief Financial Officer, were, and in the case of Mr. Sommerfeld, continue to be, determined by the Board on the recommendation of the CHR Committee, having regard to recommendations made by the Chief Executive Officer, and were targeted to approximate comparable programs in other companies of

comparable market capitalization and operations to the Company. Similar to the historical practice in determining Mr. Anderson's compensation, with Mr. Close's appointment as President and Chief Executive Officer of the Company effective January 1, 2016, his base salary, benefits and perquisites are now determined by the Board on the recommendation of the CHR Committee and are targeted to approximate comparable programs in other companies of comparable market capitalization and operations to the Company. The Board and the CHR Committee have made use of both internal and third party compensation studies to assist in their determination of the appropriate levels of compensation. Salaries, benefits and perquisites are generally reviewed annually and adjustments are made when determined appropriate.

Base salary, benefits and perquisites for Messrs. Donner and Franzmann are determined by the Company's Chief Executive Officer, subject to the review of the CHR Committee and the Board, and have been targeted to approximate compensation levels of executives with similar responsibilities at companies with a similar scope of operations as the Company. The Chief Executive Officer and the CHR Committee have made use of both internal and third party compensation studies to assist in the determination of the appropriate levels of compensation. Salaries, benefits and perquisites are generally reviewed annually and adjustments are made when appropriate.

### **Equity Incentive Award Plan**

The principal purposes of the Company's Equity Incentive Award Plan, which was originally approved by Shareholders in May 2012, are: (i) to retain and attract qualified officers, employees and consultants of the Company and its affiliates ("**Service Providers**") that the Company and its affiliates require; (ii) to promote a proprietary interest in the Company by such Service Providers and to encourage such persons to remain in the employ or service of the Company and its affiliates and put forth maximum efforts for the success of the business of the Company and its affiliates; and (iii) to focus management of the Company and its affiliates on operating and financial performance and the growth and profitability of the Company.

Incentive-based compensation such as the Equity Incentive Award Plan is an integral component of compensation for Service Providers. The attraction and retention of qualified Service Providers has been identified as one of the key risks to the Company's long-term strategic growth plan. The Equity Incentive Award Plan is intended to maintain the Company's competitiveness to facilitate the achievement of its long-term goals. In addition, this incentive-based compensation is intended to reward Service Providers for meeting certain pre-defined operational and financial goals which have been identified for increasing long-term total shareholder return.

Under the terms of the Equity Incentive Award Plan, any Service Provider may be granted Restricted Awards or Performance Awards ("**Awards**"). In determining the Service Providers to whom Awards may be granted ("**Grantees**") under the Equity Incentive Award Plan, the number of Common Shares underlying each Award, the number of Awards granted and the allocation of the Awards between Restricted Awards and Performance Awards, the CHR Committee or other committee (including the Board) appointed by the Board to administer the Equity Incentive Award Plan (the "**Committee**") may take into account such factors as it shall determine in its sole discretion, including any one or more of the following factors:

- (a) compensation data for comparable benchmark positions among the Company's peer comparison group or among other comparison groups;
- (b) the duties, responsibilities, position and seniority of the Grantee;
- (c) corporate performance measures for the applicable period compared with internally established performance measures approved by the Committee and/or similar performance measures of members of the Company's peer comparison group or among other comparison groups for such period;
- (d) the individual contributions and potential contributions of the Grantee to the success of the Company;
- (e) any bonus payments paid or to be paid to the Grantee in respect of his or her individual contributions and potential contributions to the success of the Company; and
- (f) the fair market value or current market price of the Common Shares at the time of such Award.

### ***Restricted Awards***

Each Restricted Award entitles the holder to be issued the number of the Common Shares designated in the Restricted Award with such Common Shares to be issued as to one-third on each of the third, fourth and fifth anniversary dates of the date of grant (or such earlier or later dates as may be determined by the Committee). With respect to the Restricted Awards that were granted in 2013, one-third vested and the underlying Common Shares were issued effective November 13, 2015, with the remaining two-thirds of the Restricted Awards to vest in equal tranches on each of the fourth and fifth anniversaries of the date of grant.

### ***Performance Awards***

Each Performance Award entitles the holder to be issued as to one-third on each of the first, second and third anniversary dates of the date of grant (or such earlier or later dates as may be determined by the Committee) the number of Common Shares designated in the Performance Award multiplied by a Payout Multiplier. The Payout Multiplier is determined by the Committee based on an assessment of the achievement of pre-defined corporate performance measures in respect of the applicable period as determined by the Committee. corporate performance measures may include: absolute or relative total shareholder return; the market price of the Common Shares; the financial performance or results of the Company or a business unit or division thereof; other operational or performance criteria relating to the Company or a business unit or division thereof; activities related to the growth of the Company or a business unit or division thereof; health and safety performance; the execution of the Company's strategic plan; other performance criteria relating to the Grantee; and such additional measures as the Committee shall consider appropriate in the circumstances. The Payout Multiplier may not be less than 0% or more than 200%.

Performance Awards were granted in 2013 (the "**2013 Performance Awards**") to the NEOs which entitled the holder to receive, based on a Payout Multiplier that was dependent on the level of the Company's cumulative adjusted EBITDA for the three financial year period (the "**Performance Period**") ending December 31, 2015, at the Company's sole and absolute discretion, (i) cash in an amount equal to the aggregate fair market value of the number of Common Shares underlying the Performance Award multiplied by the Payout Multiplier, (ii) an equivalent number of Common Shares multiplied by the Payout Multiplier issued from the treasury of the Company, or (iii) a combination of (i) and (ii). The potential Payout Multiplier for the 2013 Performance Awards ranged from 20% for cumulative adjusted EBITDA over the Performance Period of \$185,346,000, to 100% for cumulative adjusted EBITDA over the Performance Period of \$201,463,000, to 200% for cumulative adjusted EBITDA over the Performance Period of \$221,106,000. The cumulative adjusted EBITDA for the Performance Period as determined by the Committee was \$203,828,000, resulting in a Payout Multiplier of 112% on the vesting of the 2013 Performance Awards. For these purposes "adjusted EBITDA" was generally the Company's consolidated profit plus, to the extent deducted in calculating such profit, income tax expense, finance costs and expense, and depreciation and amortization, plus certain additional adjustments including, among other things, for extraordinary, non-recurring and unusual items, gains or losses on foreign exchange translation, acquisitions and other material non-maintenance capital expenditures and dispositions, as determined by the Committee.

It is anticipated that new Performance Awards will be granted to the NEOs in 2016, however, no grants have yet been formalized, nor have the material terms thereof, including the performance period, performance measures or Payout Multipliers, been determined by the Committee.

### ***Dividend Equivalents***

At the discretion of the Board, the Equity Incentive Award Plan provides for cumulative adjustments to the number of Common Shares to be issued pursuant to Awards on each date that dividends are paid on the Common Shares by an amount equal to a fraction having as its numerator the amount of the dividend per Common Share and having as its denominator the price, expressed as an amount per Common Share, paid by participants in the Company's dividend reinvestment plan, if any, to reinvest their dividends in additional Common Shares on the applicable dividend payment date, provided that if the Company has suspended the operation of such plan or does not have such a plan, then the reinvestment price shall be equal to the fair market value of the Common Shares on the trading day immediately preceding the dividend payment date. Under the Equity Incentive Award Plan, in the case of a non-cash dividend, including Common Shares or other securities or property, the Committee will, in its sole discretion and subject to the

approval of the TSX, determine whether or not such non-cash dividend will be provided to the Grantee and, if so provided, the form in which it shall be provided.

***Limitation on Common Shares Reserved***

Subject to approval of the Equity Incentive Award Plan Amendment Resolution at the Meeting, the Equity Incentive Award Plan provides that the maximum number of Common Shares reserved for issuance from time to time pursuant to Awards shall not exceed 465,000 Common Shares. As at the date hereof, 175,377 Common Shares (approximately 1.20% of the outstanding Common Shares) have been issued pursuant to Awards granted under the Equity Incentive Award Plan. See "*Amendment to the Company's Equity Incentive Award Plan*".

***Limitations on Awards***

The aggregate number of Awards granted to any single Service Provider shall not exceed 5% of the issued and outstanding Common Shares, calculated on an undiluted basis. In addition: (i) the number of Common Shares issuable to insiders at any time, under all security based compensation arrangements of the Company, shall not exceed 10% of the issued and outstanding Common Shares; and (ii) the number of Common Shares issued to insiders, within any one year period, under all security based compensation arrangements of the Company, shall not exceed 10% of the issued and outstanding Common Shares. Awards may not be granted to non-management Directors.

***Payment of Share Awards***

Pursuant to the Restricted Awards granted to date, the Company has the option of settling any amount payable in respect of the Restricted Award by: (a) Common Shares issued from the treasury of the Company; (b) with the consent of the Grantee, cash in an amount equal to the aggregate fair market value of such Common Shares that would otherwise be delivered in consideration for the surrender by the Grantee to the Company of the right to receive such Common Shares under such Award; or (c) a combination of (a) and (b).

