



**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
OF CCL INDUSTRIES INC.  
MAY 15, 2019**

NOTICE is hereby given that the annual meeting (the "Meeting") of shareholders of **CCL INDUSTRIES INC.** (the "Company") will be held at the corporate offices of the Company at Suite 801, 111 Gordon Baker Road, Toronto, Ontario M2H 3R1, at 1:00 p.m. (Toronto time), on Wednesday, May 15, 2019, for the following purposes:

1. to receive the 2018 Annual Report of the Company containing the audited consolidated financial statements of the Company for the financial years ended December 31, 2018, and December 31, 2017, and the auditor's report thereon;
2. to elect ten directors;
3. to re-appoint the auditor and authorize the directors to fix the auditor's remuneration; and
4. to transact such further or other business as may properly come before the Meeting or any adjournment or adjournments thereof.

By Order of the Board of Directors,

Suzana Furtado  
Corporate Secretary

Toronto, Ontario  
March 22, 2019

**NOTES TO NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

1. Holders of Class B non-voting shares of the Company are not entitled to vote on any matters proposed for consideration at the Meeting.
2. Registered holders of Class A voting shares who are unable to be present at the Meeting in person are requested to specify on the accompanying form of proxy the manner in which the shares represented thereby are to be voted and to date, sign and return the same to AST Trust Company (Canada), Attention: Proxy Department, P.O. Box 721, Agincourt, ON M1S 0A1, for delivery by 1:00 p.m. EDT on the last business day before the Meeting or for deposit with the Chairman or the Secretary at the Meeting. Proxies may also be returned by personal delivery to AST Trust Company (Canada), 1 Toronto Street, Suite 1200, Toronto, Ontario, or by fax to (416) 368-2502 (or toll free to 1 (866) 781-3111) or by email to [proxyvote@astfinancial.com](mailto:proxyvote@astfinancial.com).
3. If you are a non-registered holder of Class A voting shares and receive these materials through your broker or another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or intermediary.
4. As provided in the *Canada Business Corporations Act*, the directors have fixed a record date of March 29, 2019. Accordingly, holders of Class A voting shares registered on the books of the Company at the close of business on March 29, 2019, are entitled to notice of and to vote at the Meeting.
5. A copy of the 2018 Annual Report of the Company containing the financial statements referred to in this notice accompanies this notice.



**MANAGEMENT PROXY CIRCULAR OF  
CCL INDUSTRIES INC.**

**SOLICITATION OF PROXIES AS OF MARCH 22, 2019  
FOR USE AT THE ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD ON MAY 15, 2019**

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## SOLICITATION OF PROXIES

**THIS MANAGEMENT PROXY CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY THE MANAGEMENT OF CCL INDUSTRIES INC. (THE “COMPANY”) FOR USE AT THE ANNUAL MEETING OF SHAREHOLDERS** of the Company (the “Meeting”) to be held at the corporate offices of the Company at Suite 801, 111 Gordon Baker Road, Toronto, Ontario M2H 3R1, at 1:00 p.m. (Toronto time), on Wednesday, May 15, 2019, for the purposes set out in the accompanying Notice of Meeting, and at any adjournment(s) thereof. Holders of Class A voting shares who are unable to be present at the Meeting in person are requested to complete, sign, date and return the accompanying form of proxy to AST Trust Company (Canada), Attention: Proxy Department, P.O. Box 721, Agincourt, ON M1S 0A1, by 1:00 p.m. EDT on the last business day before the Meeting. An addressed envelope with the postage prepaid accompanies the Notice-and-Access Notice and may be used for such purpose. Proxies may also be returned by personal delivery to AST Trust Company (Canada), 1 Toronto Street, Suite 1200, Toronto, Ontario, or by fax to (416) 368-2502 (or toll free to 1 (866) 781-3111) or by email to proxyvote@astfinancial.com. The solicitation will be primarily by mail; however, the directors, officers and employees of the Company may also solicit proxies by telephone, by facsimile or in person. The cost of solicitation by management will be borne by the Company.

## NOTICE-AND-ACCESS

The Company has elected to use the notice-and-access procedure (“Notice-and-Access”) under National Instrument 51-102 – *Continuous Disclosure Obligations* and National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*, for the delivery of the Company’s Notice of Meeting and Management Proxy Circular and 2018 Annual Report (which includes the Company’s audited annual financial statements and management’s discussion and analysis) to all registered and beneficial shareholders for the Meeting. Under the provisions of Notice-and-Access, all shareholders will receive a Notice-and-Access Notice (“Notice”) containing information on how they can either access the Company’s Notice of Meeting and Management Proxy Circular and the 2018 Annual Report electronically instead of receiving a printed copy or, alternatively, how they can receive a printed copy of those materials. Together with the Notice, holders of Class A voting shares will receive a proxy or a voting instruction form enabling them to vote at the Meeting. The Notice of Meeting and Management Proxy Circular for the Meeting and the 2018 Annual Report will be posted on [www.meetingdocuments.com/astca/](http://www.meetingdocuments.com/astca/) as of April 11, 2019, and will remain on the website for one year thereafter. The Meeting Materials will also be available under the Company’s SEDAR corporate profile at [www.sedar.com](http://www.sedar.com) as of April 11, 2019. The use of Notice-and-Access is an environmentally friendly and cost effective way to distribute the materials for the Meeting because it reduces printing, paper and postage.

## APPOINTMENT OF PROXYHOLDER

The persons named in the accompanying form of proxy are officers and directors of the Company and shall represent management at the Meeting. **A holder of Class A voting shares desiring to appoint some other person (who need not be a shareholder of the Company) to represent him or her at the Meeting may do so** either by inserting such other person’s name in the blank space provided in the form of proxy or by completing another form of proxy and in either case by mailing the completed form of proxy addressed to AST Trust Company (Canada), Attention: Proxy Department, P.O. Box 721, Agincourt, ON M1S 0A1, by delivering the form of proxy personally to AST Trust Company (Canada), 1 Toronto Street, Suite 1200, Toronto, Ontario, or by fax to (416) 368-2502 (or toll free to 1 (866) 781-3111) or by email to proxyvote@astfinancial.com at any time up to and including 1:00 p.m. EDT on the last business day preceding the day of the Meeting or any adjournment(s) thereof, or by delivering it to the Chairman or the Secretary of the Meeting at the beginning of the Meeting or any adjournment(s) thereof.

## REVOCATION OF PROXIES

A proxy may be revoked by a holder of Class A voting shares (or, if such shareholder is a corporation, by a duly authorized officer or attorney thereof) by depositing an instrument in writing executed by the shareholder or by such shareholder's attorney authorized in writing (or, if the shareholder is a corporation, by an officer or attorney thereof authorized in writing) either with the Corporate Secretary of the Company at the Company's registered office at Suite 801, 111 Gordon Baker Road, Toronto, Ontario M2H 3R1, at any time up to and including 1:00 p.m. EDT on the last business day preceding the date of the Meeting or any adjournment(s) thereof, at which the proxy is to be used, or with the Chairman or the Secretary of the Meeting, up to the beginning of the Meeting or any adjournment(s) thereof. A proxy may also be revoked in any other manner permitted by law.

## EXERCISE OF DISCRETION BY PROXYHOLDER

The Class A voting shares represented by the accompanying form of proxy will be voted for or withheld from voting on any ballot that may be called for in accordance with the instructions of the shareholder executing the proxy, and if such shareholder specifies a choice with respect to any matter to be acted on at the Meeting, the Class A voting shares will be voted for or withheld from voting accordingly. **In the absence of such instructions, such shares will be voted (i) on the election of the directors, in favour of each of the nominees for director named in this Management Proxy Circular; and (ii) on the reappointment of KPMG LLP, Chartered Accountants, as the auditor of the Company, in favour of such reappointment, and to authorize the directors to fix the remuneration of the auditor.** Please refer to the third paragraph under the heading "Election of Directors" on page 7, concerning the Company's policy on voting for directors.

The accompanying form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting or other matters that may properly come before the Meeting. As at the date of this Management Proxy Circular, management knows of no such amendments or other matters to come before the Meeting other than the matters specifically identified in the accompanying Notice of the Meeting. If, however, amendments or other matters properly come before the Meeting or any adjournment thereof, the persons designated in the accompanying form of proxy will vote thereon in accordance with their judgment, pursuant to the discretionary authority conferred by the form of proxy with respect to such matters.

## VOTING BY NON-REGISTERED SHAREHOLDERS

Only registered holders of Class A voting shares or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, Class A voting shares beneficially owned by a person (a "Non-Registered Holder") are registered either:

- (i) in the name of an intermediary (an "Intermediary") (which may include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered retirement savings plans, registered retirement income funds, registered education savings plans and similar plans) that the Non-Registered Holder deals with in respect of the shares; or
- (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc.) of which the Intermediary is a participant.

In accordance with the requirements of National Instrument 54-101 and, as mentioned above, under the heading "Notice-and-Access", the Company has made available an electronic copy of this Management Proxy Circular and the accompanying Notice of Meeting (collectively, the "Meeting Materials") to its shareholders. A Notice has been distributed to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward the Notice, containing instructions on how to access the Meeting Materials, to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Generally, Non-Registered Holders who have not waived their right to receive Meeting Materials will either:

- (i) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Holder, but which is not otherwise completed. Since the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Holder when submitting the proxy. In this case, the Non-Registered Holder who wishes to vote by proxy should otherwise properly complete the form of proxy and deliver it as specified above under “Appointment of Proxyholder” and “Revocation of Proxies”; or
- (ii) more typically, be given a voting instruction form, which must be completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company in accordance with the directions accompanying the voting instruction form. A Non-Registered Holder receiving a voting instruction form cannot use that voting instruction form to vote shares directly at the Meeting; rather, the voting instruction form must be returned to the Intermediary or service company well in advance of the Meeting in order to have those shares voted.

In either case, the purpose of these procedures is to permit Non-Registered Holders to direct the voting of the shares they beneficially own. A Non-Registered Holder who wishes to attend and vote at the Meeting in person (or to have another person attend and vote on behalf of the Non-Registered Holder) should print the name of the Non-Registered Holder (or such other person) in the blank space provided for that purpose in the first paragraph of the proxy form or, in the case of a voting instruction form, follow the corresponding instructions on that form. In either case, Non-Registered Holders should carefully follow the instructions of their Intermediary and its service company, as applicable. The Company will cover the cost of delivering the Annual Report, this Management Proxy Circular and a form of proxy to those Non-Registered Holders entitled to vote at the Meeting who are Objecting Beneficial Owners and who request a printed copy of the materials. Please refer to “Notice-and-Access” above.

## **CLASS B NON-VOTING SHARES**

The *Canada Business Corporations Act* provides that each share of a corporation carries the right to vote in respect of certain transactions involving that corporation, even if such share does not otherwise carry the right to vote. Such transactions include an amalgamation with another corporation (other than with wholly owned subsidiaries), continuance under the laws of another jurisdiction, certain amendments to the articles of the corporation altering the corporation’s share capital and a sale, lease or exchange of all or substantially all of the corporation’s property, other than in the ordinary course of business of the corporation. Apart from such voting rights created under the *Canada Business Corporations Act*, the holders of Class B non-voting shares do not normally have the right to vote at any meeting of shareholders of the Company. **Holders of Class B non-voting shares have no right to participate in a take-over bid made for the Class A voting shares of the Company.** The Articles of the Company provide, however, that if a take-over bid is made for the Class A voting shares and the value of the consideration paid for any of such shares acquired exceeds 115% of the market price of the Class B non-voting shares (calculated in accordance with the Regulation to the *Securities Act* (Ontario) as such Regulation existed on June 27, 1983, being the date of creation of the Class B non-voting shares) and if it is determined by the directors of the Company, after the take-over bid is complete, that the offeror has become the beneficial owner of, or exercises control or direction over, Class A voting shares carrying more than 50% of the votes to which the holders of the Class A voting shares are entitled, there will be deemed to have been a change in control of the Company. In such event, the Class B non-voting shares will become entitled to one vote per share (but the dividend entitlement attached to such shares will



thereafter be the same as the dividend entitlement attached to the Class A voting shares) unless the same offer is made to the holders of the outstanding Class B non-voting shares.

## **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The board of directors has established March 29, 2019, as the record date for the Meeting (the “record date”). As of March 22, 2019, there are issued and outstanding 11,836,250 Class A voting shares and 166,148,211 Class B non-voting shares. Each Class A voting share carries the right to one vote per share. The Class B non-voting shares, as stated above, carry no vote in respect of any matter identified in the Notice of the Meeting to be brought before the Meeting. Only the holders of Class A voting shares are entitled to vote on such matters. Each holder of issued and outstanding Class A voting shares of record at the time of the close of business on the record date will be given notice of the Meeting and will be entitled to vote at the Meeting in person or by proxy the number of Class A voting shares of record held by such holder on the record date.

To the knowledge of the directors and officers of the Company, the only person or company beneficially owning, or controlling or directing, directly or indirectly, 10% or more of the issued and outstanding Class A voting shares of the Company is 1281228 Ontario Inc., a private Ontario company that exercises control or direction over 11,209,400 Class A voting shares, being 94.7% of the issued and outstanding shares of that class on the date hereof. Donald G. Lang, Director and Executive Chairman of the Company, and Stuart W. Lang, Director, each control one half of the issued and outstanding shares of 1281228 Ontario Inc. (see Note 2 under “Election of Directors” below).

## **SUBDIVISION OF SHARES**

Effective June 5, 2017, the Company’s Articles were amended to give effect to the subdivision of the Company’s Class A voting shares and Class B non-voting shares on a five for one basis (the “Share Split”). Except as otherwise noted, all numbers of shares, stock options, Deferred Share Units, Restricted Share Units, exercise and trading prices have been adjusted to reflect the Share Split.

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

### **ELECTION OF DIRECTORS**

The Articles of the Company provide that the board of directors of the Company shall consist of a minimum of five directors and a maximum of fifteen directors. The board of directors of the Company has fixed the number of directors to be elected at the Meeting at ten. Unless authority to vote is withheld, the persons named in the accompanying form of proxy intend to vote for the election of each of the ten nominees whose names are set forth below.


Management does not contemplate that any of the nominees will not be able to serve as directors, but if that should occur for any reason prior to the Meeting, the persons named in the accompanying form of proxy reserve the right to vote for another nominee at their discretion unless the shareholder has specified in the form of proxy that such shares are to be withheld from voting on the election of directors. Each director elected will hold office until the next annual meeting of shareholders or until his or her successor is duly elected unless prior thereto, the director resigns or the director’s office becomes vacant by reason of death or other cause.

It is the policy of the Company that directors shall be elected by a majority of the votes cast at a meeting called for such purposes. If at a non-contested meeting, any director is elected to the board with more votes “withheld” than votes cast in favour of his or her election, then such director shall immediately tender his or her resignation from the board. The board must accept the resignation of such director within 90 days, absent exceptional circumstances. The Company shall promptly issue a news release with the board’s decision, and, if the board decides not to accept the resignation, the

news release will state the reasons for that decision. The Company shall issue a news release following the election of directors disclosing the voting results.

The following tables and the notes thereto state the names of all persons proposed to be nominated for election as directors, all other positions and offices with the Company, or any of its significant affiliates now held by them, their principal occupations or employments, their periods of service as directors of the Company (including any predecessor thereof), their attendance at board and committee meetings and the number of securities of the Company beneficially owned, or controlled or directed, directly or indirectly, by each of them as of March 22, 2019. Information as to the number of shares beneficially owned, controlled or directed, directly or indirectly by each nominee, not being within the knowledge of the Company, has been furnished by the respective nominees individually.

The board of directors has constituted an Audit Committee, a Human Resources Committee, a Nominating and Governance Committee, and an Environment and Health & Safety Committee (the "Committees"). Members of the Committees are identified in the tables set forth below.

	Director since: December 19, 2016 Ontario, Canada		<b>Vincent J. Galifi</b> – Mr. Galifi is currently Executive Vice President and Chief Financial Officer of Magna International Inc., a leading global automotive supplier. During Mr. Galifi's 30-year career at Magna, his responsibilities have included Director of Taxation & Insurance, Vice President & Controller, Vice President Finance and Executive Vice President Finance and Chief Financial Officer. Mr. Galifi, in addition to his responsibilities within the Finance Department, serves on the Executive Management Committee, the Disclosure Committee and Policy & Procedures Committee as well as advisor to the Audit Committee and the Corporate Governance and Compensation Committee of Magna. Mr. Galifi has a Bachelor of Commerce degree, with high distinction, from the University of Toronto. He obtained his C.P.A. designation in 1984 and is a member of the Institute of Chartered Accountants of Ontario. Mr. Galifi brings to the board extensive international financial knowledge, strategic know how and global acquisition experience.					
	Independent Age: 59 Member of the Audit Committee Member of the Human Resources Committee							
<b>Attendance</b>								
Meetings of the Board of Directors				6/6		100%		
Meetings of the Board Committees				10/10		100%		
<b>Securities Held</b>								
<b>As at:</b>	<b>Class A Shares</b>	<b>Class B Shares</b>	<b>Options<sup>(1)</sup></b>	<b>DSUs<sup>(2)</sup></b>	<b>Total Shares &amp; DSUs</b>	<b>Value of Shares &amp; DSUs</b>	<b>Shareholding Target</b>	<b>Multiple of Basic Retainer</b>
March 22, 2019	Nil	2,000	Nil	4,959	6,959	\$368,549	\$390,000	2.83
<b>Net Change in Equity Ownership Since March 16, 2018</b>								
	<b>Class A Shares</b>	<b>Class B Shares</b>		<b>DSUs</b>				
	-	-		Acquired 2,653				





Director since:  
n/a  
Ontario, Canada  
Independent  
Age: 67

**Alan D. Horn** – Mr. Horn's principal occupation is as President and Chief Executive Officer of Rogers Telecommunications Limited. Prior to December 2017, Mr. Horn also served as Chair of Rogers Communications Inc. (a telecommunications company) and interim President and Chief Executive Officer of Rogers Communications Inc. from October 2016 to April 2017. Mr. Horn is also a board member of Fairfax Financial Holdings Limited and Fairfax India Holdings Corporation. He is a chartered accountant, and holds a B.Sc. with first class honours in mathematics from the University of Aberdeen, Scotland. Mr. Horn served as Vice President Finance and Chief Financial Officer of Rogers Communications Inc. from 1996 to 2006 and was President and Chief Operating Officer of Rogers Telecommunications Limited from 1990 to 1996. He brings to the board his strategic, administrative and financial skills in the context of a large, publicly traded company. Mr. Horn returns to the board, having previously served as a director of the Company from May 8, 2008 to May 9, 2017.