Pursuant to the terms of the Equity Incentive Award Plan, the Company has the option to grant Restricted Awards and Performance Awards that will, on the vesting date of the applicable Award, in the sole and absolute discretion of the Company (and without the consent of the grantee), be settled in (i) cash, (ii) Common Shares acquired by the Company on the Toronto Stock Exchange, (iii) Common Shares issued from the treasury of the Company, or (iv) any combination of the foregoing, such Awards to have an expiry date no later than December 15 in the third year following the year of grant.

***Black-out Periods***

If a Grantee is prohibited from trading in securities of the Company as a result of the imposition by the Company of a trading blackout (a "**Blackout Period**") and the issue or payment date of the Common Shares underlying an Award held by such Grantee falls within the Blackout Period, then the issue or payment date of such Common Shares shall be extended to the date that is ten business days following the end of such Blackout Period; provided that if the expiry date of the Awards would occur as a result of such extension, the Awards will be settled on the expiry date in cash rather than Common Shares.

***Change of Control***

In the event of a Change of Control of the Company (as defined in the Equity Incentive Award Plan), unless otherwise determined by the Committee, the issue date(s) applicable to the Awards will be accelerated such that the Common Shares to be issued pursuant to such Awards will be issued immediately prior to the date upon which the Change of Control is completed and the Payout Multiplier applicable to any Performance Awards shall be determined by the Committee.

***Early Termination Events***

Pursuant to the Equity Incentive Award Plan, unless otherwise determined by the Committee or unless otherwise provided in an Award agreement pertaining to a particular Award or any written employment or consulting agreement governing a Grantee's role as a Service Provider, the following provisions shall apply in the event that a Grantee ceases to be a Service Provider:

- (a) Death - If a Grantee ceases to be a Service Provider as a result of the Grantee's death, the issue date for all the Common Shares awarded to such Grantee under any outstanding Awards shall be accelerated to the cessation date, provided that the President and Chief Executive Officer of the Company in the case of a Grantee who is not an officer, and the Committee in all other cases, taking into consideration the performance of such Grantee and the performance of the Company since the date of grant of the Award(s), may determine in its sole discretion the Payout Multiplier to be applied to any Performance Awards held by the Grantee.
- (b) Termination for Cause - If a Grantee ceases to be a Service Provider as a result of termination for cause, effective as of the cessation date all outstanding Awards, whether Restricted Awards or Performance Awards, shall be immediately terminated and all rights to receive Common Shares thereunder shall be forfeited by the Grantee.
- (c) Voluntary Resignation - If a Grantee ceases to be a Service Provider as a result of a voluntary resignation, effective as of the day that is fourteen (14) days after the cessation date, all outstanding Awards of such Grantee, whether Restricted Awards or Performance Awards, shall be terminated and all rights to receive Common Shares thereunder shall be forfeited by the Grantee.
- (d) Other Termination - If a Grantee ceases to be a Service Provider for any reason other than as provided for in (a), (b) and (c) above, effective as of the date that is thirty (30) days after the cessation date and notwithstanding any other severance entitlements or entitlement to notice or compensation in lieu thereof, all outstanding Awards of such Grantee, whether Restricted Awards or Performance Awards, shall be terminated and all rights to receive Common Shares thereunder shall be forfeited by the Grantee.

#### ***Assignment***

Except in the case of death, the right to receive Common Shares pursuant to an Award granted to a Service Provider may only be exercised by such Service Provider personally. Except as otherwise provided in the Equity Incentive Award Plan, no assignment, sale, transfer, pledge or charge of an Award, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such Award whatsoever in any assignee or transferee and, immediately upon any assignment, sale, transfer, pledge or charge or attempt to assign, sell, transfer, pledge or charge, such Award shall terminate and be of no further force or effect.

#### ***Rights as a Shareholder***

Until the Common Shares granted pursuant to any Award have been issued in accordance with the terms of the Equity Incentive Award Plan, the Grantee to whom such Award has been made shall not possess any incidents of ownership of such Common Shares including, for greater certainty and without limitation, the right to receive dividends on such Common Shares and the right to exercise voting rights in respect of such Common Shares. Such Grantee shall only be considered a shareholder in respect of such Common Shares when such issuance has been entered upon the records of the duly authorized transfer agent of the Company.

#### ***Amendment and Termination of Plan***

The Equity Incentive Award Plan and any Awards granted pursuant thereto may, subject to any required approval of the TSX, be amended, modified or terminated by the Board without the approval of Shareholders. Without limitation of the foregoing, such amendments include, without limitation:

- (a) amendments of a "housekeeping nature";
- (b) amending Awards under the Equity Incentive Award Plan, including with respect to the expiry date (provided that the term of the Award does not exceed ten years from the date the Award is granted and that such Award is not held by an insider), vesting period, and effect of termination of a Grantee's employment or cessation of the Grantee's service;
- (c) accelerating vesting; or
- (d) amendments necessary to comply with applicable law or the requirements of any stock exchange on which the Common Shares are listed.

Notwithstanding the foregoing, the Equity Incentive Award Plan or any Award may not be amended without shareholder approval to: (a) increase the number of Common Shares reserved for issuance pursuant to Awards in excess of the limit currently prescribed;

### ***Grants of Awards***

Individual key employees of the Company are chosen by the Board on the recommendation of the CHR Committee and the Chief Executive Officer to receive grants of Awards under the Equity Incentive Award Plan. All NEOs received grants of Awards in 2013 and the number and kind of Awards granted was determined by the Board on the recommendation of the CHR Committee, having regard to recommendations made by the Chief Executive Officer. Individual allocations were determined based on a number of subjective factors including each individual's position, level of responsibility, and overall Company, division and individual performance as well as the individual's participation in previous share-based compensation plans and the individual's shareholdings in the Company.

Specifically, in 2013, the following Awards were granted to the NEOs: Mr. Anderson, 30,000 2013 Performance Awards; Mr. Sommerfeld, 15,000 2013 Performance Awards and 30,000 Restricted Awards; Mr. Close, 20,000 2013 Performance Awards and 15,000 Restricted Awards; Mr. Donner, 20,000 2013 Performance Awards and 20,000 Restricted Awards; and Mr. Franzmann, 25,000 2013 Performance Awards and 25,000 Restricted Awards.

No share-based or option-based awards had been granted to any NEOs in 2012 and the Awards granted in 2013 were designed to form part of the NEOs' compensation over the next three (in the case of the 2013 Performance Awards) and five (in the case of the Restricted Awards) years. Accordingly, no additional Awards were granted to the NEOs in 2014 or 2015 except in the case of Mr. Close who was granted an additional 5,000 Restricted Awards in 2014 in connection with his promotion to Senior Vice President, Strategic Planning and Development and an additional 5,000 Restricted Awards in 2015 in connection with his promotion to President.

### **Short Term Incentive Plan**

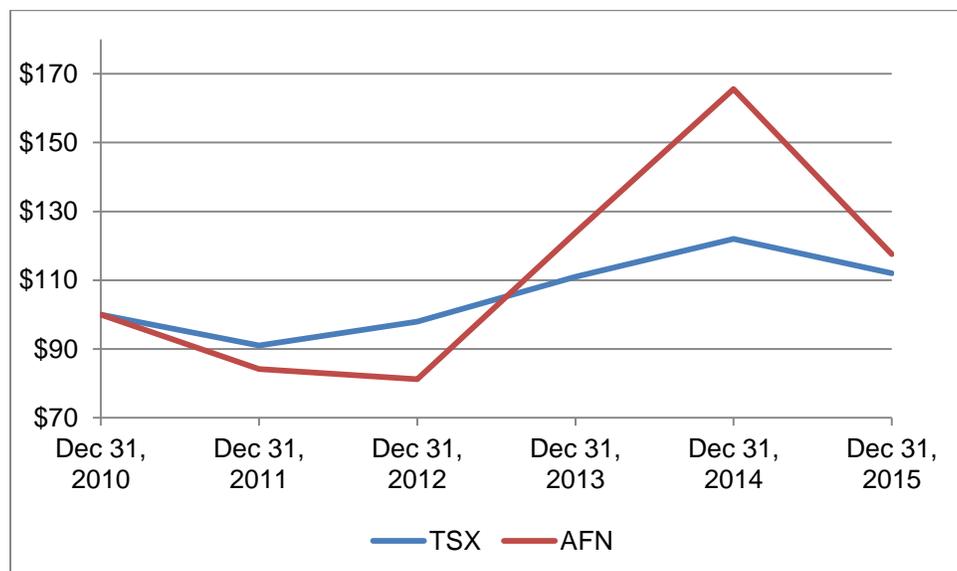
The NEOs, together with other key employees, participate in the STIP that provides for annual cash bonus payments based on the amount of the Company's adjusted EBITDA for the year and the achievement of certain non-financial individual objectives. Adjusted EBITDA is a non-GAAP financial measure, defined for these purposes in 2015 as earnings before interest, income taxes, depreciation, amortization and foreign exchange gains or losses and also excluding the expense related to Awards under the Equity Incentive Award Plan, gains or losses on the sale of property plant and equipment, M&A expenses and non-cash impairment charges. At the beginning of each year a minimum adjusted EBITDA amount is established by the Board with the amount of the incentive specified based on the ratio of achieved adjusted EBITDA to the established adjusted EBITDA threshold. For the year ended December 31, 2015, the STIP provided for potential payouts of 1.0% of base salary for achievement of adjusted EBITDA of \$65.6 million, with the payout increasing to 9% of base salary for Messrs. Anderson and Close, 6% for Mr. Sommerfeld and 13% of base salary for Messrs. Donner and Franzmann for achievement of adjusted EBITDA of \$77.2 million, and with the payout increasing proportionately for achievement of adjusted EBITDA greater than \$77.2 million. Adjusted EBITDA for these purposes in 2015 was \$65.0 million. The achievement of non-financial individual objectives for Mr. Anderson and Mr. Close was determined at the discretion of the Board, while achievement of the non-financial individual objectives for Messrs. Sommerfeld, Donner and Franzmann is determined at the discretion of the Chief Executive Officer subject to the review of the CHR Committee and the Board. The STIP is intended to align the annual cash bonus payable to the NEOs with the financial performance and strategic direction of the Company. For the year ended December 31, 2015, Messrs. Anderson, Close, Sommerfeld, Donner and Franzmann earned cash bonus payments under the STIP of \$165,000, \$55,267, \$34,254, \$25,000 and \$10,000, respectively.

### **Deferred Profit Sharing Plan**

The Company sponsors a group Registered Retirement Savings Plan (the "**Group RRSP**") and a group Deferred Profit Sharing Plan (the "**DPSP**"). Eligible employees may make voluntary contributions to the Group RRSP of up to 5% of the employee's base salary, which the Company matches with contributions to the DPSP. All NEOs are eligible to participate in the Group RRSP/DPSP. All Company contributions to the DPSP vest immediately and there are no restrictions on employee withdrawals.

### PERFORMANCE GRAPH

The following graph compares the cumulative total Shareholder return from an investment of \$100 in Common Shares of the Company made at January 1, 2011 (and assuming all dividends are reinvested) with the cumulative total return of a similar investment in the group of issuers comprising the S&P / TSX Composite Index:



	Dec 31, 2010	Dec 31, 2011	Dec 31, 2012	Dec 31, 2013	Dec 31, 2014	Dec 31, 2015
AGI Common Shares	\$100	\$84	\$81	\$124	\$166	\$118
S&P / TSX Composite Index	\$100	\$91	\$98	\$111	\$122	\$112

During the period from January 1, 2011 to December 31, 2015, the total cumulative return on the Common Shares was approximately 18% compared to a total cumulative return of approximately 12% on the S&P/TSX Composite Index. During the same period the average compensation of the NEOs decreased by approximately 60%. The decrease in average NEO compensation over the period is primarily the result of the timing and recognition of share-based award grants under the Company's previous long term incentive plan and certain benefits payable to the estate of AGI's former CEO, Rob Stenson, all of which were fully recognized in NEO compensation in 2010. See "Summary Compensation Table".

#### Summary Compensation Table

The following table reflects compensation related to the fiscal year ended December 31, 2015. Included are the Chief Executive Officer and the Chief Financial Officer of the Company and the other three most highly compensated executive officers, other than the Chief Executive Officer and Chief Financial Officer, that served as executive officers as of December 31, 2015 and whose total compensation related to the fiscal year ended December 31, 2015 exceeded \$150,000.

Name and Principal Position	Year	Salary	Share Based Awards <sup>(1)</sup>	Option Based Awards <sup>(2)</sup>	All Other Compensation <sup>(4)</sup>	Total Compensation
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					<u>STIP</u>	<u>DPSP<sup>(3)</sup></u>		
Gary Anderson	2015	\$550,000	Nil	Nil	\$165,000	\$12,917	\$210,000	\$937,917
Chief Executive Officer <sup>(5)</sup>	2014	\$550,000	Nil	Nil	\$176,301	\$6,459	Nil	\$732,760
	2013	\$550,000	\$940,800	Nil	\$158,939	\$11,910	Nil	\$1,661,649 <sup>(6)</sup>
Tim Close	2015	\$359,458	\$273,100	Nil	\$55,267	Nil	\$175,000	\$862,825
President <sup>(5)(7)</sup>	2014	\$193,750	\$237,050	Nil	\$72,123	Nil	Nil	\$502,923
	2013	\$200,000	\$1,097,600	Nil	\$41,110	Nil	Nil	\$1,338,710 <sup>(6)</sup>
Steve Sommerfeld	2015	\$334,184	Nil	Nil	\$34,254	\$12,774	\$175,000	\$556,212
Executive Vice President and CFO	2014	\$324,450	Nil	Nil	\$71,503	\$14,138	Nil	\$410,091
	2013	\$315,000	\$1,411,200	Nil	\$67,719	\$11,910	Nil	\$1,805,829 <sup>(6)</sup>
Dan Donner	2015	\$239,644	Nil	Nil	\$25,000	\$11,982	\$186,667	\$463,293
Senior Vice President, Commercial	2014	\$231,750	Nil	Nil	\$45,972	\$11,588	Nil	\$289,310
	2013	\$225,000	\$1,254,400	Nil	\$44,686	\$11,250	Nil	\$1,535,336 <sup>(6)</sup>
Paul Franzmann	2015	\$244,007	Nil	Nil	\$10,000	\$12,200	\$233,333	\$499,540
Senior Vice President, Special Projects	2014	\$236,900	Nil	Nil	\$46,994	\$11,845	Nil	\$295,739
	2013	\$230,000	\$1,568,000	Nil	\$46,460	\$11,500	Nil	\$1,855,960 <sup>(6)</sup>

- (1) Amounts are based on the grant date fair value of the Restricted Awards and Performance Awards granted under the Equity Incentive Award Plan, which were calculated by multiplying the number of Awards granted to the applicable NEO by the closing price of the Common Shares on the Toronto Stock Exchange on the last trading day before the date of grant, being \$31.36 for grants made in 2013, \$47.41 for the grant made to Mr. Close in 2014 and \$54.62 for the grant made to Mr. Close in 2015.
- (2) The Company does not grant or have any outstanding option-based awards.
- (3) Represents matching contributions made by the Company for each of the NEOs under the Deferred Profit Sharing Plan.
- (4) The amounts disclosed relate to cash payments made equivalent to the dividends that would have been paid on the Common Shares underlying the NEO's share awards. Other perquisites and personal benefits of the NEO aggregate less than \$50,000 or 10% of the NEO's total salary.
- (5) Effective January 1, 2016, Mr. Anderson retired as Chief Executive Officer of the Company and Mr. Close was appointed Chief Executive Officer in addition to remaining the President of the Company.
- (6) Compensation in 2013 includes grants of Restricted Awards and the 2013 Performance Awards under the Equity Incentive Award Plan, which although granted in 2013 were designed to form part of the NEOs' compensation over the subsequent three to five year period. Notwithstanding that these awards do or did not vest until future years (and in the case of the 2013 Performance Awards were contingent on the achievement of certain financial targets) their grant date fair value was fully recognized in 2013, significantly increasing reported total NEO compensation in 2013. No share-based or option-based awards were granted to any of the NEOs in 2014 or 2015, other than 5,000 Restricted Awards granted to Mr. Close in 2014 in connection with his promotion to Senior Vice President, Strategic Planning and Development and an additional 5,000 Restricted Awards granted to Mr. Close in March 2015 in connection with his promotion to President. See also "*Compensation Discussion and Analysis - Equity Incentive Award Plan*".
- (7) At December 31, 2014, Mr. Close was Senior Vice President, Strategic Planning and Development and was appointed President on March 2, 2015. Mr. Close was not an employee of the Company in 2013 and his services were provided by, and all amounts were paid to, his personal consulting company. Mr. Close's consulting company commenced providing services to the Company and Mr. Close was appointed Vice President, Strategic Planning and Development of the Company in August 2012.

### Outstanding Share-based Awards

The following table sets forth for each NEO all share-based awards outstanding as at December 31, 2015. The Company does not grant or have any outstanding option-based awards.

<b>Share Based Awards</b>			
<b>Equity Incentive Award Plan</b>			
<b>Name</b>	<b>Number of Common Shares that have not vested</b>	<b>Market value of Common Shares that have not vested<sup>(1)</sup></b>	
Gary Anderson	Nil	Nil	
Tim Close	20,000	\$665,000	
Steve Sommerfeld	20,000	\$665,000	
Dan Donner	13,333	\$443,322	
Paul Franzmann	16,667	\$554,178	

(1) Based on the closing price of the Common Shares on the Toronto Stock Exchange on December 31, 2015, of \$33.25.

### Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth for each NEO the value of share-based awards which vested during the year ended December 31, 2015 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2015. The Company does not grant or have any outstanding option-based awards.