**Attendance**

Meetings of the Board of Directors	n/a	n/a
Meetings of the Board Committees	n/a	n/a

**Securities Held**

<i>As at:</i>	<i>Class A Shares</i>	<i>Class B Shares</i>	<i>Options<sup>(1)</sup></i>	<i>DSUs<sup>(3)</sup></i>	<i>Total Shares &amp; DSUs</i>	<i>Value of Shares &amp; DSUs</i>	<i>Shareholding Target</i>	<i>Multiple of Basic Retainer</i>
March 22, 2019	Nil	35,000 <sup>(4)</sup>	Nil	Nil	35,000	\$1,853,600	\$390,000	14.26

**Net Change in Equity Ownership Since March 16, 2018**

<i>Class A Shares</i>	<i>Class B Shares</i>	<i>DSUs</i>
-	-	-



Director since:  
January 1, 2015  
Ontario, Canada  
Independent  
Age: 62  
Lead Director  
Chair of the Nominating  
and Governance  
Committee

**Kathleen L. Keller-Hobson** – Ms. Keller-Hobson’s principal occupation is that of a corporate director. Prior to January 2015, Ms. Keller-Hobson was a business lawyer with 35 years of experience in public and private M&A, corporate finance and corporate governance. She was a senior partner at Gowling Lafleur Henderson LLP and, prior to October 2011, at Bennett Jones LLP, both international law firms. Prior to October 2006, Ms. Keller-Hobson was a senior partner at Torys LLP, also an international law firm, where she practised law for 25 years including nine years as Managing Partner of its London, England office. She advised global businesses and boards of directors on significant transactions, critical business issues and risk management. Ms. Keller-Hobson is also a member of the board of directors of Premium Brands Holdings Corporation (TSX: PBH), which owns a broad range of leading specialty food manufacturing and differentiated food distribution businesses with operations in Canada and the United States, and a member of the board of directors of the Greater Toronto Airports Authority, which operates Toronto Pearson International Airport. She obtained her Bachelor of Laws degree from the University of Ottawa in 1979. Ms. Keller-Hobson brings to the board extensive experience in global mergers and acquisitions, corporate finance, corporate governance and risk management.

**Attendance**

Meetings of the Board of Directors	6/6	100%
Meetings of the Board Committees	4/4	100%

**Securities Held**

<i>As at:</i>	<i>Class A Shares</i>	<i>Class B Shares</i>	<i>Options<sup>(1)</sup></i>	<i>DSUs<sup>(2)</sup></i>	<i>Total Shares &amp; DSUs</i>	<i>Value of Shares &amp; DSUs</i>	<i>Shareholding Target</i>	<i>Multiple of Basic Retainer</i>
March 22, 2019	Nil	3,250	Nil	7,201	10,451	\$553,485	\$390,000	4.26

**Net Change in Equity Ownership Since March 16, 2018**

<i>Class A Shares</i>	<i>Class B Shares</i>	<i>DSUs</i>
-	-	Acquired 662



Director since:  
 May 23, 1991  
 Ontario, Canada  
 Not Independent  
 Age: 64  
 Executive Chairman of  
 the Board  
 Member of the Human  
 Resources Committee

**Donald G. Lang** – Mr. Donald Lang is Executive Chairman of the Company. Prior to May of 2008, Mr. Lang was Vice Chairman and CEO and, prior to May of 2005, President and CEO. He has held positions of progressive responsibility in the Company and its subsidiaries since 1982, including President of the Company's then largest division, CCL Custom Manufacturing, Inc., based in Chicago. Mr. Lang holds a business graduate degree (HBA) from the Ivey Business School of the University of Western Ontario. Mr. Lang is also a member of the board of CCC Group, formerly known as Canada Colors and Chemicals Limited and a member of the boards of a private company and the non-profit organization, Sunnybrook Health Sciences Centre. Mr. Lang brings to the board his intimate knowledge of the Company, including its key people, customers and markets.

**Attendance**

Meetings of the Board of Directors	6/6	100%
Meetings of the Board Committees	6/6	100%

**Securities Held**

<i>As at:</i>	<i>Class A Shares</i>	<i>Class B Shares</i>	<i>Options<sup>(1)</sup></i>	<i>DSUs<sup>(3)</sup></i>	<i>Total Shares &amp; DSUs</i>	<i>Value of Shares &amp; DSUs</i>	<i>Shareholding Target</i>	<i>Multiple of Base Salary</i>
March 22, 2019	5,605,450 <sup>(2)</sup>	9,779,925 <sup>(2)</sup>	346,200	Nil	15,385,375	\$814,809,460	\$4,788,000	1,021.06

**Net Change in Equity Ownership Since March 16, 2018**

<i>Class A Shares</i>	<i>Class B Shares</i>	<i>DSUs</i>
-	-	-



Director since:  
December 19, 2016  
Ontario, Canada  
Not Independent

Age: 34

Member of the  
Environment and  
Health & Safety  
Committee

**Erin M. Lang** – Ms. Lang is currently the Managing Director of LUMAS Canada, a for-profit distributor of limited edition photographic art. Prior to April 2014, she was Major Gifts Officer for the Alzheimer Society Toronto. Ms. Lang has a Master of Science degree in Non-profit Management from the Milano School of Management and Urban Policy and a Bachelor of Science degree in Communications from Boston University. She brings to the board her in-depth knowledge of the Company.

**Attendance**

Meetings of the Board of Directors	6/6	100%
Meetings of the Board Committees	3/3	100%

**Securities Held**

<i>As at:</i>	<i>Class A Shares</i>	<i>Class B Shares</i>	<i>Options<sup>(1)</sup></i>	<i>DSUs<sup>(2)</sup></i>	<i>Total Shares &amp; DSUs</i>	<i>Value of Shares &amp; DSUs</i>	<i>Shareholding Target</i>	<i>Multiple of Basic Retainer</i>
March 22, 2019	Nil	Nil	Nil	4,686	4,686	<b>\$248,171</b>	\$390,000	1.91

**Net Change in Equity Ownership Since March 16, 2018**

<i>Class A Shares</i>	<i>Class B Shares</i>	<i>DSUs</i>
-	-	Acquired 2,425



Director since:  
May 23, 1991  
Ontario, Canada  
Not Independent

Age: 68

Member of the  
Environment and  
Health & Safety  
Committee

**Stuart W. Lang** – The principal occupation of Mr. Stuart Lang is that of a corporate director. Prior to November of 2015, Mr. Lang was Head Football Coach for Guelph University. Prior to his retirement as an officer of the Company on January 31, 2006, Mr. Lang was President of CCL Label International, and was headquartered in England. Mr. Lang has a bachelor's degree in chemical engineering from Queen's University at Kingston, Ontario. Following a very successful early career with the Edmonton Eskimos of the Canadian Football League, Mr. Lang became involved in the Company in 1982, moving through positions of progressive responsibility and gaining depth of industry knowledge. As a result, Mr. Lang brings to the board wide experience in the technology, manufacturing and markets of the label industry as well as a thorough knowledge of the CCL segment of the Company.

**Attendance**

Meetings of the Board of Directors	6/6	100%
Meetings of the Board Committees	2/3	67%

**Securities Held**

<i>As at:</i>	<i>Class A Shares</i>	<i>Class B Shares</i>	<i>Options<sup>(1)</sup></i>	<i>DSUs<sup>(3)</sup></i>	<i>Total Shares &amp; DSUs</i>	<i>Value of Shares &amp; DSUs</i>	<i>Shareholding Target</i>	<i>Multiple of Basic Retainer</i>
March 22, 2019	5,604,700 <sup>(2)</sup>	9,818,050 <sup>(2)</sup>	Nil	31,620	15,454,370	<b>\$818,463,435</b>	\$390,000	6,295.87

**Net Change in Equity Ownership Since March 16, 2018**

<i>Class A Shares</i>	<i>Class B Shares</i>	<i>DSUs</i>
-	-	Acquired 878



Director since:  
 October 27, 2005  
 Massachusetts, U.S.A.  
 Not Independent  
 Age: 64  
 President and CEO

**Geoffrey T. Martin** – Mr. Martin joined the Company as President of the CCL segment in April 2001. In May 2008, he assumed the role of President and CEO of the Company. Educated in the U.K., Mr. Martin is an international business leader with a proven track record in turnarounds, mergers and acquisitions. Mr. Martin has extensive experience building greenfield businesses in both consumer and industrial markets. Prior to joining the Company, he was the Senior Group Vice President, Worldwide Converting Graphic and Specialty Tapes, with Avery Dennison Company. Mr. Martin brings to the board his thorough industry knowledge and his understanding and appreciation of operating issues as well as his first-hand experience in mergers and acquisitions and the integration of newly acquired facilities.

**Attendance**

Meetings of the Board of Directors	6/6	100%
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**Securities Held**

<i>As at:</i>	<i>Class A Shares</i>	<i>Class B Shares</i>	<i>Options<sup>(1)</sup></i>	<i>RSUs</i>	<i>DSUs<sup>(3)</sup></i>	<i>Total Shares, RSUs &amp; DSUs</i>	<i>Value of Shares, RSUs &amp; DSUs</i>	<i>Shareholding Target</i>	<i>Multiple of Base Salary</i>
March 22, 2019	Nil	636,422	642,250	Nil	Nil	636,422	<b>\$33,704,909</b>	\$8,979,204	22.52

**Net Change in Equity Ownership Since March 16, 2018**

<i>Class A Shares</i>	<i>Class B Shares</i>	<i>RSUs</i>	<i>DSUs</i>
-	Acquired 136,422	Disposed 250,000	-





Director since:  
November 9, 2016  
Pennsylvania, U.S.A.  
Independent

Age: 64

Member of the Human  
Resources Committee

Member of the  
Environment and  
Health & Safety  
Committee

**Douglas W. Muzyka** – The principal occupation of Mr. Muzyka is that of a corporate director. Prior to November 2017, Mr. Muzyka was Chief Science and Technology Officer of E.I. DuPont de Nemours, an international manufacturer of chemical products, specialty materials, consumer and industrial products. Previously, Mr. Muzyka was President of DuPont, Greater China and DuPont China Holding Co. Ltd. (2006-2010); Vice President and General Manager of DuPont Nutrition and Health, and President and CEO of E.I. DuPont de Nemours Canada Company (2003-2006); President and General Manager of DuPont Mexico (2001-2003). Since joining the DuPont organization as a research scientist in 1985, Mr. Muzyka held numerous key management roles for DuPont in Hong Kong, the U.S.A., Mexico and Canada. Mr. Muzyka holds bachelor's, master's and doctorate degrees in chemical engineering from the University of Western Ontario. Mr. Muzyka is an ex-officio board member of Chemtrade Logistics Income Fund, a TSX-listed manufacturer and supplier of industrial chemicals and services, and a member of the Governing Council of the Natural Sciences and Engineering Research Council of Canada. To complement his strong operational and administrative skills, Mr. Muzyka also brings to the board considerable experience in new plant start-ups and new venture development in international venues. Mr. Muzyka was previously a director of the Company from June 8, 2006 to May 7, 2015.

**Attendance**

Meetings of the Board of Directors	5/6	83%
Meetings of the Board Committees	9/9	100%

**Securities Held**

<i>As at:</i>	<i>Class A Shares</i>	<i>Class B Shares</i>	<i>Options<sup>(1)</sup></i>	<i>DSUs<sup>(2)</sup></i>	<i>Total Shares &amp; DSUs</i>	<i>Value of Shares &amp; DSUs</i>	<i>Shareholding Target</i>	<i>Multiple of Basic Retainer</i>
March 22, 2019	Nil	Nil	Nil	6,492	6,492	<b>\$343,816</b>	\$523,029	1.97

**Net Change in Equity Ownership Since March 16, 2018**

<i>Class A Shares</i>	<i>Class B Shares</i>	<i>DSUs</i>
-	-	Acquired 3,162



Director since:  
June 4, 2003  
Ontario, Canada  
Independent

Age: 71

Chair of the Audit  
Committee

Member of the  
Nominating and  
Governance Committee

**Thomas C. Peddie** – Mr. Peddie's principal occupation is that of a corporate director. Prior to September 1, 2016, Mr. Peddie was Executive Vice President and CFO of Corus Entertainment Inc., a publicly traded media company listed on the TSX. Mr. Peddie has been President of WIC Western International Communication; acting President, CFO, and Senior Vice President, Operations, of CTV Television Network; and CFO of The Toronto Sun Publishing Company, Canada Packers, and for the international operations of Campbell Soup in Camden, New Jersey. Mr. Peddie is a chartered accountant and was awarded his FCA designation by the Institute of Chartered Accountants of Ontario in September 2003. He holds an honours Bachelor of Commerce degree from the University of Windsor. Along with his knowledge in matters of finance both domestic and international, Mr. Peddie has experience concerning the financial reporting and control requirements of the TSX, the Province of Ontario, the New York Stock Exchange and the U.S. Securities Exchange Commission.

**Attendance**

Meetings of the Board of Directors	6/6	100%
Meetings of the Board Committees	8/8	100%

**Securities Held**

<i>As at:</i>	<i>Class A Shares</i>	<i>Class B Shares</i>	<i>Options<sup>(1)</sup></i>	<i>DSUs<sup>(3)</sup></i>	<i>Total Shares &amp; DSUs</i>	<i>Value of Shares &amp; DSUs</i>	<i>Shareholding Target</i>	<i>Multiple of Basic Retainer</i>
March 22, 2019	Nil	10,000	Nil	157,940	167,940	<b>\$8,894,102</b>	\$390,000	68.42

**Net Change in Equity Ownership Since March 16, 2018**

<i>Class A Shares</i>	<i>Class B Shares</i>	<i>DSUs</i>
-	-	Acquired 1,994



Director since:  
June 24, 2014  
Ontario, Canada  
Independent  
Age: 57  
Member of the Audit  
Committee  
Chair of Environment  
and Health & Safety  
Committee

**Mandy J. Shapansky** – Ms. Shapansky’s principal occupation is that of a corporate director. Prior to January 1, 2015, Ms. Shapansky was President and Chief Executive Officer of Xerox Canada, a document management company. In her previous role, Ms. Shapansky had responsibility for all Canadian operations including human resources, finance, customer service, marketing and sales. Ms. Shapansky holds an Honours BA in Economics from the University of Waterloo and is a CPA. Together with her principal skills as a former CEO, Ms. Shapansky brings to the board her experience in matters of accounting, her facility with human resources issues and her understanding of concerns in both business to business and business to consumer/retail commerce.

<b>Attendance</b>								
Meetings of the Board of Directors						6/6	100%	
Meetings of the Board Committees						7/7	100%	
<b>Securities Held</b>								
<i>As at:</i>	<i>Class A Shares</i>	<i>Class B Shares</i>	<i>Options<sup>(1)</sup></i>	<i>DSUs<sup>(2)</sup></i>	<i>Total Shares &amp; DSUs</i>	<i>Value of Shares &amp; DSUs</i>	<i>Shareholding Target</i>	<i>Multiple of Basic Retainer</i>
March 22, 2019	Nil	Nil	Nil	9,252	9,252	<b>\$489,986</b>	\$390,000	3.77
<b>Net Change in Equity Ownership Since March 16, 2018</b>								
	<i>Class A Shares</i>	<i>Class B Shares</i>	<i>DSUs</i>					
	-	-	Acquired 680					

**NOTES:**

- (1) Values set forth below the heading “Options” constitute vested and unvested options to purchase Class B non-voting shares held by the director. Directors do not participate in the Company’s Employee Share Option Plan in their capacity as directors. Options held by Mr. Donald Lang and Mr. Geoffrey Martin were received by them only in their capacity as corporate officers and employees, and not in their capacity as directors.
- (2) The shareholdings shown in the table represent the personal shareholdings of Mr. Donald G. Lang and Mr. Stuart W. Lang and one half of the shares of 1281228 Ontario Inc., a private Ontario corporation. 1281228 Ontario Inc. exercises control or direction over 11,209,400 Class A voting shares and 19,400,000 Class B non-voting shares of the Company.
- (3) “DSUs” are ‘deferred share units’ described under the heading ‘Deferred Share Unit Plan,’ on page 41 below.
- (4) Mr. Horn is one of the trustees of an estate that controls ATL, Inc., a private holding company that holds 10,000 Class A voting shares and 200,000 Class B non-voting shares of the Company.

**APPOINTMENT AND REMUNERATION OF AUDITOR**

Unless authority to vote is withheld, persons named in the accompanying form of proxy intend to vote for the reappointment of KPMG LLP, Chartered Accountants, of Toronto, Ontario, as the auditor of the Company to hold such appointment until the next annual meeting of shareholders, and to authorize the directors of the Company to fix the remuneration of the auditor. KPMG LLP has been the auditor of the Company for more than five years.