<b>Value Vested or Earned During the Year</b>			
<b>Name</b>	<b>Share-based awards<sup>(1)</sup></b>	<b>Non-equity incentive plan compensation<sup>(2)</sup></b>	
Gary Anderson	\$918,300	\$165,000	
Tim Close	\$838,959	\$55,267	
Steve Sommerfeld	\$820,532	\$34,254	
Dan Donner	\$889,976	\$25,000	
Paul Franzmann	\$1,112,469	\$10,000	

(1) Represents Common Share awards earned under the Equity Incentive Award Plan that vested in 2015 based on the closing price of the Common Shares on the Toronto Stock Exchange on the vesting date of November 13, 2015 of \$30.61.

(2) Annual cash bonus payments earned under the STIP.

### Defined Contribution Pension Plan

Each of the NEOs is eligible to participate in the DPSP under which the Company matches contributions made by each individual of up to 5% of the individual's base salary. Amounts matched by the Company vest immediately. The Company has no defined benefit plans.

<b>Name</b>	<b>Year</b>	<b>Accumulated Value at start of year</b>	<b>Compensatory</b>	<b>Non-compensatory</b>	<b>Accumulated Value at end of year</b>
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Gary Anderson	2015	\$360,763	\$12,917	\$23,493	\$397,173
Tim Close	2015	Nil	Nil	Nil	Nil
Steve Sommerfeld	2015	\$360,743	\$12,774	\$25,391	\$398,908
Dan Donner	2015	\$267,949	\$11,982	\$40,449	\$320,380
Paul Franzmann	2015	\$217,521	\$12,200	\$20,447	\$250,167

### Termination and Change of Control Benefits

In the event of termination for any reason other than cause, or in the event of termination by the executive for "Good Reason", as defined in his employment contract, in addition to the continuation of his benefits for 12 months, Mr. Sommerfeld is entitled to a lump sum payment equal to 1.5 times the sum of (i) 12 months of his base salary and (ii) his average bonus entitlements over the three years prior to termination. Mr. Sommerfeld's employment contract includes a two year non-competition clause as well as non-solicitation and confidentiality provisions.

Unvested Restricted Awards granted to an NEO under the Equity Incentive Award Plan:

- (a) vest on a proportionate basis in the event of termination of an NEO's employment without cause or resignation for good reason, with the number of unvested Restricted Awards that vest being equal to the product of (i) the number of unvested Restricted Awards; multiplied by (ii) a fraction (not exceeding one), (A) the numerator of which is the number of days from the grant date of the Restricted Awards to the date of termination or resignation, plus 365, and (B) the denominator of which is 1,826; and
- (b) fully vest in the event of a change of control.

The following table provides details regarding the estimated incremental payments by the Company to each of the NEOs (other than Mr. Anderson) on (i) termination without cause or resignation for good reason, and (ii) a change of control, in each case assuming a triggering event occurred on December 31, 2015. Mr. Anderson retired as Chief Executive Officer of the Company effective January 1, 2016 and didn't receive any termination or severance payments in connection therewith.

<u>Name</u>	<u>Triggering Event<sup>(1)</sup></u>	<u>Severance Payment</u>	<u>Vesting of Restricted Awards<sup>(2)</sup></u>	<u>Total<sup>(3)</sup></u>
Tim Close <sup>(4)</sup>	Termination Without Cause or Resignation for Good Reason	N/A	\$498,536	\$498,536
	Change of Control	N/A	\$809,000	\$809,000
Steve Sommerfeld	Termination Without Cause or Resignation for Good Reason	\$588,013	\$646,846	\$1,234,859
	Change of Control	\$588,013	\$809,000	\$1,397,013
Dan Donner <sup>(4)</sup>	Termination Without Cause or Resignation for Good Reason	N/A	\$431,220	\$431,220
	Change of Control	N/A	\$539,320	\$539,320

<u>Name</u>	<u>Triggering Event<sup>(1)</sup></u>	<u>Severance Payment</u>	<u>Vesting of Restricted Awards<sup>(2)</sup></u>	<u>Total<sup>(3)</sup></u>
Paul Franzmann <sup>(4)</sup>	Termination Without Cause or Resignation for Good Reason	N/A	\$539,049	\$539,049
	Change of Control	N/A	\$674,180	\$674,180

- (1) "Good Reason" does not include voluntary retirement.
- (2) Based on the closing price of the Common Shares on the Toronto Stock Exchange on December 31, 2015, of \$33.25 and includes an amount equivalent to the dividends that would have been paid on the Common Shares underlying the NEO's Restricted Awards.
- (3) Perquisites and other benefits payable in the aggregate are less than \$50,000 and 10% of total salary per NEO and accordingly are not included in the table above.
- (4) As none of Messrs. Close, Donner and Franzmann had employment contracts with the Company as at December 31, 2015, the amounts set out above only include the incremental amounts owing as a result of accelerated vesting under the Equity Incentive Award Plan and do not include additional amounts that may be payable upon termination under common law to compensate the NEO for loss of salary and benefits, etc., as such amounts are not determinable.

### COMPENSATION OF DIRECTORS

Effective October 1, 2015, each of the non-management Directors receives an annual retainer of \$90,000 as compensation for services rendered to the Company in his or her capacity as a director plus \$1,500 for each Board or Board committee meeting attended by the Director (other than the Board Chairman). The Chair of the Board receives an additional annual retainer of \$50,000; the Chair of the Audit Committee receives an additional annual retainer of \$17,500; the Chair of the Compensation and Human Resources Committee receives an additional annual retainer of \$12,500; and the Chair of the Corporate Governance Committee receives an additional annual retainer of \$10,000. As Mr. Anderson was an officer of the Company during the financial year ended December 31, 2015, he did not receive any compensation for serving as a Director during such year. Similarly, Mr. Close, an officer of the Company, does not receive any compensation for serving as a Director. The Directors are also reimbursed for reasonable travel and other expenses properly incurred by them in attending Board and Board committee meetings, or otherwise in connection with their services as Directors, and receive a travel fee of \$1,500 when Board or committee meetings are held in a location outside of the Director's city of residence (other than the Board Chairman, who only receives Board travel fees if he is required to travel outside his city of residence to attend Board or Committee meetings more than five times in a fiscal year). Directors resident in the United States are compensated in U.S. dollars for their annual retainer and Chair and meeting fees.

In 2012, the Company adopted (and Shareholders approved) the 2012 DDCP as the maximum number of Common Shares issuable under the Company's original directors' deferred compensation plan (the "**Original DDCP**" and together with the 2012 DDCP, the "**DDCP**") was about to be reached. The principal purpose of the DDCP is to encourage the ownership of Common Shares by non-management Directors. The DDCP provides that a minimum of \$10,000 (\$30,000, \$15,000, \$12,500 and \$12,500 in the case of the Board Chair and the Chairs of the Compensation and Human Resources, Audit and Corporate Governance committees, respectively) of the remuneration of non-management Directors be paid in Common Shares. A Director also has the right to elect to receive a greater amount of his or her remuneration in the form of a deferred grant of Common Shares. A Director is entitled to receive the Common Shares granted under the DDCP on the earlier of the third anniversary of the date of grant and the date the Director ceases to be a Director. All Common Shares to which a Director is entitled shall be issued to him or her immediately prior to a change of control as defined in the DDCP. A Director shall have no right to receive Common Shares granted to him or her that have not been issued on the date that is 10 years following the date of grant. The price to be used for determining the number of Common Shares to be granted is the weighted average trading price of the Common Shares on the TSX for the 10 trading days preceding the last day of the Company's financial quarter in respect of which the deferred Common Share grants are made.

Pursuant to the DDCP, the number of Common Shares which are issuable pursuant to a deferred grant of Common Shares shall be increased on the second business day following each date on which a cash dividend or other distribution is paid to holders of Common Shares by an amount equal to the product of the number of the Common Shares which remain issuable and the fraction which has as its numerator the cash dividend or other distribution paid, expressed as an amount per Common Share and which has as its denominator the weighted average trading price of the Common Shares on the TSX for the 10 trading day period ending on the third trading day preceding the record date for such dividend or distribution.

Except for the right of a Director, with the consent of the Company, to assign the Director's right to receive Common Shares pursuant to the DDCP to an entity controlled by the Director or to a registered retirement savings plan or registered retirement income fund of the Director and for the right of the executor or administrator of the estate of a Director to exercise the Director's right to receive Common Shares pursuant to the DDCP following the death of the Director, no assignment, sale, transfer, pledge or charge of a right to receive Common Shares pursuant to the DDCP, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such right to receive Common Shares pursuant to the DDCP whatsoever in any assignee or transferee and, immediately upon any assignment, sale, transfer, pledge or charge or attempt to assign, sell, transfer, pledge or charge, such right to receive Common Shares pursuant to the DDCP shall terminate and be of no further force or effect.

There are no Common Shares remaining available for issuance pursuant to the Original DDCP and, subject to the approval of the DDCP Amendment Resolution at the Meeting, the aggregate number of Common Shares issuable pursuant to the DDCP is 70,000. The aggregate number of deferred grants of Common Shares made to any single Director shall not exceed 5% of the issued and outstanding Common Shares. In addition: (i) the number of Common Shares issuable to insiders at any time, under all security based compensation arrangements of the Company, shall not exceed 10% of the issued and outstanding Common Shares; and (ii) the number of Common Shares issued to insiders, within any one year period, under all security based compensation arrangements of the Company, shall not exceed 10% of the issued and outstanding Common Shares. No fractional Common Shares may be issued under the DDCP and any entitlement to a fractional Common Share will be rounded down and no amount of money will be payable by the Company in respect of such fractional interest.

The 2012 DDCP and any deferred grant of Common Shares pursuant to the 2012 DDCP may, subject to any required approval of the TSX, be amended, modified or terminated by the Company without the approval of Shareholders. Any amendments to the 2012 DDCP are subject to the prior consent of any applicable regulatory bodies, including the TSX, if required. For greater certainty, the Company may amend the 2012 DDCP and any deferred grant of Common Shares thereunder, without shareholder approval, including, without limitation, amendments (a) of a "housekeeping" nature; (b) to change to the vesting provisions of any deferred grant of Common Shares; and (c) to change the termination or exercise provisions of any deferred grant of Common Shares which does not entail an extension beyond the original expiry date and provided that the period during which a deferred grant of Common Shares is exercisable does not exceed 10 years from the date the deferred grant of Common Shares was made. Notwithstanding the foregoing, the Company will not be entitled to amend the 2012 DDCP in respect of the following matters without shareholder approval: (i) increase the maximum number of Common Shares issuable pursuant to the 2012 DDCP; (ii) extend the term of any deferred grant of Common Shares; and (iii) amend the amending provision of the 2012 DDCP. Any amendment to the 2012 DDCP shall take effect only with respect to deferred grants of Common Shares granted after the effective date of such amendment, provided that it may apply to any outstanding deferred grant of Common Shares with the mutual consent of the Company and the Director to whom such deferred grant of Common Shares has been made.

As at December 31, 2015, deferred grants in respect of 54,572 Common Shares had been made under the DDCP, and 18,436 Common Shares had been issued.

### **Directors' Summary Compensation Table**

The following table provides information regarding compensation paid to the non-management Directors of the Company for the year ending December 31, 2015.

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#### **Remuneration in Year**

<b>Name</b>	<b>Cash</b>	<b>Share-based Awards<sup>(1)</sup></b>	<b>All Other Compensation<sup>(2)</sup></b>	<b>Total</b>
Janet Giesselman	\$89,400	\$35,100	\$3,414	\$127,914
Bill Lambert	\$93,600	\$33,900	\$41,806	\$169,306
Bill Maslechko	Nil	\$103,500	\$37,778	\$141,278
Malcolm (Mac) Moore	\$94,800	\$23,700	\$2,565	\$121,065
David White	\$106,800	\$26,700	\$13,414	\$146,914

(1) Participation in the DDCP.

(2) Amounts in this column are cash payments made to the Directors in amounts equivalent to the dividends that would have been paid on the Common Shares underlying the deferred Common Shares granted to the Directors under the DDCP.

#### **Directors' Outstanding Share-Based Awards**

The following table sets forth for each of the non-management Directors, all share-based awards outstanding as at December 31, 2015. The Company does not grant nor have any outstanding option-based awards.

<b>Name</b>	<b>Number of Common Shares that have not vested under the DDCP</b>	<b>Market value of Common Shares that have not vested<sup>(1)</sup></b>	<b>Number of Common Shares that have vested but have not been issued</b>	<b>Market value of Common Shares that have vested but not been issued<sup>(1)</sup></b>
Janet Giesselman	2,162	\$71,887	Nil	N/A
Bill Lambert	7,067	\$234,978	876	\$29,127
Bill Maslechko	7,659	\$254,662	10,524	349,923
Malcolm (Mac) Moore	1,648	\$54,796	Nil	N/A
David White	1,838	\$61,114	4,361	\$145,003
<b>Total</b>	<b>20,374</b>	<b>\$677,436</b>	<b>15,761</b>	<b>\$524,053</b>

(1) Based on the closing price of the Common Shares on the Toronto Stock Exchange on December 31, 2015, of \$33.25.

#### **Directors' Incentive Plan Awards – Value Vested During the Year**

The following table sets forth for each non-management Director the value of all share-based awards which vested during the year ended December 31, 2015. No option-based awards have been awarded or granted to non-management Directors and non-management Directors did not earn any non-equity incentive plan compensation during the year ended December 31, 2015.

<b>Name</b>	<b>Share-based awards - value vested during the year<sup>(1)</sup></b>
Janet Giesselman	N/A <sup>(2)</sup>
Bill Lambert	\$143,005

Name	Share-based awards - value vested during the year <sup>(1)</sup>
Bill Maslechko	\$120,750
Malcolm (Mac) Moore	N/A <sup>(2)</sup>
David White	\$74,099
<b>Total</b>	<b>\$337,854</b>

(1) Based on the weighted average closing price of the Common Shares on the Toronto Stock Exchange on the applicable vesting dates of \$41.21.

(2) No share-based awards vested in these directors in 2015.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out information in respect of securities authorized for issuance under the Company's equity compensation plans as at December 31, 2015.

Plan Category	Number of Common Shares to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by securityholders	249,752 <sup>(1)</sup>	N/A	113,711 <sup>(2)</sup>
Equity compensation plans not approved by securityholders	Nil	N/A	Nil
<b>Total</b>	<b>249,752</b>	<b>N/A</b>	<b>113,711</b>

(1) As at December 31, 2015, 213,666 Common Shares were reserved for issuance pursuant to Awards granted under the Equity Incentive Award Plan and 36,136 Common Shares were reserved for issuance pursuant to grants under the DDCP.

(2) Includes: (i) 15,428 Common Shares available for issuance under the DDCP; and (ii) 98,283 Common Shares available for issuance under the Equity Incentive Award Plan.

### DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company has purchased directors' and officers' liability insurance policies for the benefit of the directors and officers of the Company against any liability, including legal costs, incurred by them in their capacity as directors or officers, subject to the terms and conditions of such policies. The aggregate amount of premiums related to the year ended December 31, 2015 incurred by the Company in respect of directors and officers as a group was approximately \$104,318. The total limit of insurance purchased for all directors and officers was \$30 million per loss and in the annual aggregate, with a \$100,000 retention amount on all claims with the exception of securities claims where the retention is \$150,000.

### CORPORATE GOVERNANCE PRACTICES

The Board is responsible for managing or supervising the management of the business and affairs of the Company in accordance with the requirements of the *Canada Business Corporations Act*.

#### 1. Board of Directors

- (a) Disclose the identity of directors who are independent. Janet Giesselman, Bill Lambert, Bill Maslechko, Malcolm (Mac) Moore and David White.
- (b) Disclose the identity of directors who are not independent, and describe the basis for that determination. Gary Anderson. Mr. Anderson is not independent because he has been an executive officer of the Company within the last three years and is currently providing consulting services to the Company as a Special Advisor.  
Tim Close – President and Chief Executive Officer. Mr. Close is not independent because he is an officer of the Company.
- (c) Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors (the board) does to facilitate its exercise of independent judgement in carrying out its responsibilities. The majority of directors (5 of 7) are independent.
- (d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer. Janet Giesselman - Omnova Solutions Inc.; Twin Disc, Incorporated.  
Bill Lambert – Biox Corporation; Innergex Renewable Energy Inc.  
Bill Maslechko – Rogers Sugar Inc.  
Mac Moore –FreightCar America, Inc.
- (e) Disclose whether or not the independent directors hold regularly scheduled meetings at which members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held during the preceding 12 months. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors. In 2015, the independent directors met in-camera at the end of all regularly scheduled board meetings.
- (f) Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors. The Chair of the Board is Bill Lambert, an independent director.  
See Item 3(a) below.

(g) Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.

All Directors had a 100% attendance record for Board and Committee meetings held since January 1, 2015:

**Board Meetings**

Gary Anderson	15 of 15
Tim Close <sup>(1)</sup>	1 of 1
Janet Giesselman	15 of 15
Bill Lambert	15 of 15
Bill Maslechko	15 of 15
Malcolm (Mac) Moore	15 of 15
David White	15 of 15

**Audit Committee Meetings**

Janet Giesselman	5 of 5
Bill Lambert	5 of 5
Malcolm (Mac) Moore	5 of 5
David White	5 of 5

**Compensation and Human Resources Committee Meetings**

Janet Giesselman	8 of 8
Malcolm (Mac) Moore	8 of 8
David White	8 of 8

**Corporate Governance Committee Meetings**

Janet Giesselman	2 of 2
Malcolm (Mac) Moore	2 of 2
David White	2 of 2

(1) Mr. Close was appointed a director of the Company on March 9, 2016

2. **Board Mandate** -Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.

The terms of reference for the Board are attached as Schedule A to this Management Proxy Circular.