## CALCULATION OF FOREIGN EXCHANGE AND OTHER VALUES

Values related to compensation and benefits of directors and officers and other matters are presented in this document in Canadian dollars. Where any such value was originally calculated in United States dollars, such values have been converted into Canadian dollars based on the Bank of Canada average year-to-date exchange rate as of December 31, 2018, of US\$1.00=C\$1.2957 for the 2018 fiscal year, December 31, 2017, of US\$1.00=C\$1.2982 for the 2017 fiscal year, and as of December 31, 2016, of US\$1.00=C\$1.3248 for the 2016 fiscal year. Where any such value was originally calculated in euros, such values have been converted into Canadian dollars based on the Bank of Canada average year-to-date exchange rate as of December 31, 2018, of €1.00=C\$1.5302 for the 2018 fiscal year, as of December 31, 2017, of €1.00=C\$1.4652 for the 2017 fiscal year, and as of December 31, 2016, of €1.00=C\$1.4660 for the 2016 fiscal year. Where any such value was originally calculated in Swiss francs, such values have been converted into Canadian dollars based on the Bank of Canada average year-to-date exchange rate as of December 31, 2018, of CHF1.00=C\$1.3246 for the 2018 fiscal year. Where a value is stated to be given as of March 22, 2019, the March 22, 2019 Bank of Canada conversion rate of US\$1.00=C\$1.3411 is applied. For purposes of the various calculations in this document, the closing price of the Class B non-voting shares on the Toronto Stock Exchange was \$50.06 on December 31, 2018, and \$52.96 on March 22, 2019.

## USE OF NON-IFRS MEASURES

The Company utilizes non-IFRS measures to set targets for its short-term and long-term incentive plans. These measures do not have standardized meanings under IFRS and are not necessarily comparable to similarly named measures used by other companies. These measures, and reconciliations to the most directly comparable measures calculated in accordance with IFRS, are described in detail in section 5 of the Company's Management's Discussion and Analysis; however, in setting compensation targets, the Company excludes the effect of foreign exchange. This additional adjustment is made so that bonus payments to executives will be based on performance and will not increase or decrease due to foreign currency translation. The non-IFRS measures used in the Company's incentive plans are as follows.

**Adjusted Basic Earnings per Class B non-voting Share** is utilized as a measure in the Company's annual incentive plan to consider the ongoing earnings performance excluding items of a one-time or non-recurring nature and is defined as basic net earnings per Class B non-voting share excluding gains on dispositions, goodwill impairment loss, non-cash acquisition accounting adjustments, restructuring and other items and tax adjustments. For incentive plan purposes, adjusted basic earnings per Class B non-voting share is then adjusted to exclude foreign currency translation ("adjusted earnings per share"). Any adjustments to the earnings per share calculation for incentive purposes are reviewed in detail by the Audit Committee and recommended to the HR Committee.

**Operating Income** is utilized as a measure in the Company's annual incentive plan for operational executives as an indicator of the profitability of the Company's business units and their actual performance and is defined as income before corporate expenses, net finance costs, goodwill impairment loss, earnings in equity accounted investments, restructuring and other items and tax. Operating income as defined above is also used in the Company's Long-Term Incentive Plan, or "LTIP" (described under the heading "Long-Term Incentive Plan," below). The operating income improvement target established for the LTIP is cumulative over the three-year LTIP period and is adjusted to exclude the effect of foreign currency translation ("cumulative operating income").

## NAMED EXECUTIVE OFFICERS

Throughout the report on executive compensation contained in this document, reference is made to the "NEOs," or "named executive officers" of the Company. These persons were, at December 31, 2018,

the President and Chief Executive Officer (“CEO”), the Senior Vice President and Chief Financial Officer (“CFO”), and the four other most highly compensated executive officers of the Company, being the Senior Vice President, Finance-IT-Human Resources; the President, Home & Personal Care Worldwide; the President, Food & Beverage, Healthcare & Specialty and Innovia Films Worldwide and the President, Checkpoint Worldwide. Compensation and benefits of NEOs are paid in the currency of the country in which they are resident. In the case of Mr. Birkner, his compensation is approved by the Human Resources Committee in euros and paid in Swiss francs. For purposes of the tables and narratives throughout this document, such values that have been paid in US dollars and Swiss francs have been converted into Canadian dollars at the rates indicated above under the heading “Calculation of Foreign Exchange and Other Values.”

## **COMPENSATION DISCUSSION AND ANALYSIS**

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

The HR Committee is comprised of three independent directors and one non-independent director who have the knowledge and experience to fulfill the HR Committee’s mandate. They are Mr. Edward Guillet (Chair), Mr. Vincent Galifi, Mr. Donald Lang and Mr. Douglas Muzyka. Other than Mr. Lang, each of the members of the HR Committee is independent. Mr. Guillet, former Senior Vice President, Human Resources, of Procter and Gamble-Gillette Global Business Unit, brings significant knowledge and practical experience in all aspects of human resources to the HR Committee. Mr. Galifi, Mr. Lang and Mr. Muzyka currently hold or have held senior executive positions with multinational experience and are well versed in issues relating to human resources management and compensation. Mr. Guillet is retiring as a director effective the date of the Meeting.

The HR Committee establishes executive compensation policies, monitors their implementation and oversees the Option Plan (as defined and described under the heading “Employee Stock Option Plan,” below), the 2016-2018 LTIP (as defined and described below under the heading “2016-2018 LTIP”), the 2017-2025 LTRP (as defined and described below under the heading “2017-2025 LTRP”) and the pension plans of the Company. In addition, the HR Committee is charged with monitoring the Company’s talent management and succession planning, and recommends the appointment of the Company’s officers and the terms and conditions of their appointment or termination. In setting policy, the HR Committee takes into account the advice of independent consultants, makes reference to market and survey data, considers input from senior management and aligns compensation programs with the operating philosophy and strategic initiatives of the Company. While the HR Committee may rely on external information and advice, all decisions with respect to executive compensation are made in the sole judgment of the Committee and the board of directors and may reflect other factors and considerations.

Please refer to the section entitled “Charter of the Human Resources Committee” under the heading “Statement of Corporate Governance Practices” below for additional disclosure regarding the HR Committee’s mandate and the use of independent compensation consultants.

### **Compensation Decision Making**

Each year, the HR Committee reviews the compensation of the CEO and other officers of the Company relative to performance and market factors. The compensation of the Executive Chairman is reviewed by the Nominating and Governance Committee. Executive compensation programs are reviewed considering external competitiveness and internal equity. The Company’s policy is to use the market median with the potential of top quartile total compensation for superior performance of both the Company and the individual executive. The HR Committee utilizes information provided by independent consultants and management to review external competitiveness, which is further

described under the title “Benchmarking Compensation,” below. Recommendations to the board concerning the compensation of the Executive Chairman are brought forward by the Nominating and Governance Committee. The HR Committee makes recommendations to the board of directors for the approval of the compensation of the CEO, and approves the compensation levels of other officers of the Company. Approval of incentive plan payments is included in the above process. The annual incentive plan is structured with clearly defined guidelines and performance targets such that limited discretion is required by the HR Committee or the Nominating and Governance Committee, as applicable, and the board of directors to determine payouts, as described under the heading “Annual Incentive Plans,” below.

## **Human Resources Committee and Compensation Advisors**

### *Executive Compensation-related Fees*

In 2017, the HR Committee retained the services of Willis Towers Watson to provide advice on the competitiveness of compensation levels and programs for the CEO. In 2018, the HR Committee commissioned Willis Towers Watson to conduct a review of the Company’s Long-Term Incentive Plans and provide an update on compensation and market trends. Fees paid to Willis Towers Watson for executive compensation matters were \$58,162 in 2017 and \$35,473 in 2018.

### *All Other Related Fees*

The Company uses Willis Towers Watson for consulting, administration, accounting and disclosure of its Canadian executive pension plan. Fees paid to Willis Towers Watson for pension consulting and administration were \$36,512 in 2017 and \$49,259 in 2018. Services provided by Willis Towers Watson that are not related to executive compensation do not require pre-approval by the HR Committee.

## **Compensation Risk Management**

The HR Committee oversees risk management as an integral part of its role to review and approve executive compensation. The HR Committee reviews annually the Company’s executive compensation programs to identify potential risks that may be associated with these plans and practices. Upon completing this review in 2018, the HR Committee concluded that the Company’s current compensation programs do not encourage undue risk-taking. This conclusion was drawn after consideration of the Company’s executive compensation philosophy, the mix and balance of compensation plans and their associated metrics and governance. The following summarizes the risk-mitigating features of the compensation program:

- There is an appropriate balance between fixed and variable executive compensation as well as short-term and long-term incentives discouraging the attainment of short-term goals at the expense of longer term strategic initiatives.
- Consistent, auditable performance metrics exist within the Company requiring operating income improvement and growth in adjusted basic earnings per share, both of which are inclusive of a number of key performance metrics and are aligned with shareholder value.
- Incentive plans and metrics are reviewed annually to ensure continued alignment with business strategy and the Company’s shareholders.
- Regular tracking and reporting is provided to the HR Committee regarding the potential payout of incentives, which enables the monitoring of the associated performance and the identification of possible risks.



- Payments of incentive plans are capped and may be zero, if minimum performance thresholds are not achieved.
- Equity awards are vested over a period of time and not on the date of the grant.
- The Company has established share ownership requirements for key executives, NEOs and members of the board of directors that provide the same exposure to the risks and rewards of share ownership as that of the Company's other shareholders.
- The Company has established a Recoupment (Claw Back) Policy for the short and long-term incentive compensation of the CEO and participants in the 2017-2025 LTRP in the event of any material financial restatement due to negligence, misconduct or fraud.
- A policy is in place that prohibits directors and executives from purchasing financial instruments that are designed to hedge or offset a decrease in the market value of equity securities granted as compensation or held directly or indirectly by the directors and executives.
- The Company has well-established policies and procedures that specify predetermined limits to the authority of individual executives and managers to make financial and operational decisions, which contribute to the mitigation of undue risk-taking by any one individual. These policies are included in ongoing audits to ensure compliance.
- The HR Committee retains independent compensation advisors to provide advice regarding the competitiveness of the Company's executive compensation programs and best practices and trends in compensation design within the marketplace when required.
- The board of directors retains discretion to reduce or increase incentive targets and awards, except for those associated with the Company's Option Plan, in the event the plans trigger an inappropriate result.

### **Recoupment Policy (Claw Back)**

The Company has adopted a Recoupment Policy, which applies to the CEO and to those other NEOs who are participants in the 2017-2025 LTRP. Under such policy, the board of directors has the discretion to cancel, withhold or claw back the bonus, LTIP awards (including Stock Options), or other incentive compensation awarded or paid to such persons during a two-year period preceding the filing or public disclosure of a material financial restatement, where the financial restatement has resulted from or been contributed to by the negligence, willful misconduct or fraud of such person. Any claw back would be on the relevant amount net of any tax consequences to such person.

### **Succession Planning**

The Company has a formal succession planning process for the CEO and other senior executives that is monitored by the HR Committee. Each year, the HR Committee reviews the availability and development of leadership candidates for the roles of the CEO and other senior executives. The HR Committee discusses any gaps in the succession plan and the progress made since the prior review. The board of directors is responsible for approving the succession plan for the CEO.

### **Compensation Philosophy and Program Objectives**

The Company has an entrepreneurial culture and a decentralized operating style, which are considered in determining the Company's executive compensation programs. These programs are

developed to encourage superior performance, attract and retain talented executives and align the executives' interests with those of the Company's shareholders. The main objectives of the Company's executive compensation program are:

- to provide executives with a competitive balanced portfolio of compensation that is consistent with the Company's decentralized operating model and objectives;
- to drive high performance and focus executives on the areas for which they are accountable;
- to motivate executives to achieve individual and overall Company success and improvement in shareholder value; and
- to attract individuals who have the skills and leadership to drive the Company's growth and success and retain the Company's existing talent.

### **Benchmarking Compensation**

To assist the Company in meeting its objective of providing competitive compensation to its executives, the Company regularly benchmarks its compensation plans against market data obtained from proxy circulars of select publicly traded companies. Survey and proxy information relating to compensation for executives in Canada and the United States is provided through consulting firms designated or approved by the HR Committee.

It is the Company's policy to position compensation at the median of the market with the potential for top quartile total compensation based on superior performance of the executive and the Company. As a policy, compensation is typically benchmarked against market data from the region or country in which the executive resides and/or works. For purposes of conducting its review of executive compensation, the HR Committee approves a select sample of U.S. publicly traded organizations (the "Proxy Reference Group"). The Proxy Reference Group selected by the HR Committee for the U.S. is identified in the chart below. These companies were selected because they are generally in a comparable industry, the specialty packaging sector, and their revenues and/or market capitalization is in the same range as the Company. Since there is no appropriate industry comparable in Canada, the Company utilized survey data from Willis Towers Watson, which included data from sixty-nine Canadian publicly-traded general industry companies (excluding financial services organizations).

In 2017, the HR Committee retained Willis Towers Watson to benchmark compensation levels for the role of the President and CEO. This information was considered by the HR Committee in determining 2018 compensation. The composition of the Proxy Reference Group utilized to determine the competitiveness of the Company's executive compensation is reviewed regularly by the HR Committee for its ongoing relevance to the Company's business and benchmarking practice. The Proxy Reference Group is utilized to gather competitive information to benchmark compensation only and is not used to benchmark Company performance.

<b>Proxy Reference Group for Compensation</b>			
<b>Company</b>	<b>Industry</b>	<b>Revenues (US\$)</b>	<b>Market Capitalization (US\$)</b>
AptarGroup, Inc.	Specialty Packaging	2.6 billion	5.9 billion
Avery Dennison Corporation	Labeling & Packaging Materials	7.1 billion	7.8 billion
Bemis Company, Inc.	Flexible Packaging	4.1 billion	4.2 billion
Berry Global Group, Inc.	Plastic Packaging	7.9 billion	6.2 billion
Crown Holdings, Inc.	Metal and Glass Containers	10.6 billion	5.6 billion
Graphic Packaging Holding Company	Consumer Packaging	5.6 billion	3.3 billion
Packaging Corporation of America	Containerboard Packaging and Paper	7.0 billion	7.8 billion
Sealed Air Corporation	Paper Packaging	4.7 billion	5.5 billion
Silgan Holdings Inc.	Specialty Packaging	4.4 billion	2.6 billion
Sonoco Products Co.	Consumer Packaging	5.3 billion	5.3 billion
Zebra Technologies Corporation	Printing and Locator Technology	4.1 billion	8.6 billion

KapStone Paper and Packaging Corporation was removed from the Proxy Reference Group as it is no longer publicly traded.

### **Compensation Elements**

The Company's executive compensation program is comprised of both fixed and variable components. The variable components are designed to incentivize and reward performance and include both non-equity and equity incentive plans. The three basic elements of the executive compensation program are base salary, annual cash incentive plans and long-term incentive plans, which may utilize equity and cash. The Company also provides other elements of compensation consisting of benefits, perquisites and retirement plans. NEOs' at-risk pay ranges from approximately 70% to 83% of total direct compensation.

### **Base Salaries**

Base salaries compensate executives for the role they perform for the Company. Salaries are determined using comparative data as described above and considering individual circumstances that may include the scope of the position and the executive's qualifications, level of experience and

performance. Salary adjustments require approval by two levels of the organization. The HR Committee considers and, if appropriate, approves adjustments to base salaries on an annual basis for officers of the Company and recommends the base salary of the CEO to the board of directors for approval. Base salary and salary adjustments for the Executive Chairman are recommended to the board by the Nominating and Governance Committee. Salaries of officers of the Company who reside and work in the United States are set based on compensation data from that geographic market as noted above. Officers resident outside North America and operating on a worldwide basis are compensated on a parity basis with such officers resident in North America. The Nominating and Governance Committee and HR Committee also consider the financial performance of the Company as well as the individual performance of the executive when approving salaries for officers and in their recommendation to the board of directors in regard to salary adjustments for the Executive Chairman and for the CEO, respectively. Salary adjustments are typically implemented effective March 1st.

### **Annual Incentive Plans**

The Company's annual Senior Management Incentive Plans, referred to as "SMIPs," are designed to encourage and recognize annual financial and operational performance. Each year, performance targets for the Company and its business units are established for the purpose of evaluating performance and determining payouts under the SMIP. Target cash bonus awards are established based on a predefined percentage of salary and ranged from 60% to 115% of base salary for NEOs in 2018. Actual awards can range from zero to up to a maximum of two times the target award. The performance measures and associated payout opportunities are dependent upon participation in the SMIP as a corporate executive or an operational executive. Corporate executives generally have responsibilities that span the overall Company. Operational executives are responsible for specific areas of operations, which may be based on geographic regions, product type or market sector.

### **Corporate Executives**

Annual bonuses are paid to the CEO, the CFO, the Senior Vice President Finance-IT-Human Resources and other senior officers, based on the growth in adjusted earnings per share (as defined under the heading "Use of Non-IFRS Measures," above) over the prior year.

Target bonus is paid if 5% growth in adjusted earnings per share ("EPS") over the prior year is achieved and increases up to a maximum of two times target bonus if adjusted EPS reaches or exceeds 120% of prior year. Bonuses are payable at 50% of target bonus if adjusted EPS remains at 100% of prior year and no bonus is payable if less than 90% of the prior year's adjusted EPS is achieved. Adjusted EPS is utilized as the sole measure of the SMIP because it encompasses many critical measures within the business and aligns with value creation for shareholders. Each year, the HR Committee and the board of directors review and approve the basis and targets for the SMIP. In the event that improvement in adjusted EPS is not achieved, the HR Committee and the board of directors have discretion to recommend and approve payment, on a selective basis, of below-target bonuses based on the achievement of other key objectives designed to enhance the Company's growth prospects for the future. The HR Committee may also recommend a reduced payout in the event the plan triggers an inappropriate result.