### 3. **Position Descriptions** -

(a) Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.

Written position descriptions have been developed for the Chair and the Chair of each board committee.

The Chair is accountable to the Board and has the duties of a member of the Board as set out in applicable law and in the Company's by-laws. The Chair is responsible for the management, development and effective performance of the Board and leads the Board to ensure that it fulfills its duties as required by law and as set out in the terms of reference for the Board.

The Committee Chairs are responsible to lead and oversee the applicable Committee to ensure it fulfills its mandate as set out in its terms of reference.

(b) Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description. Briefly describe how the board delineates the role and responsibilities of the CEO.

The Board and CEO have developed a written position description for the CEO. The primary responsibility of the CEO is to lead the Company in meeting its short-term operational and long-term strategic goals. While the Board is responsible to supervise management as to the business, the CEO is responsible for the executive leadership and operational management of the Company.

### 4. **Orientation and Continuing Education**

(a) Briefly describe what measures the board takes to orient new directors regarding

(i) the role of the board, its committees and its directors, and

The Board Chair and the CEO meet with each new director to provide orientation with respect to the structure of the Board and its committees.

(ii) the nature and operation of the issuer's business.

The Board Chair and the CEO meet with each new director to provide orientation with respect to the operation of the Company.

(b) Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary for them to meet their obligations as directors.

The senior management team makes regular presentations to the Board on matters with significant impact on the Company's business and on relevant legal developments as they arise. Board meetings are periodically held at Company manufacturing facilities to provide the directors the opportunity to see the Company's operations. Board members are encouraged to attend agricultural trade shows. Prior to each regularly scheduled meeting, the Board meets informally to discuss current events and issues facing the Company.

### 5. **Ethical Business Conduct**

(a) Disclose whether or not the board has adopted a written code for its directors, officers and employees. If the board has adopted a written code:

The Board has adopted a written code for its directors, officers, and employees.

- (i) disclose how an interested party may obtain a copy of the written code; A copy of the written code has been filed on [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.aggrowth.com](http://www.aggrowth.com).
- (ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board ensures compliance with its code; The Code of Business Ethics is reviewed annually by the Corporate Governance Committee. The Code has been disseminated to employees and certain employees will be required to certify that he/she has read the Code and understands it. In addition, the Company has advised employees that violations of the Code can be reported to the Chair of the Audit Committee and has provided contact information for the Chair. Any violations would be communicated to the Audit Committee.
- (iii) provide a cross-reference to any material change report(s) filed within the preceding 12 months that pertains to any conduct of a director or executive officer that constitutes a departure from the code. Not applicable.
- (b) Describe any steps the board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest. Directors are required to disclose any actual or potential conflicts of interest. Directors that have an interest in a matter coming before the Board declare that interest and abstain from voting on the matter. In addition, the directors are able to request in-camera sessions to discuss such matters without the presence of the interested director or executive officer and, if necessary, the Board is able to convene a special committee composed of disinterested directors to consider the applicable issue. The Board is also able to engage outside advisors at the Company's expense to assist directors in discharging their responsibility to exercise independent judgment.
- (c) Describe any other steps the board takes to encourage and promote a culture of ethical business conduct. The Board has approved the Code of Business Ethics, a Whistleblower Policy, a Disclosure Policy and an Insider Trading Policy. These policies have been disseminated throughout the organization and certain employees are required to certify their receipt and understanding of the Code of Business Ethics and the Insider Trading Policy. Management clearly demonstrates ethical behavior and sets the tone from the top for a culture of ethical business conduct.

## 6. Nomination of Directors

- (a) Describe the process by which the board identifies new candidates for board nomination. The Board, on the recommendation of the Corporate Governance Committee, considers the skills and attributes that would be required of a new director. Current directors and senior management are requested to advise both the Chair of the Board and of the Corporate Governance Committee of potential candidates and the Corporate Governance Committee may also retain the services of external "search" firms to provide professional assistance in identifying suitable candidates. Once candidates are identified, the Chair of the Board and of the Corporate Governance Committee, alone or with other directors, interview the individuals and the Corporate Governance Committee is provided with the results of the interviews. The Corporate Governance Committee considers the reports together with the resumes of the candidates and the requirements of the Board and makes a recommendation on a candidate to the Board for its approval.

(b) Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.

The Board has a nominating committee, the Corporate Governance Committee, which is comprised entirely of independent directors.

(c) If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.

The Corporate Governance Committee shall:

- (a) identify and review with the Board the appropriate skills and characteristics required of Board members, taking into consideration the Board's short-term needs and long-term succession plans;
- (b) develop and update a long-term plan for the Board's composition that takes into consideration the characteristics of independence, age, skills, experience, diversity and availability of service of its members, as well as the opportunities, risks, and strategic direction of the Company;
- (c) in consultation with the Board Chair, identify and recommend to the Board nominees for election or re-election to the Board or for appointment to fill any vacancy that is anticipated or has arisen on the Board;
- (d) identify and recommend to the Board individual Directors to serve as members and Chairs of Board Committees;
- (e) review, monitor and make recommendations regarding the initial orientation and education of new Board members, and the ongoing education of directors;
- (f) upon a significant change in a Board member's principal occupation or upon a member assuming any significant outside commitments, review the continued Board membership of such individual; and
- (g) establish criteria for, and implement, an evaluation process for the Board, the Board Chair, each committee of the Board, and individual directors in order to assess the effectiveness of the Board as a whole, the Board Chair, each committee of the Board, and the contribution of individual directors. Establish criteria for, and implement, an evaluation process for the Board, the Board Chair, each committee of the Board, and individual directors in order to assess the effectiveness of the Board as a whole, the Board Chair, each committee of the Board, and the contribution of individual directors.

## 7. Compensation

(a) Describe the process by which the board determines the compensation for your company's directors and officers.

Compensation for directors and officers is mandated to the Compensation and Human Resources Committee (the "**CHR Committee**"). The CHR Committee reviews and makes recommendations to the Board with respect to the compensation of the Company's directors and officers to ensure that the compensation is appropriate and adequately reflects their responsibilities.

(b) Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.

The Board has a compensation committee, the CHR Committee, composed entirely of independent directors.

(c) If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.

### **Director Compensation**

The CHR Committee shall review and make recommendations to the Board with respect to the compensation of the Company's directors to ensure that the compensation is appropriate and adequately reflects their responsibilities.

### **Compensation Guidelines and Agreements**

The CHR Committee shall review and recommend to the Board a comprehensive statement of compensation philosophy, strategy, and principles for the Company's senior management and administer the executive compensation and benefits program in accordance with the statement approved by the Board. The statement shall take into account all applicable laws, rules and guidelines regarding executive compensation and accountability.

The CHR Committee shall also be responsible for reviewing and recommending to the Board certain matters relating to all employees, including annual salary and incentive policies and programs, and material new benefit programs, or material changes to existing benefit programs.

### **Chief Executive Officer Evaluation and Compensation**

The CHR Committee shall review and approve the use of corporate goals and objectives relevant to the total compensation package of Chief Executive Officer, recommend a performance evaluation process for the Chief Executive Officer, evaluate the performance of the Chief Executive Officer in light of these goals and objectives and using this process, and determine and approve, and recommend to the Board for approval, the Chief Executive Officer's compensation level based on this evaluation.

In determining the long-term incentive component of the compensation of the Chief Executive Officer, the CHR Committee shall consider such factors as it determines appropriate in the circumstances.

**Other Executive Compensation and Oversight**

In consultation with the Chief Executive Officer, the CHR Committee shall oversee the evaluation of the Company's senior management (including executive officers) other than the Chief Executive Officer and shall make recommendations to the Board with respect to the total compensation package for the senior management other than the Chief Executive Officer.

**Equity Compensation Review**

The CHR Committee shall review periodically, and make recommendations to the Board regarding, incentive compensation or equity plans, programs or similar arrangements that the Company establishes for, or makes available to its employees and consultants, including the designation of the employees and consultants who may participate, the share and option availability and the administration of share purchases.

In addition, the CHR Committee shall review periodically the extent to which these forms of compensation are meeting their intended objectives, and shall make recommendations to the Board regarding modifications that will more accurately relate such compensation to employee performance.

**Management Resources and Plans for Executive Development**

The CHR Committee shall review existing management resources and plans, including recruitment, training and evaluations, to ensure that qualified personnel will be available for succession to senior management positions at the Company. The CHR Committee shall also periodically discuss with the Chief Executive Officer his or her views as to a successor for the position of Chief Executive Officer. The CHR Committee shall report on this matter to the Board at least once a year.

**Retirement Matters**

The CHR Committee shall:

- (a) review and recommend for approval by the Board any material changes in the Company's retirement plans;
- (b) where appropriate, give direction concerning retirement program matters to the management committee that supervises the Company's retirement programs; and
- (c) where appropriate, receive reports from management on any retirement program matters that may be of concern to the Board and report to the Board on such matters.

**Pension Plans**

The CHR Committee shall:

- (a) receive periodic reports from management on compliance with applicable pension legislation;
  - (b) review and evaluate recommendations from management on the appointment and termination of service providers respecting the pension plans; and
  - (c) approve material changes to the pension plans.
-

### **CHR Committee Report**

The CHR Committee shall review and approve the Statement of Executive Compensation (including the Compensation Discussion and Analysis) required to be included in the Company's management information circular for its annual meeting of shareholders by applicable securities laws, rules and regulations.

(d) If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.

See "*Compensation Discussion and Analysis – Independent Compensation Consultant – Executive Compensation-Related and Other Fees*".

8. **Other Board Committees** -If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

None.

9. **Assessments** -Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that it, its committees, and individual directors are performing effectively.

The Board is regularly assessed with respect to its effectiveness and contribution. Directors receive a questionnaire on a periodic basis and upon completion return the questionnaire to independent counsel who compiles the results and reviews them with the Chair of the Corporate Governance Committee. The Corporate Governance Committee considers the results of the assessment and a report is made to the Board.

10. **Director Term Limits and Other Mechanisms of Board Renewal** -Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so.

The Company has a retirement policy for directors pursuant to which the directors must retire by age 70, except where otherwise agreed by the Board, but does not otherwise impose term limits on Directors. The Corporate Governance Committee and the Board are of the view that term limits are an arbitrary mechanism that may force valued Directors, who have been able to develop, over a period of time, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole, off of the Board solely because of length of service, thus depriving the Company of their knowledge, skills, qualifications and contributions.

As an alternative to director term limits and to foster Board renewal, the Corporate Governance Committee annually assesses the effectiveness of the Board, its Committees and individual Directors in determining whether to recommend Directors for re-election. In these reviews, consideration is given to each Director's level of engagement and participation in Board activities and his or her ability to continue to make a meaningful contribution to the Board. The Corporate Governance Committee and the Board believe this flexible approach allows the Board to consider each Director individually as well as the Board composition generally to determine if the appropriate balance is being achieved. See item 9 above,

"Assessments", for more information on the annual assessment process.

The Board most recently added a Mr. Close as a Director on January 1, 2016 in conjunction with his appointment as CEO of the Company. The Board also added two new Directors in 2013 following a comprehensive search for candidates conducted by the Corporate Governance Committee with the assistance of an external search firm.

### **11. Policies Regarding the Representation of Women on the Board of Directors**

(a) Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so.

The Company has not adopted a written policy relating to the identification and nomination of women directors because, as a matter of practice, diversity (including gender diversity) is among the many factors that the Corporate Governance Committee considers when evaluating the composition of the Board (see item 12 below).

(b) If an issuer has adopted a policy referred to in (a), disclose the following in respect of the policy: (i) a short summary of its objectives and key provisions, (ii) the measures taken to ensure that the policy has been effectively implemented, (iii) annual and cumulative progress by the issuer in achieving the objectives of the policy, and (iv) whether and, if so, how the board or its nominating committee measures the effectiveness of the policy.

Not applicable.

### **12. Consideration of the Representation of Women in the Director Identification and Selection Process**

-Disclose whether and, if so, how the board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board. If the issuer does not consider the level of representation of women on the board in identifying and nominating candidates for election or reelection to the board, disclose the issuer's reasons for not doing so.

The Corporate Governance Committee considers, among other things, the level of representation of women on the Board in identifying and nominating candidates for election or re-election to the Board. The Corporate Governance Committee believes that having a diverse Board, including gender diversity, enhances Board effectiveness, and as such diversity is among many factors that the Governance Committee considers when evaluating the composition of the Board.

One of the two Directors (50%) recently added to the Board in 2013 is a woman.

**13. Consideration Given to the Representation of Women in Executive Officer Appointments -**

Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.

The Company considers, among other things, the level of representation of women in executive officer positions when making executive officer appointments. The Company believes that having diversity in its executive officers, including gender diversity, enhances management effectiveness, and as such diversity is among many factors that the Company considers when evaluating the composition of its executive officers.

As reflected in Company policies, the Company is committed to a workplace environment where employees are treated with dignity, fairness and respect, that provides equal employment opportunities and is free of discriminatory practices and harassment including on the basis of gender, race, national or ethnic origin, colour, religion, age, sexual orientation, marital status, family status, disability, political beliefs or a conviction for which a pardon has been granted.

**14. Issuer's Targets Regarding the Representation of Women on the Board of Directors and in Executive Officer Positions**

(a) For purposes of this Item, a "target" means a number or percentage, or a range of numbers or percentages, adopted by the issuer of women on the issuer's board or in executive officer positions of the issuer by a specific date.

The Company has not adopted a target regarding women on the board of directors. The Company considers diversity, including gender diversity, in identifying and nominating candidates for election or re-election to the Board as described in item 12 above.

(b) Disclose whether the issuer has adopted a target regarding women on the issuer's board. If the issuer has not adopted a target, disclose why it has not done so.

(c) Disclose whether the issuer has adopted a target regarding women in executive officer positions of the issuer. If the issuer has not adopted a target, disclose why it has not done so.

The Company has not adopted a target regarding women in executive officer positions of the Company. The Company considers diversity, including gender diversity, when making executive officer appointments as described in section 13 above.

(d) If the issuer has adopted a target referred to in either (b) or (c), disclose: (i) the target, and (ii) the annual and cumulative progress of the issuer in achieving the target.

Not applicable.

**15. Number of Women on the Board of Directors and in Executive Officer Positions**

(a) Disclose the number and proportion (in percentage terms) of directors on the issuer's board who are women.

One of seven or approximately 14% as at December 31, 2015.

(b) Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.

None as at December 31, 2015.

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

### **Aggregate Indebtedness**

Other than "routine indebtedness", there is no indebtedness outstanding on the date hereof owed to (i) the Company or any of its subsidiaries, or (ii) another entity where that indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries, by any present or former directors, executive officers and employees, as applicable, of the Company or its subsidiaries.

### **Indebtedness of Directors and Executive Officers under Securities Purchase and Other Programs**

Since the commencement of the Company's most recently completed financial year, there has been no indebtedness (other than routine indebtedness) owed to (i) the Company or any of its subsidiaries, or (ii) another entity where such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries, by any individual who is, or at any time during the Company's most recently completed financial year was, a Director or executive officer of the Company, each proposed nominee for election as a Director, and each associate of any such Director, executive officer or proposed Director.

## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

No "informed person" or proposed Director of the Company, nor any associate or affiliate of any informed person or proposed Director, has any material interest, direct or indirect, in any transaction since the commencement of the Company's last financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

## **INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

The Company is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or nominee for director, or executive officer of the Company or anyone who has held office as such since the beginning of the Company's last financial year or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting other than the election of directors, the Equity Incentive Award Plan Amendment and the DDCP Amendment.

## **PARTICULARS OF OTHER MATTERS TO BE ACTED UPON**

The Board of Directors knows of no matters to come before the Meeting other than those referred to in the Notice of Annual Meeting accompanying this Management Proxy Circular. However, if any other matters properly come before the Meeting, it is the intention of the persons designated in the accompanying form of proxy to vote the same in accordance with their best judgment of such matters.

## **SHAREHOLDER PROPOSALS FOR 2017 ANNUAL MEETING**

Any shareholder's proposal that meets the provisions of the *Canada Business Corporations Act*, and is intended to be presented at the 2017 annual meeting of shareholders, must be received by the company no later than December 24, 2016.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.aggrowth.com](http://www.aggrowth.com). Financial information is provided in the Company's audited consolidated financial statements and management's discussion and analysis for the Company's most recently completed financial year. A copy of the Company's financial statements and management's discussion and analysis is available upon written request to the Secretary of the Company at 198 Commerce Drive, Winnipeg, MB R3P 0Z6.

**DIRECTORS' APPROVAL**

The contents and the sending of this Circular have been approved by the Board.

(signed) "*Steve Sommerfeld*"

Executive Vice President and Chief Financial Officer

**SCHEDULE A****AG GROWTH INTERNATIONAL INC.****BOARD OF DIRECTORS  
TERMS OF REFERENCE****1. Introduction**

The Board of Directors (the "**Board**") of Ag Growth International Inc. (the "**Corporation**") is responsible for managing or supervising the management of the business and affairs of the Corporation. Management is responsible for the day-to-day conduct of the business and affairs of the Corporation within the strategic direction approved by the Board. The Board's fundamental objective is to enhance and preserve long-term shareholder value. The Board also considers the legitimate interests of the Corporation's other stakeholders such as employees, customers and communities.

**2. Underlying Principles**

The following are the principles underlying the corporate governance policies established by the Board:

- (a) Representation – The Board represents the Corporation and its shareholders, whose best interests must be paramount at all times.
- (b) Diversity – Directors are elected by the shareholders to bring special expertise and diverse points of view to Board deliberations.
- (c) Independence – In order to promote objectivity, the Board will be constituted with a majority of independent directors, as defined by applicable securities laws, rules and regulations and the rules of applicable stock exchanges. The Board will establish processes and guidelines to address the potential for conflicts of interest, including the separation of the role of Chair from that of the Chief Executive Officer.
- (d) Alignment of Interests – The Board will adopt policies that promote equity ownership by Board members. Currently, independent directors participate in the Corporation's Director's Deferred Compensation Plan whereby a minimum of 20% of their remuneration is payable in Common Shares of the Corporation.