In 2018, adjusted EPS improved by 1% over 2017 adjusted EPS resulting in bonus payments of 60% of target bonus. Bonus payments for 2018 were based solely on the achievement of the adjusted EPS growth in accordance with SMIP criteria and are generally not adjusted to reflect individual performance criteria.

### **Operational Executives**

The 2018 SMIP established for operational executives was based on the achievement of budgeted operating income and sales growth for the segments of the business for which the executives are

responsible. The President, Home & Personal Care Worldwide, the President, Food & Beverage, Healthcare & Specialty and Innovia Films Worldwide and the President, Checkpoint Worldwide participate in this plan and received bonuses based on the budgeted performance of their respective business sectors. In 2018, target bonus for all of these presidents was 70% of base salary if 100% of operational budget was achieved with a maximum of 200% of target bonus if 120% of operational budget was achieved. Actual performance of the Home & Personal Care sector exceeded target by 18.7% resulting in a bonus payment to the President of Home & Personal Care Worldwide of 193.5% of target bonus. The President, Food & Beverage, Healthcare & Specialty and Innovia Films Worldwide was paid 93% of target bonus based on this sector not meeting the target by 1.4%. The Checkpoint segment exceeded target by 16.8%, resulting in a bonus payment to the President, Checkpoint Worldwide of 184% of target bonus.

### **Long-Term Incentive Plans**

The Company utilizes Long-Term Incentive Plans (“LTIPs”) in order to:

- focus management on the development and implementation of longer term strategic and growth initiatives of the Company;
- attract and retain key executives; and
- align the interests of the Company’s executives with those of its shareholders.

All LTIP awards are granted at the discretion of the board of directors based on the position and impact of the executive on the Company’s performance. The long-term incentive program is approved by the board of directors based on the recommendation of the HR Committee after review of the recommendation of the Executive Chairman and the President and CEO. The LTIP grant for the President and CEO is recommended by the HR Committee and approved by the board of directors. The grant levels for other participants are recommended by the President and CEO and approved by the HR Committee.

LTIP awards may consist of cash and/or Restricted Share Units (“RSUs”), which are awarded under the Restricted Share Unit Plan (the “RSU Plan”) or stock options granted under the Option Plan. The combination of these vehicles varies by plan participant. The Company utilizes both equity and cash awards because it aligns value creation with the interests of the shareholders and provides tax effectiveness for plan participants.

### **2016-2018 LTIP**

In 2016, the board of directors approved an LTIP for the years 2016 through 2018 (the “2016-2018 LTIP”). This plan utilizes a combination of cash and RSUs. Awards under the 2016-2018 LTIP were granted in 2016, the first year of the three-year LTIP period, and are generally paid out at the end of the LTIP period based on the achievement of the performance described below, which were established and approved by the HR Committee and the board of directors. In February 2019, the HR committee and the board of directors approved payment of the LTIP at the maximum level based on the Company exceeding the performance criteria described below.

Neither awards nor payments are made under the Cash LTIP or RSU LTIP (as described below) on an annual basis, and the plans are sequential and do not overlap from year to year. Elements of these plans are described below.

## **Cash LTIP**

Target awards under the cash portion of the LTIP (the “Cash LTIP”) are established based on the executive’s scope of responsibility and impact on Company performance. Payment of the Cash LTIP is based on the achievement of performance targets for the applicable LTIP period. Performance targets were established based on the Company’s overall cumulative operating income improvement (referred to in this document as “performance criteria”) and were approved by the board of directors.

In the case of the 2016-2018 Cash LTIP, the target performance criteria are \$649.2 million of cumulative operating income improvement adjusted for foreign exchange. The achievement of only 90% of the performance criteria would result in payment of only 50% of the payment target. No payout would be made for achievement of less than 90% of performance criteria. The 2016-2018 LTIP includes additional cash bonus payments for above 100% performance limited to a \$6.4 million (US\$4.8 million) maximum pool payout to the participants. The performance criterion of cumulative operating income was selected to focus executives on longer term operational improvement and was inclusive of other key performance metrics. The LTIP performance criteria are cumulative over the LTIP period, and the bonus is not earned on a yearly basis. Participants have to be employed on March 1 of the year following the end of the LTIP period to be eligible for any payment made under the Cash LTIP.

The President and CEO receives all LTIP awards in equity only and does not participate in the Cash LTIP.

In February 2019, the HR Committee and the board of directors approved payment of the Cash LTIP based on the Company exceeding the target of \$649.2 million of cumulative operating income by approximately \$164.2 million. Payments for NEOs participating in the Cash LTIP are reported on the Summary Compensation Table.

## **Restricted Share Unit Plan**

RSUs are awarded to eligible LTIP participants at the beginning of the three-year LTIP period and cliff vest upon the meeting of the required criteria. RSUs awarded under the 2016-2018 LTIP vested as the Company achieved its operating income targets, as described above in respect of the 2016-2018 Cash LTIP. RSUs are not granted on an annual basis. Class B non-voting shares are purchased on the open market and are held in a Rabbi trust until the RSU Plan criteria for payout of RSUs are met and approved by the board of directors. Payout of the RSU Plan is made to eligible participants in shares held by the Rabbi trust. Dividends paid on shares held by the Rabbi trust under the RSU Plan are reinvested in Class B non-voting shares, which vest on the same basis as the original awards.

Grant amounts are established based on the executive’s scope of responsibility and impact on the organization. RSUs under the 2016-2018 LTIP were awarded to Mr. Martin, Mr. Washchuk, Ms. Vaidyanathan, Mr. Rubino and Mr. Birkner on May 5, 2016, the date of the approval of the allocation and grant under the 2016-2018 RSU LTIP. RSUs were awarded to Mr. Dargan on February 23, 2017, following the commencement of his employment with the Company on January 1, 2017. On May 5, 2016, and February 23, 2017, the Class B non-voting shares were valued on the Toronto Stock Exchange (“TSX”) at \$46.60 and \$58.15 per share, respectively.

The Company uses the market value of the share price at the time of grant to calculate the value of compensation associated with the RSUs and to account for the expense with consideration for the accretion of shares due to dividend reinvestment. The value of RSUs issued under the 2016-2018 LTIP has been disclosed in the Summary Compensation Table as 2016 compensation, except those issued to Mr. Dargan, which are disclosed as 2017 compensation. However, the value of this plan is expensed by the Company over its three-year term.



Participants in these plans include a number of executives including the NEOs with the exception of the Executive Chairman.

### **Employee Stock Option Plan**

The Option Plan was established to focus executive attention on the long-term interests of the Company and growth in shareholder value. Pursuant to the Option Plan, the board of directors is authorized, at its discretion, to issue options to employees and officers of the Company to acquire Class B non-voting shares of the Company in accordance with the Option Plan and the rules of the TSX. The stock options are granted at the closing price on the TSX of Class B non-voting shares on the day prior to the effective date of the grant. The board of directors has the discretion to vary the vesting provisions of grants issued under the Option Plan. When option grants are issued under the LTIP program to achieve specific LTIP objectives, the vesting terms may be set to resemble those attaching to other LTIP performance criteria.

Stock option grants are considered on an annual basis as part of the compensation review for executive officers as recommended by the Executive Chairman and by the CEO, and approved by the board of directors on recommendation from the HR Committee. Options granted to the Executive Chairman are recommended by the Nominating and Governance Committee, and option grants to the CEO are recommended by the HR Committee and both are approved by the board of directors. Option grant levels are determined based on the scope of the executive's position and impact of the executive on the Company's performance. Consideration may also be given to whether the grant is part of the LTIP or a one-time event such as an inducement to employment.

Options granted to NEOs in 2018 were for a term of five years and vest in four equal annual installments commencing one year after the date of issue. Options were granted on March 13, 2018, with an exercise price of \$66.87, being the closing price on the TSX of Class B non-voting shares on March 12, 2018. The said options will expire on March 12, 2023.

The Company uses the Black Scholes model to calculate the value of the options for compensation purposes and in accounting for their expense. In 2018, options to purchase 790,000 Class B non-voting shares were granted under the Option Plan, representing 0.5% of the outstanding Class B non-voting shares as at the end of 2018.

Details of all share-based and option-based awards to NEOs outstanding at the end of the most recently completed financial year are set forth in the table entitled "Outstanding Share-Based Awards and Option-Based Awards as of December 31, 2018" in the section entitled "Incentive Plan Awards" below. Additional details regarding the terms of the Option Plan, including the annual "burn rate" under the Option Plan for the three prior years, are described under the heading "Employee Stock Option Plan" in the section titled "Securities Authorized for Issuance under Equity Compensation Plans."

### **2017-2025 LTRP**

In August 2017, the 2017-2025 LTRP was established as a one-time long-term retention incentive to four NEOs, being Guenther Birkner (President, Food & Beverage, Healthcare & Specialty and Innovia Films Worldwide), Ben Rubino (President, Home & Personal Care Worldwide), Sean Washchuk (Senior Vice President and Chief Financial Officer) and Lalitha Vaidyanathan (Senior Vice President, Finance-IT-Human Resources). The objective of the 2017-2025 LTRP is to motivate and retain each of the participants during the period from September 1, 2017, being the date of grant of the RSUs until September 1, 2025, being the final vesting date of the RSUs (the "LTRP Period"). The RSUs vest 25% each on September 1<sup>st</sup>, 2022, September 1<sup>st</sup>, 2023, September 1<sup>st</sup>, 2024 and September 1<sup>st</sup>, 2025. RSUs are a bookkeeping entry, with each RSU having the same value as one Class B non-voting

share of the Company. Each vested RSU will be satisfied by the issuance from treasury of one Class B non-voting share of the Company.

### **Executive Share Ownership Requirements**

As of January 1, 2016, the share ownership requirement for the CEO was increased from a number of shares having a market value equal to three times his annual base salary to a number of shares having a market value equal to six times his annual base salary. In 2017, and as part of the 2017-2025 LTRP, the board of directors increased the share ownership requirements of participants in the 2017-2025 LTRP, to require them to own a minimum of shares equal in value to three times their annual base salary through the LTRP Period. All participants of the 2017-2025 LTRP currently meet their shareholding requirement.

### **Compensation of the President and Chief Executive Officer**

The HR Committee reviews the compensation of the President and CEO relative to performance and market factors and recommends an adjustment to the board of directors. For the year ending December 31, 2018, Mr. Martin's compensation consisted of a base salary of \$1,496,534 (US\$1,155,000) and awards under the Company's annual SMIP and Option Plan. To assist in determining Mr. Martin's salary, the HR Committee considered his performance in achieving key goals, including earnings per share growth and cash flow, as well as other objectives with more subjective measures such as strategy execution and corporate and organizational development. Mr. Martin received a salary increase from \$1,428,020 (US\$1,100,000) to \$1,496,534 (US\$1,155,000) as of March 1, 2018. The HR Committee determined that Mr. Martin met or exceeded all objectives and considered the performance of the Company as well as competitive market information supplied by Willis Towers Watson and recommended the above adjustment to Mr. Martin's salary to the board of directors for approval.

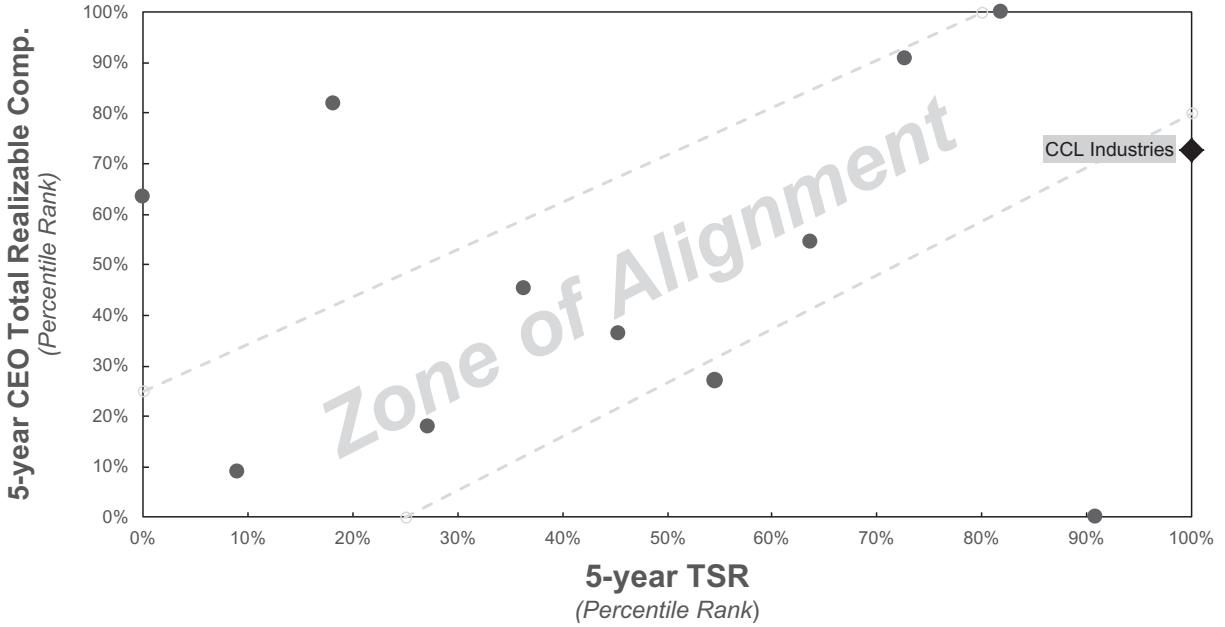
Mr. Martin participates in the annual SMIP at a target bonus for 2018 of 115% of base salary. Based on adjusted EPS growth in 2018 exceeding adjusted EPS achieved in 2017 by 1%, a bonus of 60% of target bonus, equaling \$1,032,608 (US\$796,950) was paid to Mr. Martin.

In March 2018, Mr. Martin was granted an option to purchase 140,000 Class B non-voting shares exercisable at the market price of \$66.87, as part of the LTIP described above under "Employee Stock Option Plan." Options granted to Mr. Martin in 2018 were in accordance with the Option Plan and have a term of five years. They vest in four equal installments each year commencing one year after being issued and expire March 12, 2023. The option grant for Mr. Martin was recommended by the HR Committee considering Mr. Martin's contribution to the business performance and market information pertaining to long-term incentive plans provided by Willis Towers Watson and was approved by the board of directors. Mr. Martin exercised 231,250 options to purchase Class B non-voting shares in 2018, realizing \$9,628,546.00.

Mr. Martin's LTIP is comprised of option grants described above and grants under the RSU Plan. In 2016, the board of directors approved the 2016-2018 LTIP in which performance criteria must be achieved for the vesting of awards under the 2016-2018 LTIP. In March 2019, Mr. Martin received 257,400 RSUs, due to the Company achieving cumulative operating income targets approved by the board of directors and described above under the heading "Cash LTIP" with respect to the 2016-2018 Cash LTIP. The above RSUs include dividend reinvestment over the LTIP period and are valued at \$53.98 per share.

### CEO Pay-For-Performance

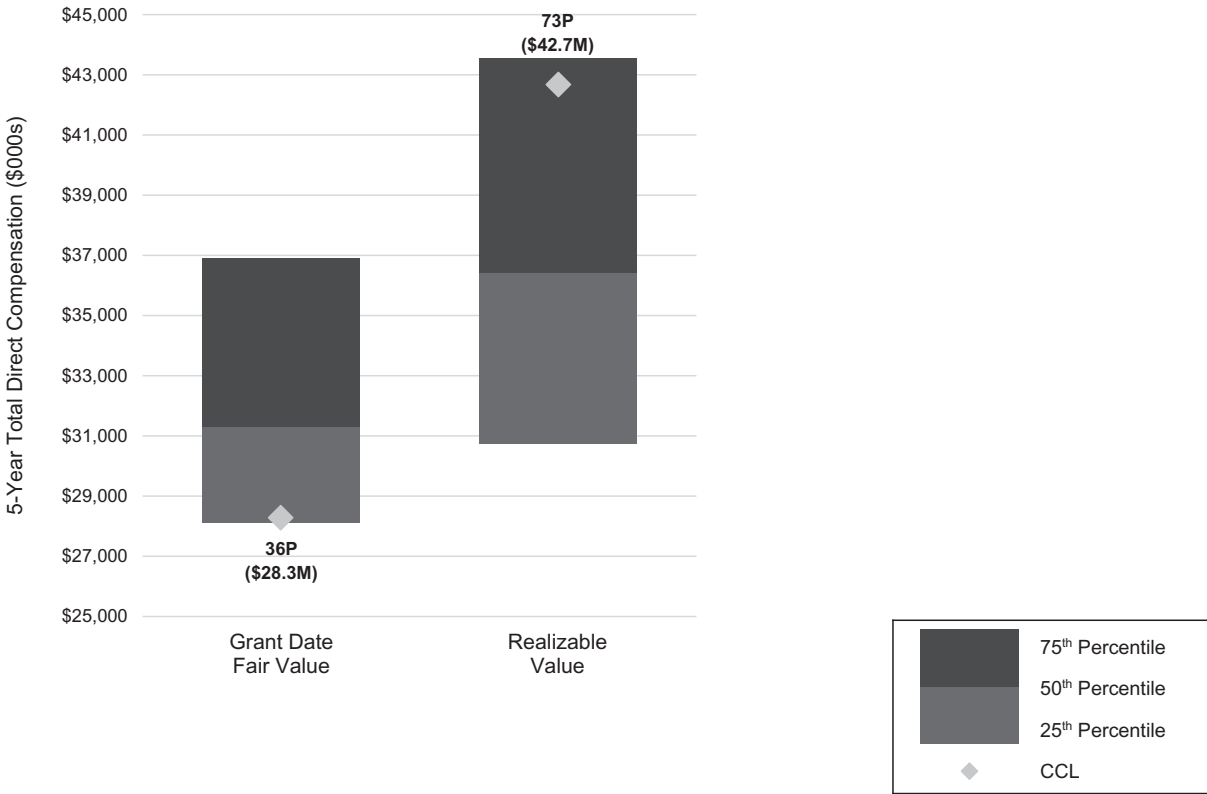
The following table, prepared by Willis Towers Watson, the Company's compensation consultant, provides a schematic perspective of the Company's pay-for-performance alignment relative to its Proxy Reference Group.