**3. Organization and Procedure**

The Board has responsibility for managing its own affairs including (i) planning its composition and size; (ii) selecting its Chair; (iii) nominating candidates for election to the Board; (iv) appointing committees; (v) determining director compensation; and (vi) assessing the effectiveness of the Board, committees and directors in fulfilling their responsibilities.

The Board operates by delegating certain of its authority to management and by reserving certain powers to itself. Subject to the Corporation's articles and by-laws and applicable law, the Board may constitute, seek the advice of and delegate powers, duties and responsibilities to committees of the Board.

(a) **Number of Directors**

The Board has determined the appropriate size for the Board to be between 3 and 10 members.

(b) **Retirement**

Directors must retire by age 70 except where otherwise agreed by the Board. Directors who retire from or otherwise change their concurrent position responsibilities do not necessarily need to retire from the Board. However, the Board should, through the Corporate Governance Committee, review the appropriateness of continued Board membership.

(c) **Independence from Management**

The Board must be able to function independently of management of the Corporation and will meet regularly without management present.

(d) **Meetings**

The Board will meet at least four times per year. Directors will receive meeting materials on a timely basis in advance of meetings. Presentations on specific subjects at Board meetings will only briefly summarize the material sent to Directors so that discussion can be focused on issues relevant to the material. The Chair is encouraged to invite individuals with insight into issues under discussion to participate in Board meetings.

**4. Specific Duties**

The Board's principal duties and responsibilities fall into a number of categories that are outlined below.

**Policies, Procedures and Compliance**

The Board has the responsibility to:

- (a) (i) supervise management of the business and affairs of the Corporation; (ii) act honestly and in good faith with a view to the best interests of the Corporation; (iii) exercise the care, diligence and skill that reasonable, prudent people would exercise in comparable circumstances; and (iv) act in accordance with its obligations contained in the articles and by-laws of the Corporation and the *Canada Business Corporations Act*;
- (b) oversee management in ensuring that legal requirements applicable to the Corporation are met and documents and records are properly prepared, approved and maintained;
- (c) oversee management in ensuring that the Corporation operates at all times within applicable laws and regulations and to acceptable ethical standards; and
- (d) approve and monitor compliance with significant policies and procedures by which the Corporation operates.

**Monitoring and Acting**

The Board has the responsibility to:

- (a) review the Corporation's objectives and goals and the strategies by which the Corporation proposes to achieve such goals;
- (b) review progress made towards the achievement of objectives and goals established in strategic plans;
- (c) monitor the Corporation's progress towards its goals and objectives and to revise and alter their direction in response to changing circumstances;
- (d) take action when performance falls short of its goals and objectives or when other special circumstances warrant;
- (e) oversee management in ensuring that the Corporation has implemented adequate internal control and management information systems;
- (f) approve payment of dividends by the Corporation, if any; and
- (g) identify material risks faced by the Corporation and take all reasonable steps to ensure that appropriate systems are implemented to manage those risks.

**Reporting and Communication**

The Board has the responsibility to:

- (a) adopt a communication or disclosure policy for the Corporation and ensure that the Corporation has in place effective communication processes with shareholders and other stakeholders (including measures to enable stakeholders to communicate with the independent directors of the Board) and with financial, regulatory and other institutions and agencies;
- (b) approve the content of the Corporation's major communications to shareholders and the investing public, including the Annual Report, the Management Proxy Circular, the Annual Information Form, any prospectuses that may be issued, and any significant information respecting the Corporation contained in any documents incorporated by reference in any such prospectuses;
- (c) oversee management in ensuring that the financial results of the Corporation are properly reported to shareholders, other security holders and regulators in accordance with applicable requirements;
- (e) oversee management in ensuring the reporting in accordance with applicable requirements of any other material developments in respect of the Corporation; and
- (f) report annually to shareholders on its stewardship of the affairs of the Corporation for the preceding year in accordance with applicable requirements.

**Strategy and Plans**

The Board has the responsibility to:

- (a) at least annually, participate with management in the development of, and ultimately approve, the strategic objectives of the Corporation, taking into account, among other things, the opportunities and risks of the business of the Corporation;
- (b) approve the annual business plans that implement the strategic objectives;
- (c) approve annual capital and operating budgets;
- (d) approve the entering into, or withdrawing from, lines of business that are, or are likely to be, material to the Corporation;
- (e) approve financial and operating objectives used in determining compensation if they are different from the strategic, capital or operating plans referred to above;
- (f) approve material divestitures and acquisitions;
- (g) monitor the Corporation's progress towards its strategic objectives, and revise and alter its direction through management in light of changing circumstances;
- (h) conduct periodic reviews of human, technological and capital resources required to implement the Corporation's strategy and the regulatory, cultural or governmental constraints on the business; and
- (i) review recent developments that may affect the Corporation's strategies, and receive advice from management on emerging trends and issues.

**Financial and Corporate Issues**

The Board has the responsibility to:

- (a) take reasonable steps to ensure the integrity and effectiveness of the Corporation's internal control and management information systems, including the evaluation and assessment of information provided by management and others about the integrity and effectiveness of the Corporation's internal control and management information systems;
- (b) review operating and financial performance relative to budgets and objectives;
- (c) approve the financial statements and notes;
- (d) declare dividends, if any;
- (e) approve financings, changes in authorized capital, issue and repurchase of shares, and issue of debt securities;
- (f) approve banking resolutions and significant changes in banking relationships;

- (g) approve significant contracts, transactions, and other arrangements or commitments that may be expected to have a material impact on the Corporation; and
- (h) approve the commencement or settlement of litigation that may be expected to have a material impact on the Corporation.

### **Business and Risk Management**

The Board has the responsibility to:

- (a) oversee management in identifying the principal risks of the Corporation's businesses and implementing appropriate systems to manage these risks;
- (b) review coverage, deductibles and key issues regarding corporate insurance policies;
- (c) receive reports from management on matters relating to, among others, ethical conduct, environmental management, and employee health and safety; and
- (d) understand the principal risks associated with the Corporation's businesses and consider the balance between risk and returns.

### **Management and Human Resources**

The Board has the responsibility to:

- (a) appoint the Chief Executive Officer and provide advice and counsel to the Chief Executive Officer in the execution of the Chief Executive Officer's duties;
- (b) evaluate the Chief Executive Officer's performance at least annually against agreed upon written objectives and determine and approve the Chief Executive Officer's compensation level based on this evaluation, taking into account the views and recommendations of the Compensation and Human Resources Committee;
- (c) approve a comprehensive statement of compensation philosophy, strategy, and principles for the Corporation's senior management;
- (d) satisfy itself as to the integrity of the Chief Executive Officer and other senior officers and satisfy itself that the Chief Executive Officer and other senior officers are creating a culture of integrity throughout the Corporation;
- (e) approve certain decisions relating to senior management, including the:
  - (i) appointment and discharge of senior officers;
  - (ii) compensation and benefits for senior officers;
  - (iii) acceptance by the Chief Executive Officer of any outside directorships on public companies (other than non-profit organizations) or any significant public service commitments; and

- (iv) employment, consulting, retirement and severance agreements, and other special arrangements proposed for senior officers;
- (f) ensure that appropriate succession planning and management development programs are in place, including:
- (i) approving the succession plan for the Chief Executive Officer;
  - (ii) in the case of other senior officers, ensuring that plans are in place for management succession and development; and
  - (iii) ensuring that criteria and processes for recognition, promotion, training, development, and appointment of senior management are consistent with the future leadership requirements of the Corporation;
- (g) create opportunities to become acquainted with employees within the Corporation who have the potential to become members of senior management, including presentations to the Board by these employees, visits to their workplace, or interaction with them at social occasions; and
- (h) approve certain matters relating to all employees, including incentive policies/programs for employees.

#### **5. Outside Consultants or Advisors**

At the Corporation's expense, the Board may retain, when it considers it necessary or desirable, outside consultants or advisors to advise the Board independently on any matter. The Board will have the sole authority to retain and terminate any such consultants or advisors, including sole authority to review a consultant's or advisor's fees and other retention terms.

#### **6. Standards of Liability**

Nothing contained in these terms of reference is intended to expand applicable standards of liability under statutory, regulatory or other legal requirements for the Board. The purposes and responsibilities outlined in these terms of reference are meant to serve as guidelines rather than inflexible rules and, subject to applicable law and the articles and by-laws of the Corporation, the Board may adopt such additional procedures and standards, as it deems necessary from time to time to fulfill its responsibilities.

#### **7. Review of Board Terms of Reference**

The Board will assess the adequacy of these terms of reference and its calendar annually and will make any changes deemed necessary or appropriate.

Dated: April 2014