The Company's positioning within the alignment zone illustrates that CEO compensation earned over the most recent five-year period (2014-2018) is fair relative to the pay-for-performance of the Company's Proxy Reference Group for the same time period.

## Realizable Pay Analysis

The following table, prepared by Willis Towers Watson, provides a five-year look back at the CEO's actual realized compensation in comparison to the fair value of the compensation on the grant date.



## Compensation of Other Named Executives

**Sean Washchuk, Senior Vice President and Chief Financial Officer**, received a base salary of \$525,000 per annum in 2018. Mr. Washchuk's salary was recommended by the President and CEO and approved by the HR Committee considering his personal performance, external market conditions and the Company's performance. Mr. Washchuk's salary was increased on March 1, 2018 from \$500,000 to \$525,000. This recommendation was approved by the HR Committee. Mr. Washchuk participates in the Company's annual corporate SMIP. Mr. Washchuk's target bonus for 2018 was 60% of his base salary. In 2018, Mr. Washchuk received a total bonus of \$189,000, being 60% of target bonus based on adjusted EPS exceeding the level achieved in 2017 by 1%.

In March 2018, Mr. Washchuk was granted an option to purchase 65,000 Class B non-voting shares exercisable at the market price of \$66.87 as part of the LTIP described above under "Employee Stock Option Plan." This option has a term of five years and vests in four equal installments each year commencing one year after being issued and expires March 12, 2023. Mr. Washchuk exercised 56,250 options to purchase Class B non-voting shares in 2018, realizing \$2,490,453.50.

Mr. Washchuk participated in the Cash LTIP and the RSU Plan as part of the 2016-2018 LTIP described above. In March 2019, Mr. Washchuk received 32,175 RSUs, due to the Company achieving cumulative operating income targets approved by the board of directors and described above under the heading "Cash LTIP" with respect to the 2016-2018 Cash LTIP. The above RSUs include dividend reinvestment

over the LTIP period and are valued at \$54.46 per share. In March 2019, Mr. Washchuk received the maximum cash award under the terms of the 2016-2018 Cash LTIP of \$1,250,000 based on the achievement of performance criteria through 2018 described above under the heading “Cash LTIP.” LTIP criteria are cumulative over the three-year LTIP period with payment only made at the end of the period.

Mr. Washchuk also participates in the 2017-2025 LTRP described above. As such, Mr. Washchuk was awarded 54,099 RSUs on September 1, 2017. The RSUs are valued at \$57.93 per share as of August 31, 2017, and will vest in four equal installments each year commencing on September 1, 2022.

**Lalitha Vaidyanathan, Senior Vice President, Finance–IT–Human Resources**, received a base salary of \$680,243 (US\$525,000) per annum in 2018. Ms. Vaidyanathan’s 2018 salary was recommended by the President and CEO and approved by the HR Committee considering her personal performance, external market conditions and the Company’s performance. Ms. Vaidyanathan’s salary was increased on March 1, 2018, from \$649,100 (US\$500,000) to \$680,243 (US\$525,000). This recommendation was approved by the HR Committee. Ms. Vaidyanathan participates in the Company’s annual corporate SMIP. Ms. Vaidyanathan’s target bonus for 2018 was 60% of her base salary. In 2018, Ms. Vaidyanathan received a total bonus of \$244,887 (US\$189,000), being 60% of target bonus, based on adjusted EPS exceeding the level achieved in 2017 by 1%.

In March 2018, Ms. Vaidyanathan was granted an option to purchase 65,000 Class B non-voting shares exercisable at the market price of \$66.87 as part of the LTIP described above under “Employee Stock Option Plan.” This option has a term of five years and vests in four equal installments each year commencing one year after being issued and expires March 12, 2023. Ms. Vaidyanathan realized \$3,796,915.25 on the exercise of her vested options to purchase 78,125 Class B non-voting shares in 2018.

Ms. Vaidyanathan participated in the Cash LTIP and the RSU Plan as part of the 2016-2018 LTIP described above. In March 2019, Ms. Vaidyanathan received 32,175 RSUs, due to the Company achieving cumulative operating income targets approved by the board of directors and described above under the heading “Cash LTIP” with respect to the 2016-2018 Cash LTIP. The above RSUs include dividend reinvestment over the LTIP period and are valued at \$53.98 per share. In March 2019, Ms. Vaidyanathan also received the maximum cash award under the terms of the 2016-2018 Cash LTIP of \$1,490,055 (US\$1,150,000), based on the achievement of performance criteria through 2018 described above under the heading “Cash LTIP”. LTIP criteria are cumulative over the three-year LTIP period with payment only made at the end of the period.

Ms. Vaidyanathan also participates in the 2017-2025 LTRP described above. As such, Ms. Vaidyanathan was awarded 54,099 RSUs on September 1, 2017. The RSUs are valued at \$57.93 per share as of August 31, 2017, and will vest in four equal installments each year commencing on September 1, 2022.

**Ben Rubino, President, Home & Personal Care Worldwide**, received a base salary of \$680,243 (US\$525,000) per annum in 2018. Mr. Rubino’s salary was recommended by the President and CEO and approved by the HR Committee considering his personal performance, external market conditions and the Company’s performance. Mr. Rubino’s base salary increased from \$649,100 (US\$500,000) to \$680,243 (US\$525,000) effective March 1, 2018. This recommendation was approved by the HR Committee. Mr. Rubino participates in the Company’s annual operational SMIP. Mr. Rubino’s target bonus for 2018 was 70% of his base salary. For 2018, as in previous years, Mr. Rubino’s bonus was paid based on the achievement of the operational budgets of the global Home & Personal Care sector. In 2018, operational performance exceeded budget by 18.7% resulting in a bonus payment of \$921,389 (US\$711,113) being 193.5% of target bonus.

In March 2018, Mr. Rubino was granted an option to purchase 65,000 Class B non-voting shares exercisable at the market price of \$66.87. This option has a term of five years and vests in four equal

installments each year commencing one year after being issued and expires March 12, 2023. Mr. Rubino realized \$7,597,658.50 on the exercise of his vested options to purchase 175,000 Class B non-voting shares in 2018.

Mr. Rubino participated in the Cash LTIP and the RSU Plan as part of the 2016-2018 LTIP described above. In March 2019, Mr. Rubino received 32,175 RSUs, due to the Company achieving cumulative operating income targets approved by the board of directors and described above under the heading "Cash LTIP" with respect to the 2016-2018 Cash LTIP. The above RSUs include dividend reinvestment over the LTIP period and are valued at \$53.98 per share. In March 2019, Mr. Rubino also received the maximum cash award under the terms of the 2016-2018 Cash LTIP of \$1,295,700 (US\$1,000,000), based on the achievement of performance criteria through 2018 described above under the heading "Cash LTIP". LTIP criteria are cumulative over the three-year LTIP period with payment only made at the end of the period.

Mr. Rubino also participates in the 2017-2025 LTRP described above. As such, Mr. Rubino was awarded 75,739 RSUs on September 1, 2017. The RSUs are valued at \$57.93 per share as of August 31, 2017, and will vest in four equal installments each year commencing on September 1, 2022.

**Guenther Birkner, President, Food & Beverage, Healthcare & Specialty and Innovia Films Worldwide**, received a base salary of \$765,100 (€500,000) per annum in 2018. Mr. Birkner's salary was recommended by the President and CEO and approved by the HR Committee considering his personal performance, external market conditions and the Company's performance. Mr. Birkner's base salary increased from \$681,318 (€465,000) to \$765,100 (€500,000) effective March 1, 2018. This recommendation was approved by the HR Committee. Mr. Birkner participates in the Company's annual operational SMIP. Mr. Birkner's target bonus for 2018 was 70% of his base salary. For 2018, Mr. Birkner's bonus was paid based on the achievement of the operational budgets of the global Food & Beverage, Healthcare & Specialty and Innovia Films sectors. In 2018, operational performance did not meet budget by 1.4% resulting in a bonus payment of \$498,080 (€325,500) being 93% of target bonus. Mr. Birkner's base salary and bonus is recommended and approved by the Human Resources Committee in euros and paid in Swiss francs at the prevailing exchange rate.

In March 2018, Mr. Birkner was granted an option to purchase 65,000 Class B non-voting shares exercisable at the market price of \$66.87. This option has a term of five years and vests in four equal annual installments commencing one year after being issued and expires March 12, 2023. Mr. Birkner realized \$3,248,787.50 on the exercise of his vested options to purchase 81,250 Class B non-voting shares in 2018.

Mr. Birkner participated in the Cash LTIP and the RSU Plan as part of the 2016-2018 LTIP described above. In March 2019, Mr. Birkner received 32,175 RSUs, due to the Company achieving cumulative operating income targets approved by the board of directors and described above under the heading "Cash LTIP" with respect to the 2016-2018 Cash LTIP. The above RSUs include dividend reinvestment over the LTIP period and are valued at \$54.06 per share. Mr. Birkner also received the maximum cash award under the terms of the 2016-2018 LTIP of \$1,295,700 (US\$1,000,000), based on the achievement of performance criteria through 2018 described above under the heading "Cash LTIP". LTIP criteria are cumulative over the three-year LTIP period with payments only being made at the end of the period.

Mr. Birkner also participates in the 2017-2025 LTRP described above. As such, Mr. Birkner was awarded 75,739 RSUs on September 1, 2017. The RSUs are valued at \$57.93 per share as of August 31, 2017 and will vest in four equal installments each year commencing on September 1, 2022.

**John Dargan, President, Checkpoint Worldwide**, received a base salary of \$634,893 (US\$490,000) per annum in 2018. Mr. Dargan's salary was recommended by the President and CEO and approved by the HR Committee considering his personal performance, external market conditions and the Company's



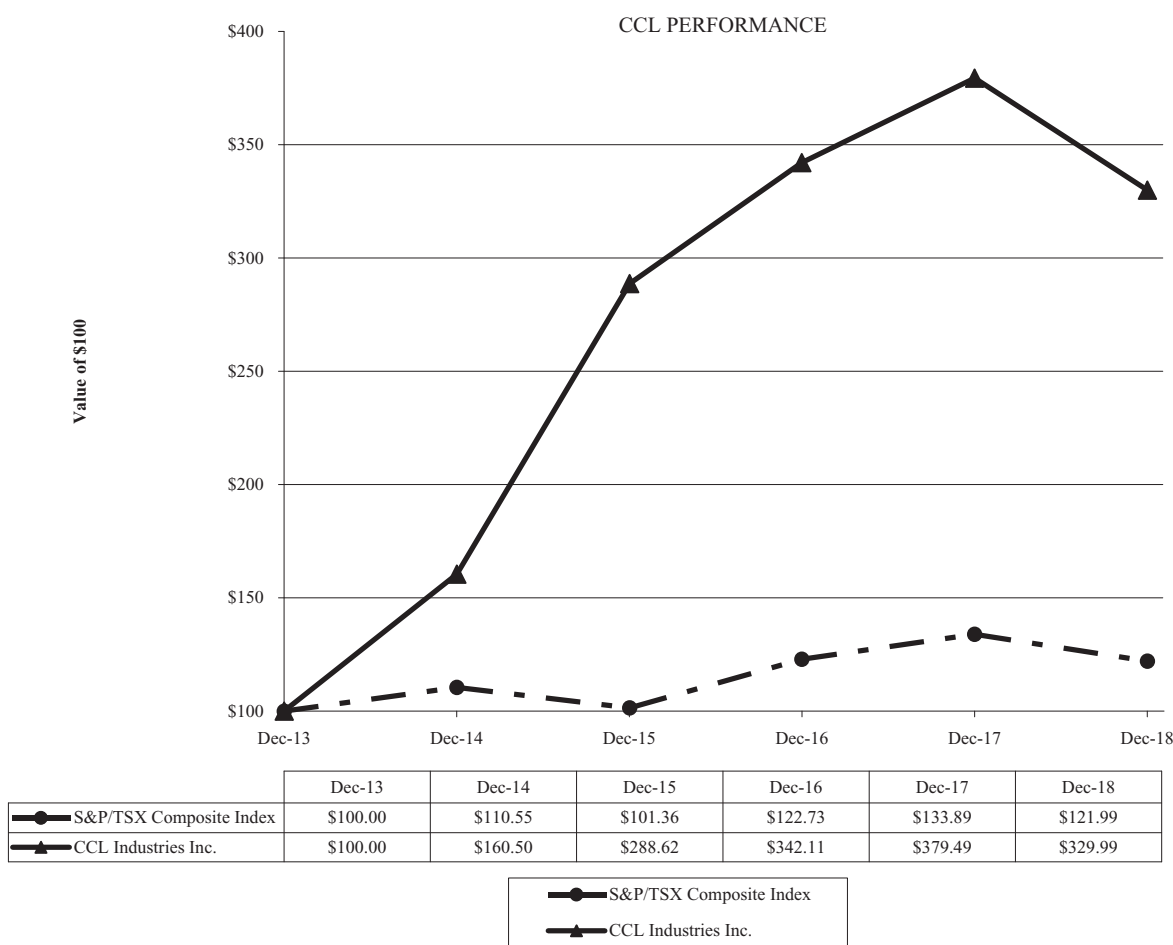
performance. Mr. Dargan's base salary increased from \$616,645 (US\$475,000) to \$634,893 (US\$490,000) effective March 1, 2018. This recommendation was approved by the HR Committee.

Mr. Dargan participates in the Company's annual operational SMIP. Mr. Dargan's target bonus for 2018 was 70% of his base salary. For 2018, Mr. Dargan's bonus was paid based on the achievement of the operational budgets of the global Checkpoint segment. In 2018, operational performance exceeded budget by 16.8% resulting in a bonus payment of \$817,742 (US\$631,120) being 184% of target bonus.

In March 2018, Mr. Dargan was granted an option to purchase 40,000 Class B non-voting shares exercisable at the market price of \$66.87. This option has a term of five years and vests in four equal installments each year commencing one year after being issued and expires March 12, 2023.

Mr. Dargan participated in the Cash LTIP and the RSU Plan as part of the 2016-2018 LTIP described above. In March 2019, Mr. Dargan received 25,000 RSUs, due to the Company achieving cumulative operating income targets approved by the board of directors and described above under the heading "Cash LTIP" with respect to the 2016-2018 Cash LTIP. The above RSUs are valued at \$53.98 per share. In March 2019, Mr. Dargan also received the maximum cash award under the terms of the 2016-2018 Cash LTIP of \$647,850 (US\$500,000), based on the achievement of performance criteria through 2018 described above under the heading "Cash LTIP". LTIP criteria are cumulative over the three-year LTIP period with payment only made at the end of the period.

### Performance Graph





The preceding graph compares the cumulative total shareholder return over the last five years of the Company's Class B non-voting shares with the cumulative total return of the S&P/TSX Composite Total Return Index, assuming reinvestment of dividends on each of the dividend payment dates. The Company's Class B non-voting shares are included in the foregoing index. The performance of the Company's Class A voting shares is substantially similar to that of the Class B non-voting shares. The performance of the Company's Class B non-voting shares is based on the closing price of \$50.06 on the TSX on December 31, 2018.

The Company does not use the Proxy Reference Group identified under the title "Benchmarking Compensation" to benchmark Company performance. Given the uniqueness of the Company's business and the very small sample of relevant peer companies, the Company believes that it would not provide the best comparison on which to base the performance of the Company. There is no TSX sub-index that would provide a relevant comparison of the performance of the Company's shares.

Since the Company's annual and long-term incentives represent approximately 70% to 83% of executive total compensation, the Company believes that incentive compensation payments are good indicators of the Company's practice of paying for performance and the alignment of executive compensation with shareholder value over time. Thus, compensation of the NEOs has generally followed a similar trend as the Company's share price as set forth in the performance chart, above. It is specifically reflected in the Company's LTIPs over the last five years. The 2013-2015 LTIP, which was the predecessor to the 2016-2018 LTIP, was established by the board of directors with specific targets for the improvement of cumulative operating income between the years of 2013 and 2015. In all other material respects, the 2013-2015 LTIP was substantially similar to the 2016-2018 LTIP described under "Long-Term Incentive Plans." The maximum payment of the 2013-2015 LTIP was made to participating executives and NEOs due to the Company significantly exceeding the established target. In 2016, the board of directors established a new LTIP for the years 2016-2018, as described above under "Long-Term Incentive Plans." The maximum payment of the 2016-2018 LTIP was made to participating executives and NEOs due to the Company exceeding the established target. Total shareholder return over the three-year LTIP period from 2016 to 2018 increased 14.3%.

## SUMMARY COMPENSATION TABLE – NAMED EXECUTIVE OFFICERS

The following table sets forth all compensation paid for the period indicated in respect of the NEOs who were, at December 31, 2018, the President and CEO, the Senior Vice President and CFO, and the four other most highly compensated executive officers of the Company.

Summary Compensation Table

Name and principal position	Year	Salary <sup>(10)</sup> (\$)	Share-based awards (\$)	Option-based awards <sup>(7)</sup> (\$)	Non-equity incentive plan compensation (\$)		Pension value <sup>(3)</sup> (\$)	All other compensation <sup>(4)</sup> (\$)	Total compensation (\$)
					Annual incentive plans <sup>(1)</sup>	Long-term incentive plans			
Geoffrey T. Martin <sup>(2)</sup> <i>President and Chief Executive Officer</i>	2018	1,484,656	0	2,048,200	1,032,608	0	374,580	—	4,940,044
	2017	1,406,383	0	2,010,000	3,284,446	0	353,941	—	7,054,770
	2016	1,313,760	11,650,000 <sup>(6)</sup>	1,416,300	2,649,600	0	340,522	—	17,370,182
Sean P. Washchuk <i>Senior Vice President and Chief Financial Officer</i>	2018	520,833	0	950,950	189,000	1,250,000 <sup>(8)</sup>	127,375	—	3,038,158
	2017	491,667	3,133,955 <sup>(9)</sup>	938,000	600,000	0	92,850	—	5,256,472
	2016	444,167	1,456,250 <sup>(5)</sup>	660,940	540,000	0	84,795	—	3,186,152
Lalitha Vaidyanathan <sup>(2)</sup> <i>Senior Vice President, Finance- IT- Human Resources</i>	2018	674,844	0	950,950	244,887	1,490,055 <sup>(8)</sup>	127,025	—	3,487,761
	2017	638,282	3,133,955 <sup>(9)</sup>	938,000	778,920	0	117,658	—	5,606,815
	2016	588,432	1,456,250 <sup>(5)</sup>	660,940	715,392	0	106,016	—	3,527,030
Ben Rubino <sup>(2)</sup> <i>President, Home &amp; Personal Care Worldwide</i>	2018	674,844	0	950,950	921,389	1,295,700 <sup>(8)</sup>	138,005	—	3,980,888
	2017	640,445	4,387,560 <sup>(9)</sup>	938,000	908,740	0	114,034	—	6,988,779
	2016	604,992	1,456,250 <sup>(5)</sup>	660,940	853,171	0	109,585	—	3,684,938
Guenther Birkner <sup>(2)</sup> <i>President, Food &amp; Beverage, Healthcare &amp; Specialty and Innovia Films Worldwide</i>	2018	752,759	0	950,950	495,831	1,295,700 <sup>(8)</sup>	82,519	77,185	3,654,944
	2017	665,445	4,387,560 <sup>(9)</sup>	938,000	834,138	0	0	53,698	6,878,841
	2016	571,740	1,456,250 <sup>(5)</sup>	660,940	820,960	0	0	57,284	3,567,174
John Dargan <sup>(2)</sup> <i>President, Checkpoint Worldwide</i>	2018	631,654	0	585,200	817,742	647,850 <sup>(8)</sup>	19,597	—	2,702,043
	2017	616,645	1,453,750 <sup>(5)</sup>	670,000	863,303	0	19,278	—	3,622,976

### NOTES:

- (1) Bonus amounts are paid in cash in the year following the fiscal year in respect of which they were earned.
- (2) Compensation for Mr. Martin, Ms. Vaidyanathan, Mr. Rubino and Mr. Dargan was paid or payable in US dollars. Compensation for Mr. Birkner was paid or payable in Swiss francs. Such amounts were translated into Canadian dollars based on the Bank of Canada average year-to-date exchange rates as of December 31, 2018, 2017 and 2016, respectively in accordance with the rates of exchange set forth above under the heading "Calculation of Foreign Exchange and other Values."
- (3) Amounts shown under "Pension value" represent all compensation relating to defined benefit or defined contribution pension plans, including service costs and other compensatory items. Please refer to the section entitled "Pension Plan Benefits" below.

- (4) Perquisites and other personal benefits do not exceed the lesser of \$50,000 and 10% of the total of the annual salary for the above-named officers with the exception of Mr. Birkner. Amounts reported for Mr. Birkner are \$54,838 (CHF41,400) in connection with lease and operating costs related to his car and \$22,347 (CHF16,871) for a child allowance and education fund. These amounts have been translated from Swiss francs to Canadian dollars.
  - (5) In 2016, the board of directors approved the 2016-2018 LTIP, which included an RSU plan for the years 2016 through 2018. In 2016, 31,250 RSUs were awarded to each of Ms. Vaidyanathan, Mr. Washchuk, Mr. Rubino and Mr. Birkner at a value of \$46.60 per share as of May 5, 2016. In 2017, 25,000 RSUs were awarded to Mr. Dargan at a value of \$58.15 per share as of February 23, 2017. The vesting of RSUs awarded under the LTIP is subject to certain conditions described under the heading "Restricted Share Unit Plan," above. Although the grant value is disclosed in full in the year it is granted, the grants are expensed over the three-year period of the 2016-2018 LTIP. The Company uses the same price for accounting purposes but also takes into consideration the accretion of shares based on dividend reinvestment. These RSUs vested as the performance criteria were achieved.
  - (6) In 2016, Mr. Martin was awarded 250,000 RSUs under the 2016-2018 LTIP, at a value of \$46.60 per share being the closing price of the Class B non-voting shares on May 5, 2016. Although the full value of this award is disclosed in the year granted, the expense for these RSUs is spread over the three-year term of the plan. These RSUs vested as the performance criteria were achieved.
  - (7) On March 13, 2018, Mr. Martin was granted the option to purchase 140,000 Class B non-voting shares, Mr. Washchuk, Ms. Vaidyanathan, Mr. Rubino and Mr. Birkner were each granted the option to purchase 65,000 Class B non-voting shares, and Mr. Dargan was granted the option to purchase 40,000 Class B non-voting shares, in each case exercisable at \$66.87, the closing price of such shares on the TSX on March 12, 2018. The value of these options as reported above is calculated using the Black Scholes method, which is the same method used by the Company for accounting purposes. Key assumptions used in the 2018 Black Scholes valuation include a risk-free interest rate of 1.90%, expected life of the options of 3.5 years, expected volatility of 28.37% and expected dividends of \$0.52. The Black Scholes value for each option granted March 13, 2018 is \$14.63. On February 27, 2017, Mr. Martin was granted the option to purchase 150,000 Class B non-voting shares, Mr. Washchuk, Ms. Vaidyanathan, Mr. Rubino and Mr. Birkner were each granted the option to purchase 70,000 Class B non-voting shares, and Mr. Dargan was granted the option to purchase 50,000 Class B non-voting shares, in each case exercisable at \$58.032, the closing price of such shares on the TSX on February 24, 2017. The value of these options as reported above is calculated using the Black Scholes method, which is the same method used by the Company for accounting purposes. Key assumptions used in the 2017 Black Scholes valuation include a risk-free interest rate of 1.12%, expected life of the options of 4.5 years, expected volatility of 28.012% and expected dividends of \$0.46. The Black Scholes value for each option granted February 27, 2017 is \$13.40. On March 4, 2016, Mr. Martin was granted the option to purchase 150,000 Class B non-voting shares, and Mr. Washchuk, Ms. Vaidyanathan, Mr. Rubino and Mr. Birkner were each granted the option to purchase 70,000 Class B non-voting shares, in each case exercisable at \$43.90, the closing price of such shares on the TSX on March 3, 2016. The value of these options as reported above is calculated using the Black Scholes method, which is the same method used by the Company for accounting purposes. Key assumptions used in the 2016 Black Scholes valuation include a risk-free interest rate of 0.69%, expected life of the options of 4.5 years, expected volatility of 27% and expected dividends of \$0.40. The Black Scholes value for each option granted March 4, 2016 is \$9.442. The foregoing options have a term of five years and vest in four equal instalments commencing one year after the date of issuance.
  - (8) Mr. Washchuk, Ms. Vaidyanathan, Mr. Rubino and Mr. Birkner participated in a 2016-2018 Cash LTIP. Based on the achievement of the performance criteria over the three-year LTIP period, the 2016-2018 Cash LTIP was paid at the maximum level as approved by the board of directors on February 22, 2019.
  - (9) In 2017, the board of directors approved the 2017-2025 LTRP, which included an RSU plan for the years 2017 through 2025. On September 1, 2017, 75,739 RSUs were awarded to each of Mr. Birkner and Mr. Rubino and 54,099 RSUs were awarded to each of Ms. Vaidyanathan and Mr. Washchuk at a value of \$57.93 per share as of August 31, 2017. The vesting of RSUs awarded under the 2017-2025 LTRP is subject to certain conditions described under the heading "2017-2025 LTRP" on page 39.
  - (10) Salaries for all NEOs were adjusted on March 1, 2018, and therefore the calculation in this table reflects two months of salary at their 2017 rates.
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The total cost of the compensation of the NEO executive team in 2018 was \$21.8 million, or 4.7% of the Company's net earnings of \$466.8 million.

## INCENTIVE PLAN AWARDS

Information relating to all share-based and option-based awards outstanding at the end of the most recently completed financial year is set forth in the table below.

### Outstanding Share-Based Awards and Option-Based Awards as of December 31, 2018

Name	Option-based Awards				Share-based Awards <sup>(2)</sup>		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Geoffrey T. Martin	56,250	27.478	Feb. 26, 2020	1,270,238	250,000	12,515,000	0
	150,000	43.90	March 3, 2021	924,000			
	150,000	58.032	Feb. 26, 2022	—			
	140,000	66.87	March 12, 2023	—			
Sean Washchuk	25,000	27.478	Feb. 26, 2020	564,550	85,349	4,272,571	0
	70,000	43.90	March 3, 2021	431,200			
	70,000	58.032	Feb. 26, 2022	—			
	65,000	66.87	March 12, 2023	—			
Lalitha Vaidyanathan	100,000	27.478	Feb. 26, 2020	2,258,200	85,349	4,272,571	0
	70,000	43.90	March 3, 2021	431,200			
	70,000	58.032	Feb. 26, 2022	—			
	65,000	66.87	March 12, 2023	—			
Ben Rubino	50,000	27.478	Feb. 26, 2020	1,129,100	106,989	5,355,869	0
	70,000	43.90	March 3, 2021	431,200			
	70,000	58.032	Feb. 26, 2022	—			
	65,000	66.87	March 12, 2023	—			
Guenther Birkner	25,000	27.478	Feb. 26, 2020	564,550	106,989	5,355,869	0
	70,000	43.90	March 3, 2021	431,200			
	70,000	58.032	Feb. 26, 2022	—			
	65,000	66.87	March 12, 2023	—			
John Dargan	50,000	58.032	Feb. 26, 2022	—	25,000	1,251,500	0
	40,000	66.87	March 12, 2023	—			

#### NOTES:

- (1) Value of unexercised options is the difference between the option exercise price and \$50.06, the closing price of the Company's Class B non-voting shares on the TSX on December 31, 2018, multiplied by the number of options.
- (2) Share-based awards consist of RSUs. These RSUs are valued at \$50.06, being the closing price of the Company's Class B non-voting shares on the TSX on December 31, 2018. Please refer to a description of the 2017-2025 LTRP and 2016-2018 LTIP, under which these RSUs were granted, set forth above under the headings "2016-2018 LTIP" on page 25 and "2017-2025 LTRP" on page 42.

Information relating to incentive plan award values (equity and non-equity) vested or earned during the most recently completed financial year is set forth in the table below.

### Incentive Plan Awards—Value Vested or Earned During 2018

Name	Option-based awards – Value vested during the year (\$) <sup>(1)</sup>	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$) <sup>(2)</sup>
Geoffrey T. Martin	5,560,075	0	1,032,608
Sean Washchuk	2,632,439	0	1,439,000 <sup>(3)</sup>
Lalitha Vaidyanathan	2,632,439	0	1,734,942 <sup>(3)</sup>
Ben Rubino	2,632,439	0	2,217,089 <sup>(3)</sup>
Guenther Birkner	2,632,439	0	1,791,531 <sup>(3)</sup>
John Dargan	75,707.50	0	1,465,592 <sup>(3)</sup>

#### NOTES:

- (1) The aggregate dollar value of option-based awards vested during 2018 is determined by calculating the difference between the market price of the Class B non-voting shares underlying the options on the TSX on the vesting date and the exercise price of the options, multiplied by the number of vested options.
- (2) Those amounts originally denominated in US\$ or CHF have been converted into C\$ at the average year-to-date-exchange rate as at December 31, 2018. (See "Calculation of Foreign Exchange and Other Values".)
- (3) These values are comprised of the Annual Incentive Plan payment for all NEOs and the 2016-2018 cash LTIP payment for Mr. Washchuk, Ms. Vaidyanathan, Mr. Rubino, Mr. Birkner and Mr. Dargan for achievement of the three-year performance criteria described above under the heading "Cash LTIP". LTIP payments are not made annually and are only made after successful completion of the three-year LTIP period.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The only equity compensation plans providing for the issuance of securities are the Option Plan, the Deferred Share Unit Plan and the 2017-2025 LTRP. Shares required to service the Company's RSU Plan are not issued out of treasury. They are purchased in the open market and held in trust for the purposes of that plan. The following table sets forth the securities authorized for issuance under the Company's equity compensation plans as of December 31, 2018:

#### Securities Authorized for Issuance under Equity Compensation Plans

	Number of securities 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 (excluding securities reflected in column (a)) <sup>(1)</sup>
<i>Plan Category</i>	(a)	(b)	(c)
Equity compensation plans approved by security holders	3,538,914	\$48.94	5,681,690
Equity compensation plans not approved by security holders	0	0	0
<b>Total</b>	<b>3,538,914</b>	<b>\$48.94</b>	<b>5,681,690</b>

- (1) The Company had 5,600,112 options and 81,578 DSUs available for future issuance as at December 31, 2018. No additional RSUs are available for future issuance under the 2017-2025 LTRP.

## **Employee Stock Option Plan**

The Option Plan was established to focus executive attention on the long-term interests of the Company and growth in shareholder value. In accordance with the terms of the Option Plan, the board of directors is authorized to issue, at its discretion and on the recommendation of the HR Committee, options to acquire Class B non-voting shares of the Company to employees and officers of the Company and its subsidiaries. Since 2004, directors have been and continue to be excluded from participation in the Option Plan. The exercise price per share of any option will equal the closing sale price of the Class B non-voting shares on the TSX on the last trading day prior to the effective date of grant of the option and if there is no closing price on such date, the exercise price will equal the simple average of the closing bid and ask prices of the Class B non-voting shares on the TSX on such date.

Under the terms of the Option Plan, the aggregate number of Class B non-voting shares issuable to insiders of the Company at any time or issued to insiders within any 12-month period, in each case pursuant to the Option Plan and any other share compensation arrangements of the Company, may not exceed 10% of the sum of the number of issued and outstanding Class A voting shares and Class B non-voting shares (collectively, the "Outstanding Issue") of the Company at such time. The term "insider" includes directors and officers of the Company and of certain subsidiaries of the Company, and their respective associates. "Share compensation arrangements" means any compensation or incentive mechanism involving the issuance or potential issuance of Class B non-voting shares of the Company, including a purchase from treasury of Class B non-voting shares where the purchase is financially assisted by the Company, a stock option, a stock option plan and a stock appreciation right involving the issuance of Class B non-voting shares from treasury. In addition, an option may not be granted to an insider if, together with other share compensation arrangements, it could result in the issuance to the insider in a 12-month period of a number of Class B non-voting shares exceeding 5% of the Outstanding Issue. No participant under the Option Plan may individually hold options under the Option Plan and rights under other share compensation arrangements to acquire, in aggregate, a number of Class B non-voting shares exceeding 5% of the Outstanding Issue.

If any option granted under the Option Plan expires or terminates for any reason without having been fully exercised, the unpurchased Class B non-voting shares that were subject to that option are made available for future option grants under the Option Plan. Options granted under the Option Plan have a term as determined by the board of directors at the time of grant but such term may not exceed 10 years from the date of grant. Options vest and become exercisable as determined by the board of directors. Upon the exercise of a stock option, the exercise price must be paid in full. The Company does not currently intend to provide financial assistance in connection with the exercise of stock options granted under the Option Plan.

Options granted under the Option Plan are non-assignable by the optionee except to the legal personal representatives of a deceased optionee.

The Company prohibits its directors, officers and employees from trading in its securities with knowledge of any material information concerning the Company that has not been publicly disclosed. As it may be difficult from time to time for an individual to determine if he or she is in possession of material non-public information, the Company identifies certain restricted periods or blackout periods during which certain of its personnel are not to trade in securities of the Company, which includes exercising stock options. The Option Plan permits options that would otherwise expire during or immediately following a blackout period to remain exercisable until the tenth business day following the cessation of such blackout period.



Unless otherwise determined by the HR Committee, options will terminate and cease to be exercisable upon the cessation of employment as follows:

- (i) on the death of an optionee or the disability of an optionee (as determined by the HR Committee), the options will vest immediately and remain exercisable for up to 12 months;
- (ii) on retirement on or after the age of 65 or on early retirement on or after the age of 55 with the concurrence of the HR Committee, the options will continue to vest as scheduled and be exercisable for up to 36 months;
- (iii) on resignation by the optionee or upon termination of employment for cause, the options then vested may be exercised until the last day of employment and thereafter terminate; and
- (iv) on termination of employment by the Company for any other reason, the options will terminate and cease to be exercisable 90 days after the earlier of the date the optionee ceased to be an officer or employee and the date that notice of dismissal from employment was provided, with vesting ceasing on such earlier date.

The HR Committee has discretion to extend the termination date of options upon the cessation of employment but cannot extend the option beyond the original expiry date and cannot extend the option by more than two years from the date the optionee ceased to be an officer or employee.

If a bona fide offer (a "takeover bid") is made that includes the Class B non-voting shares of the Company that could result in the offeror exercising control over the Company, the board of directors has discretion to accelerate the vesting and expiry date of any options that are then outstanding and to effectively require that such Class B non-voting shares thereafter acquired on exercise of the options, be tendered to the takeover bid.

The board of directors may discontinue, amend or modify the Option Plan at any time; provided, however, that shareholder approval must be obtained: (i) to reduce the exercise price of an option either directly, or indirectly including by means of the cancellation of an option and the reissue of a similar option; (ii) to extend the period available to exercise an option beyond the normal expiration date (except in respect of blackout periods and the cessation of employment as provided in the Option Plan); (iii) to increase the levels of insider participation under the Option Plan; (iv) to increase the number of Class B non-voting shares reserved for issuance under the Option Plan (other than pursuant to the adjustment provisions of the Option Plan); (v) to add any additional categories of persons eligible to receive options under the Option Plan; and (vi) to amend any assignment rights set forth in the Option Plan, other than to permit assignments to a registered retirement savings plan, registered retirement income fund or similar plans for the benefit of the optionee. All other amendments to the Option Plan may be made at the discretion of the board of directors. For example, the discretion of the board of directors includes, without limitation, authority to make amendments to clarify any ambiguity, inconsistency or omission in the Option Plan and other amendments of a clerical or housekeeping nature, to alter the vesting or termination provisions of any option or of the Option Plan, to modify the mechanics of exercise, and to add a financial assistance provision.

As of December 31, 2018, the number of shares reserved and available for issuance under the Option Plan was 5,600,112.

During 2018, options to purchase 870,308 Class B non-voting shares were exercised and the Company granted options to purchase 790,000 Class B non-voting shares. As at December 31, 2018, the Company had options outstanding to purchase 2,987,135 Class B non-voting shares, representing 1.8% of the number of Class B non-voting shares issued and outstanding and had 5,600,112 Class B



non-voting shares (3.4% of the number of Class B non-voting shares issued and outstanding) available for additional option grants under the Option Plan. No repricing of outstanding options occurred in the course of 2018, nor to the date of this Management Proxy Circular.

The following table sets forth the “burn rate” of the Company’s Option Plan over the last three financial years.

	2018	2017	2016
Number of securities granted during the applicable fiscal year	790,000	776,250	812,450
Weighted average number of securities outstanding for the applicable fiscal year	165,645,892	164,706,706	163,830,730
Burn Rate	0.48%	0.47%	0.50%

As of the date of this Proxy Circular, the Company had options outstanding to purchase 3,595,924 Class B non-voting shares, representing 2.2% of the number of Class B non-voting shares issued and outstanding, and had 4,764,112 Class B non-voting shares (2.9% of the number of Class B non-voting shares issued and outstanding) available for additional option grants under the Option Plan.

### **Restricted Share Unit Plan**

A description of the RSU Plan appears under the general title “Long-Term Incentive Plans,” above. The Company purchases Class B non-voting shares on the open market to settle RSUs granted under the RSU Plan although in certain jurisdictions settlement may occur in cash if elected by the executive. These shares are held in trust until certain performance or retention vesting criteria are met. Dividends on the shares are used to purchase additional shares, which are distributed based on the same vesting criteria. Mr. Martin, Ms. Vaidyanathan, Mr. Rubino, Mr. Birkner and Mr. Washchuk were granted RSUs in 2016 and Mr. Dargan was granted RSUs in 2017 under the 2016-2018 LTIP, as described above. The RSUs of Mr. Washchuk, Ms. Vaidyanathan, Mr. Rubino, Mr. Birkner and Mr. Dargan vested in March 2019, as described above.

### **Deferred Share Unit Plan**

The Company’s DSU Plan, as amended and restated, was most recently approved by the shareholders of the Company on May 5, 2016. Under the terms of the DSU Plan, non-employee members of the board of directors may elect to receive in lieu of cash remuneration that would otherwise be payable to such directors or any portion thereof, the number of DSUs equivalent to such cash remuneration. Eligible directors electing to participate in the DSU Plan are awarded DSUs on a quarterly basis in lieu of all or part of the fees owing to them. In addition, the board of directors, in its discretion, may award additional DSUs to non-employee members of the board. As a matter of Company policy, directors who have achieved their shareholding target of three times their total annual retainer (annual base retainer and dollar value of DSUs awarded annually), are no longer eligible to receive their annual base retainer, meeting fees and committee chair fees in DSUs, and must take those fees in cash. A DSU is a bookkeeping entry equivalent to one Class B non-voting share. The number of DSUs credited to an account maintained for each participating director (other than for discretionary grants) is calculated by dividing the cash remuneration that would otherwise be payable by the fair market value of a Class B non-voting share of the Company on the date of issue of the DSU. Fair market value is calculated under the DSU Plan as the simple average of the high and low trading prices of the Class B non-voting shares for the five trading days immediately preceding the date of issue or redemption, as the case may be. DSUs vest immediately when granted but cannot be redeemed or paid out until such time as the eligible director ceases to be a director of the Company. Under the terms of the DSU Plan, a holder of DSUs is entitled to receive, on a deferred payment basis following the holder ceasing to be a director, the number of Class B non-voting shares issued from

treasury equating to the number of his or her DSUs (less an adjustment for requisite statutory withholdings), or, at the sole option of the Company, a cash amount equal to the fair market value of an equal number of Class B non-voting shares on the date of notification of redemption. It is the Company's intention to satisfy redemptions of DSUs by the issuance of treasury shares, though it has the option to settle in cash where the issuance of treasury shares would not be appropriate. Upon a person ceasing to be a director, such person will have until December 1 of the calendar year following his or her retirement from the board of directors to redeem his or her DSUs.

In May 2016, shareholders of the Company approved the initial reservation of 550,000 Class B non-voting shares under the DSU Plan. Currently, there are 292,103 DSUs outstanding and DSUs in respect of 81,578 Class B non-voting shares are available for issuance, representing 0.2% and 0.05% of the number of Class B non-voting shares issued and outstanding as at March 22, 2019.

The following table sets forth the "burn rate" of the Company's DSU Plan over the last three financial years.

	2018	2017	2016
Number of securities granted during the applicable fiscal year	13,868	14,445	10,515
Weighted average number of securities outstanding for the applicable fiscal year	165,645,892	164,706,706	163,830,730
Burn Rate	0.01%	0.01%	0.01%

#### **2017-2025 LTRP**

The 2017-2025 LTRP was established in 2017 and approved by shareholders of the Company on May 8, 2018. This Plan was established as a one-time long term incentive to each of Guenther Birkner, Ben Rubino, Sean Washchuk and Lalitha Vaidyanathan. An aggregate of 259,676 Class B non-voting shares were reserved for issuance under this Plan and an aggregate of 259,676 RSUs were awarded to the participants. Upon vesting, each RSU will be satisfied by the issuance from treasury of one Class B non-voting share. No additional RSUs are presently available for issuance under this Plan.

The number of Class B non-voting shares issuable at any time to insiders pursuant to RSUs granted under the 2017-2025 LTRP, together with Class B non-voting shares issuable to insiders pursuant to all other share compensation arrangements shall not, collectively, exceed 10% of the Outstanding Issue. The number of Class B Shares issued to insiders pursuant to RSUs granted under the 2017-2025 LTRP, together with Class B non-voting shares issued to insiders pursuant to all other share compensation arrangements shall not, collectively, within any one year period, exceed 10% of the Outstanding Issue.

As a condition of the grant of RSUs, each of the participants has agreed to, among other things, maintain holdings in the Company's Class B non-voting shares at least equal to three times his or her annual base salary (excluding vested and unvested share option grants and unvested RSU grants under either the LTIP or LTRP Plans of the Company) until September 1, 2025.

Provided that the participant remains in continuous employment with the Company (or a subsidiary of the Company) from September 1, 2017 through the relevant vesting date, the RSUs will vest in four equal instalments on September 1 of each of 2022, 2023, 2024 and 2025. Unvested RSUs will not vest and will be forfeited upon a participant's employment with the Company (or a subsidiary of the Company) ceasing for any reason prior to the applicable vesting date(s) of the RSUs, except that in the event of the retirement of the participant (as agreed to by the President & Chief Executive Officer of the Company and as confirmed by the HR Committee) or the death or long-term disability of the participant (as confirmed by the HR Committee) while employed by the Company (or a subsidiary of the

Company), RSUs may vest and Class B non-voting shares issued in whole or in part, as determined in the discretion of the President and Chief Executive Officer of the Company and subject to and only after the approval of the HR Committee.

Participants under this Plan have no right or entitlement to any dividends declared on Class B non-voting shares underlying the RSUs until and only to the extent the RSUs have vested. RSUs are not transferable or assignable other than by will or pursuant to the laws of descent and distribution.

In the event of a stock dividend, stock split, combination or exchange of shares, merger, consolidation, spin-off or other distribution (other than normal cash dividends) of the Company’s assets to shareholders, or any other change affecting the Class B non-voting shares, including the conversion thereof into shares of another entity upon an amalgamation, arrangement or reorganization of the Company, other than a Going Private Transaction (as defined below) (a “Share Reorganization”), such proportionate adjustments, if any, as the board of directors of the Company in its sole discretion may deem appropriate to reflect such change, shall be made with respect to the number of RSUs outstanding under the 2017-2025 LTRP and Class B non-voting shares to be issued in respect thereof. No additional RSUs shall be granted to a participant to compensate for a downward fluctuation in the price of the Class B non-voting shares, nor shall any other form of benefit be conferred on, or in respect of, a participant for such purpose. In the event that the Company enters into an agreement involving a merger, amalgamation, arrangement or other business combination pursuant to which all of the outstanding shares of the Company will be acquired by or exchanged for cash, shares or other property of a third party, other than a Share Reorganization (a “Going Private Transaction”), all outstanding and unvested RSUs will vest immediately prior to consummation of the Going Private Transaction in order to have the participants participate in the Going Private Transaction on the same basis as the other holders of Class B non-voting shares.

The board of directors may from time to time amend this Plan and the terms and conditions of any RSUs granted thereunder with the consent of the affected participant if such amendment would adversely affect that participant’s rights. However, shareholders of the Company will be required to approve any amendment to the 2017-2025 LTRP or any RSU which: (i) removes or increases the limits on insider participation under the 2017-2025 LTRP; (ii) increases the number of Class B non-voting shares reserved for issuance under the 2017-2025 LTRP (other than in connection with a Share Reorganization); (iii) adds additional persons eligible to receive RSUs under the 2017-2025 LTRP; (iv) amends the restrictions on assignment of RSUs, other than to permit the transfer of an RSU to a registered retirement savings plan, a registered retirement income fund or to other similar plans for the benefit of participant; (v) requires the approval of shareholders under applicable law, including the rules, regulations and policies of the TSX; or (vi) amends the provisions of the 2017-2025 LTRP requiring shareholder approval for certain amendments to the 2017- 2025 LTRP.

The following table sets forth the “burn rate” of the 2017-2025 LTRP since its inception in August 2017.

	2018	2017
Number of securities granted during the applicable fiscal year	0	259,676
Weighted average number of securities outstanding for the applicable fiscal year	165,645,892	164,706,706
Burn Rate	0.00%	0.16%

## **PENSION PLAN BENEFITS**

### **Defined Contribution Plans**

The Company maintains a 401K defined contribution plan (“401K Plan”) for all employees in the United States in which Mr. Martin, Ms. Vaidyanathan, Mr. Rubino and Mr. Dargan participate. The 401K Plan

provides an employer match of 100% for the first 2% of employee contribution and a 50% match of up to 4% of the employee's contribution to the legal maximum. In 2018, the Company contributed \$14,623 (US\$11,286) for Mr. Martin, \$19,597 (US\$15,125) for Ms. Vaidyanathan, \$19,597 (US\$15,125) for Mr. Rubino and \$19,597 (US\$15,125) for Mr. Dargan. The Company maintains a defined contribution pension plan (the "DC Plan") for certain Canadian executives, into which the Company contributes an amount equal to 9% of the executive's base salary up to the maximum permitted by Canadian income tax laws. Mr. Washchuk's benefit entitlement is 9% of base salary and annual bonus. This benefit is funded through the DC Plan above with the balance being supplemented by unfunded contributions ("Supplementary Plan") accrued for by the Company and earning interest at the rate of the Canadian 20-year treasury bill as at January 15<sup>th</sup> of each year. In 2018, the Company contributed a total of \$127,375 to the DC and Supplementary Plans for Mr. Washchuk. The Company also maintains a pension plan for Mr. Birkner. Mr. Birkner's pension plan is comprised of a two pillar system in which contribution levels are determined according to the age of the employee. In the case of Mr. Birkner, the first pillar provides for an employer contribution of 8.5% of pensionable salary and an 8% contribution by the employee. In addition, employees make a risk contribution of 1.26% of their pensionable salary. The second pillar, which is a supplemental plan, provides for an employer contribution of 5% and an employee contribution of 5%. A risk contribution of 1.32% is also made by the employee. In 2018, the Company contributed \$82,519 (CHF62,297) to Mr. Birkner's pension plan.

### **Deferred Compensation Plan**

The Company also maintains a deferred compensation plan for certain key executives in which Mr. Martin, Ms. Vaidyanathan, Mr. Rubino and Mr. Dargan participate. The Company contributes a maximum annual company contribution of 9% of base salary and annual bonus for Mr. Martin, and an annual company contribution of 4% of base salary and annual bonus for Ms. Vaidyanathan, Mr. Rubino and Mr. Dargan. If participants, other than Mr. Martin, defer the maximum amount permitted under the 401K Plan, the Company will make a matching contribution to the participant's deferred compensation account equal to 50% of the amount deferred by the participant. In 2018, the Company contributed \$359,957 (US\$277,809) for Mr. Martin, \$107,428 (US\$82,911) for Ms. Vaidyanathan, \$118,408 (US\$91,385) for Mr. Rubino. No contributions were made by the Company in respect of Mr. Dargan during 2018. Contributions to the plan for Mr. Martin are fully vested. In the case of Ms. Vaidyanathan, Mr. Rubino and Mr. Dargan, contributions vest at age 65 with 10 years' service, or immediately upon death, disability or change of control. The HR Committee may approve earlier vesting at its discretion. The deferred compensation plan also allows executives to defer up to 20% of salary and 100% of annual cash bonuses. Elective deferrals vest immediately. The contributions accrue interest at the rate of 1.5% above the amount paid on United States 20-year treasury bills established the first day of each plan year, and which is attributed to the participant's account monthly. Upon cessation of employment, elective deferrals and earnings thereon will be paid in a lump sum in the month of January following the plan's year end. Participants may elect, however, to receive payment of elective deferrals and earnings thereon in equal installments over a period of up to 10 years. Vested Company contributions to the plan will be paid in two substantially equal installments on the first and second anniversaries of the date on which the participant ceases employment. All contributions vest in the event of change of control of the Company. The deferred compensation plan is an unfunded plan and therefore considered a defined benefit plan under IFRS.

The following table shows, for Messrs. Martin, Washchuk, Rubino, Birkner and Dargan, and for Ms. Vaidyanathan, certain information concerning their registered defined contribution plans, including the 401K Plan, the company contributions to the non-qualified pension portion of the deferred compensation plan and the non-registered, unfunded plans described above.

Name	Accumulated value at start of year (\$)	Compensatory <sup>(1)</sup> (\$)	Accumulated value at year end (\$)
Geoffrey Martin <sup>(2)</sup>	4,411,524	374,580	4,887,476
Sean Washchuk	502,473	127,375	614,813
Lalitha Vaidyanathan <sup>(2)</sup>	1,661,291	127,025	1,950,095
Ben Rubino <sup>(2)</sup>	2,157,081	138,005	2,205,364
Guenther Birkner <sup>(2)</sup>	77,391	82,519	194,831
John Dargan <sup>(2)</sup>	22,779	19,597	36,543

NOTES:

- (1) The compensatory value includes any Company contribution made to the registered and non-registered plans during 2018.
- (2) Values are reported in Canadian dollars and have been converted at the average year-to-date exchange rate as at December 31, 2018, being US\$1.00=C\$1.2957 and CHF=C\$1.3246.

## TERMINATION AND CHANGE OF CONTROL BENEFITS

The following table sets forth particulars of any contractual entitlements of NEOs in the event of the termination of their employment without cause, or in the event of a change of control in the Company.

**Summary Table of Termination and Change of Control Benefits**

Name	Circumstances that trigger payment	Estimated incremental payments, payables and benefits assuming triggering event occurred on December 31, 2018 (\$) <sup>(3)</sup>	Timing and duration of payments and benefits	How payment and benefit levels are determined	Any significant conditions or obligations that apply to receiving payments or benefits
Geoffrey Martin	Termination without cause	\$7,327,129 <sup>(1)</sup>	Paid monthly over 24 months	Two times <sup>(2)</sup> total annual compensation, including base salary, target bonus, pension and a lump sum payment for retiree medical benefits.	Conditional upon observance of non-competition covenant
Sean Washchuk	Termination without cause	\$985,742	Paid semi-monthly over 12 months	One times annual compensation, including base salary, target bonus, medical benefits and Company contribution to pension	Conditional upon observance of non-competition covenant
Lalitha Vaidyanathan	Termination without cause	\$1,246,187	Paid biweekly over 12 months	12 months' base salary, target bonus, medical benefits and Company contribution to Deferred Compensation Plan	Conditional upon observance of non-competition covenant
Ben Rubino	Termination without cause	\$1,322,113	Paid biweekly over 12 months	12 months' base salary, target bonus, medical benefits and Company contribution to Deferred Compensation Plan	Conditional upon observance of non-competition covenant
Guenther Birkner	Termination without cause	\$1,454,501	Paid in a lump sum upon termination	12 months' base salary, target bonus and benefits	Conditional upon observance of non-competition covenant
John Dargan	Termination without cause	\$1,119,552	Paid biweekly over 12 months	12 months' base salary, target bonus, medical benefits and Company contribution to Deferred Compensation Plan	Conditional upon observance of non-competition covenant

### NOTES:

- (1) This calculation is based on a termination in circumstances not involving a change in control. In the event of a termination following a change of control, the amount payable to Mr. Martin would be \$10,961,504 (US\$8,459,909). Please refer to "Change of Control," below.
- (2) In the event that Mr. Martin's employment is terminated within one year of a change of control, he is entitled to three times his annual compensation, including base salary, target bonus and pension contribution, instead of the two times compensation reported above. (See "Change of Control" below.)
- (3) Those amounts originally denominated in U\$ or CHF have been converted into C\$ at the average year-to-date-exchange rate as at December 31, 2018. (See "Calculation of Foreign Exchange and Other Values".)



## **Employment Agreements**

The Company has entered into employment agreements with Mr. Martin, Mr. Washchuk, Ms. Vaidyanathan, Mr. Rubino, Mr. Birkner and Mr. Dargan.

### **Mr. Martin**

The Company entered into an employment agreement with Mr. Martin on May 8, 2008. The agreement provides for an annual base salary subject to yearly review. In 2018, Mr. Martin's base salary was \$1,496,534 (US\$1,155,000). Pursuant to this agreement, he is entitled to participate in the Company's SMIP and certain LTIPs, as described above. He is entitled to standard benefits of the type normally available to executive officers. The agreement for Mr. Martin may be terminated for cause as defined in the agreement and may be otherwise terminated on 24-months' notice.

In addition to the foregoing, as part of his employment contract, Mr. Martin is eligible to receive a lump sum payment of \$370,246 (US\$285,750), after tax, upon retirement to fund medical benefits for Mr. Martin and his eligible dependents. This payment is only available on retirement if Mr. Martin elects to retire immediately following separation from the Company, and is subject to an annual reduction of 10% for each year over 60 if he has not retired. Mr. Martin is also eligible to receive this payment in the event of termination without cause or with change of control. The agreement contains standard non-competition and non-solicitation provisions. There are no provisions addressing a change of responsibility or constructive dismissal.

### **Mr. Washchuk**

The Company entered into a written contract of employment with Mr. Washchuk upon commencement of his employment on October 5, 2011. The agreement provides for an annual base salary subject to yearly review. Pursuant to this agreement, he is entitled to participate in the Company's SMIP and certain LTIPs, as described above. He is entitled to standard benefits and perquisites of the type normally available to executive officers. Mr. Washchuk's agreement may be terminated for cause as defined in the agreement and otherwise terminated on 12-months' notice including target bonus. The agreement contains standard non-competition and non-solicitation provisions. There are no provisions addressing a change of responsibility or constructive dismissal.

### **Ms. Vaidyanathan**

The Company entered into a formal employment agreement with Ms. Vaidyanathan on January 1, 2012. The agreement provides for an annual base salary subject to yearly review. Pursuant to this agreement, she is entitled to participate in the Company's SMIP and certain LTIPs, as described above. She is entitled to standard benefits and perquisites of the type normally available to executive officers. Ms. Vaidyanathan's agreement may be terminated for cause as defined in the agreement and otherwise terminated on 12-months' notice including target bonus. The agreement contains standard non-competition and non-solicitation provisions. There are no provisions addressing a change of responsibility or constructive dismissal.

### **Mr. Rubino**

The Company entered into a formal employment agreement with Mr. Rubino on January 1, 2012. The agreement provides for an annual base salary subject to yearly review. Pursuant to this agreement, he is entitled to participate in the Company's SMIP and certain LTIPs, as described above. He is entitled to standard benefits and perquisites of the type normally available to executive officers. Mr. Rubino's agreement may be terminated for cause as defined in the agreement and otherwise terminated on



12-months' notice including target bonus. The agreement contains standard non-competition and non-solicitation provisions. There are no provisions addressing a change of responsibility or constructive dismissal.

**Mr. Birkner**

The Company entered into a formal employment agreement with Mr. Birkner on May 1, 2017. The agreement provides for an annual base salary subject to yearly review. Pursuant to this agreement, he is entitled to participate in the Company's SMIP and certain LTIPs, as described above. He is entitled to standard benefits and perquisites of the type normally available to executive officers. Mr. Birkner's agreement may be terminated for cause as defined in the agreement and otherwise terminated on 12-months' notice including target bonus. The agreement contains standard non-competition and non-solicitation provisions. There are no provisions addressing a change of responsibility or constructive dismissal.

**Mr. Dargan**

The Company entered into a formal employment agreement with Mr. Dargan on January 1, 2017. The agreement provides for an annual base salary subject to yearly review. Pursuant to this agreement, he is entitled to participate in the Company's SMIP and certain LTIPs, as described above. He is entitled to standard benefits and perquisites of the type normally available to executive officers. Mr. Dargan's agreement may be terminated for cause as defined in the agreement and otherwise terminated on 12-months' notice including target bonus. The agreement contains standard non-competition and non-solicitation provisions. There are no provisions addressing a change of responsibility or constructive dismissal.

**Change of Control**

By the terms of his employment agreement, Mr. Martin is entitled to 24 months of severance should his employment be terminated without cause. He is also entitled to receive the lump sum payment for retiree medical benefits described above. No further benefit is payable unless Mr. Martin's employment is terminated without cause within one year after a change of control of the Company. In such case, he is entitled to receive 36-months' severance (approximately \$10,961,504 (US\$8,459,909)) in lieu of 24 months, as provided by his employment agreement. In addition, Mr. Martin is eligible to receive the retirement medical benefit referred to in the earlier paragraph in the event of a change of control. None of the other NEOs are, by the terms of their employment agreements, entitled to any incremental payments or benefits upon a change of control.

Notwithstanding any other conditions that may determine their vesting, outstanding and unvested RSUs vest upon a change in control of the Company, other than RSUs awarded under the 2017-2025 LTRP, which vest upon completion of a Going Private Transaction as described under "2017-2025 LTRP" on page 42.

**COMPENSATION OF DIRECTORS**

During the financial year ended December 31, 2018, directors' fees were paid to the directors of the Company, other than Donald Lang and Geoffrey Martin, on the basis of a retainer of \$92,500 per annum and \$2,000 per meeting attended of the board of directors and of each committee of the board of directors. Ms. Kathleen Keller-Hobson, as Lead Director, received an additional honorarium of \$25,000. Committee chairs received an annual retainer of \$12,000, except for the chair of the Audit Committee, who received an annual retainer of \$20,000. Fees paid for attendance at telephone meetings were \$1,000 per director per meeting. Directors were paid the foregoing sums in the currency

of their place of residence. The board of directors, on an annual basis as part of the director compensation review, may, in its sole discretion, following consultation with the Nominating and Governance Committee, award to those directors who are not employees of the Company an additional retainer in the form of deferred share units under the Company's DSU Plan. On May 17, 2018, the board granted an award of 599 DSUs (with a value of \$37,500 on the date of grant) to each director other than Mr. Donald Lang and Mr. Geoffrey Martin. Directors are also entitled to be reimbursed for their reasonable out-of-pocket expenses incurred in the business of the Company. No compensation was granted to directors in the form of options to purchase Class B non-voting shares in 2018. Donald Lang and Geoffrey Martin, being employees of the Company, received no fees in their capacity as directors. They received options to purchase Class B non-voting shares only in their capacity as officers of the Company. The Company has no retirement policy or retirement compensation plan for directors.

Mr. Donald Lang, the Executive Chairman of the Company, is compensated as an officer of the Company. He does not receive fees or other compensation in his role as a director of the Company. The Nominating and Governance Committee reviews his compensation relative to performance and market factors and recommends any adjustment to the board of directors for approval. For the year ended December 31, 2018, Mr. Lang's compensation consisted of a base salary of \$798,000. As a corporate executive, Mr. Lang's annual bonus is based on adjusted EPS growth over the prior year as described under "Annual Incentive Plans" on page 24 hereof. His target bonus is 65% of salary. In 2018, adjusted EPS exceeded the level achieved in 2017 by 1% resulting in a bonus payment under the terms of the SMIP of 60% of target bonus equaling \$311,220.

The Company has entered into a supplemental retirement agreement (the "SERP") with Mr. Lang, as of January 1, 1996. This agreement provides for an annual benefit of 2% for each year of service to a maximum of 60% of the average of the executive's five highest consecutive years' base salaries (excluding bonuses, stock options and non-cash benefits) prior to termination of employment. Payments commence upon retirement. Normal retirement is at age 65; however, the executive may retire at or after age 55. Benefits are reduced based on the number of months prior to reaching age 63 that the executive takes his retirement. On death of the executive, the pension is paid to the executive's spouse as a 60% joint and survivor pension for life. The Company's payment obligations are funded in part by a registered defined benefit plan, which provides the same benefit level as the SERP, to the maximum allowable benefit as determined by regulatory authorities. The balance is unfunded. The registered defined benefit plan provides for annual indexing of pension benefits based on inflation. Indexing provided by the registered plan does not increase the overall pension benefit received by the executive from the registered plan and the SERP. In the event of change of corporate control, the Company will pay to Mr. Lang, upon his request, 50% of the SERP value, increased in consideration of the applicable tax. The remaining 50% of the SERP will be paid, or will continue to be paid, as a pension benefit upon or during retirement. For the purpose of calculating the pension payment, the approximate pensionable service for Mr. Lang was 36.5 years. The Company has no established policies concerning the granting of additional years beyond the plan maximum for the calculation of pensionable service. The accrued benefit obligation for the defined benefit plan and SERP pension benefits for Mr. Lang at December 31, 2018, was estimated at \$6,390,000. The calculation for the amounts reported above use actuarial assumptions that are consistent with those used for calculating accrued pension benefit obligations as disclosed in the Company's 2018 consolidated financial statements. As the assumptions reflect the Company's best estimate of future events, the values shown may not be directly comparable to similar estimates of pension liabilities that may be disclosed by other companies.

The following table sets forth the amounts paid to the directors of the Company (other than Mr. Martin) in the 2018 calendar year:

### 2018 Director Compensation Table

Director	Fees earned in cash (\$) <sup>(1)</sup>	Share-based awards – fees received in DSUs <sup>(2)</sup> (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$) <sup>(3)</sup>	Total (\$)
Vincent Galifi	0	160,000	0	0	0	2,173	162,173
Edward Guillet	175,622	37,500	0	0	0	36,088	249,210
Kathleen Keller-Hobson	151,600	37,500	0	0	0	3,645	192,745
Donald Lang	0	0	0	311,220	(96,000)	798,000	1,013,220 <sup>(4)</sup>
Erin Lang	0	148,000	0	0	0	2,085	150,085
Stuart Lang	108,500	37,500	0	0	0	16,269	162,269
Douglas Muzyka	0	164,995	0	0	0	2,890	167,885
Thomas Peddie	140,500	37,500	0	0	0	81,576	259,576
Mandy Shapansky	130,500	37,500	0	0	0	4,705	172,705

#### NOTES:

- (1) Directors who have achieved their shareholding target of three times their total annual retainer, are no longer eligible to receive their retainer, meeting fees and committee chair fees in DSUs. Those fees must be taken in cash.
- (2) Eligible directors received all or part of their fees in DSUs as described below. The amount shown reflects the aggregate of the amounts credited to such directors' DSU accounts on the dates for payment of directors' fees during 2018, and is valued in Canadian dollars. Compensation for Mr. Guillet and Mr. Muzyka was paid or payable in US dollars. Cash amounts were translated into Canadian dollars based at the exchange rates at the time of the award.
- (3) Amounts shown, except for Mr. Lang, reflect dividend equivalents credited in the form of DSUs on the DSUs awarded in 2018. The amount shown for Mr. Lang is his salary as Executive Chairman of the Company.
- (4) Compensation was paid to Mr. Lang in his capacity as an officer of the Company.

### SHARE-BASED AND OPTION-BASED AWARDS TO DIRECTORS

Share-based awards (other than DSUs) and option-based awards to directors have been discontinued since 2004, and no such awards were issued to directors in 2018. Information relating to share-based and option-based awards to directors outstanding at the end of the most recently completed financial year is set forth in the table below. Share-based and option-based awards to directors who are also NEOs are described above under the heading "Incentive Plan Awards."

**Outstanding Share-Based Awards and Option-Based Awards to Directors  
as of December 31, 2018**

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested <sup>(2)</sup> (#)	Market or payout value of share-based awards that have not vested <sup>(2)</sup> (\$)	Market or payout value of vested share-based awards not paid out or distributed <sup>(2)</sup> (\$)
Vincent Galifi	n.a.	n.a.	n.a.	n.a.	0	0	248,244
Edward Guillet	n.a.	n.a.	n.a.	n.a.	0	0	3,501,891
Kathleen Keller-Hobson	n.a.	n.a.	n.a.	n.a.	0	0	360,494
Donald Lang	187,500 225,000 121,200	17.434 27.478 43.90	Feb. 20, 2019 Feb. 26, 2020 Mar. 3, 2021	6,117,375 5,080,950 746,592	0	0	0
Erin Lang	n.a.	n.a.	n.a.	n.a.	0	0	234,601
Stuart Lang	n.a.	n.a.	n.a.	n.a.	0	0	1,582,874
Douglas Muzyka	n.a.	n.a.	n.a.	n.a.	0	0	324,990
Thomas Peddie	n.a.	n.a.	n.a.	n.a.	0	0	7,906,476
Mandy Shapansky	n.a.	n.a.	n.a.	n.a.	0	0	463,138

NOTES:

- (1) Value of unexercised options is the difference between the option exercise price and \$50.06, the closing price of the Company's Class B non-voting shares on the TSX on December 31, 2018, multiplied by the number of options. There are no options outstanding to directors at this time. Mr. Donald Lang and Mr. Martin hold options only in their capacity as officers of the Company, and not as directors.
- (2) DSUs vest on the date they are granted, but they are not redeemable until the recipient ceases to be a director. The cumulative value of vested but undistributed DSU awards to the directors as at December 31, 2018, is calculated by multiplying \$50.06, being the closing price of the Company's Class B non-voting shares on the TSX on December 31, 2018, by the number of DSUs held by the director at December 31, 2018. Donald Lang and Geoffrey Martin hold no DSUs.

**Share-based Awards, Option-based Awards and Non-equity Incentive Plan  
Compensation to Directors Vested or Earned During 2018**

Name	Option-based awards – Value vested during the year (\$) <sup>(1)(2)</sup>	Share-based awards – Value vested during the year <sup>(3)</sup> (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Vincent Galifi	0	160,000	0
Edward Guillet	0	37,500	0
Kathleen Keller-Hobson	0	37,500	0
Donald Lang	5,185,381	0	311,220 <sup>(4)</sup>
Erin Lang	0	148,000	0
Stuart Lang	0	37,500	0
Douglas Muzyka	0	164,995	0
Thomas Peddie	0	37,500	0
Mandy Shapansky	0	37,500	0

NOTES:

- (1) The aggregate dollar value of option-based awards vested during 2018 is determined by calculating the difference between the market price of the Class B non-voting shares underlying the options on the TSX on the vesting date and the exercise price of the options, multiplied by the number of vested options.

- (2) None of the directors, other than Messrs. Donald G. Lang and Geoffrey T. Martin, hold stock options. Messrs. Lang and Martin received stock options in their capacity as officers of the Company, not as directors. Details of the grants to Mr. Martin are set forth in the "Summary Compensation Table" and in the "Compensation Discussion and Analysis," above.
- (3) Directors' fees are paid quarterly. Where a director elects to receive some or all of his or her fees in DSUs, the value of the DSUs is based on the average high and low stock price of Class B non-voting shares on the TSX over the five days preceding the date of payment of directors' fees. Where a special award of DSUs is made to directors, its value is also determined by applying the average high and low stock price of Class B non-voting shares on the TSX over the five days preceding the date of the grant. DSUs vest on the date they are granted but they are not redeemable until the recipient ceases to be a director.
- (4) Amount shown is the bonus earned by Donald G. Lang as Executive Chairman of the Company.

### **Indebtedness of Directors and Executive Officers to the Company and its Subsidiaries under Securities Purchase and Other Programs**

As of February 28, 2019, none of the directors, officers or employees of the Company or its subsidiaries were indebted to the Company or its subsidiaries.

### **DIRECTORS' AND OFFICERS' LIABILITY INSURANCE**

As of July 8, 2018, the Company had purchased policies of insurance for the benefit of itself and its directors and officers against liability incurred by them in the performance of their duties as directors or as officers of the Company. The cumulative amount of the premium paid in respect of this policy in 2018 was \$331,859 (US\$256,123). The Company also purchased director and officer liability insurance in some foreign jurisdictions at an additional cost of \$9,545 (US\$7,367). The policies do not specify that any part of the premium is paid in respect of either directors as a group or officers as a group. The entire premium is paid by the Company. The aggregate amount of coverage under the policies is \$97,177,500 (US\$75,000,000) in respect of any one occurrence. By the terms of the policies, the Company may claim for 100% of the loss, up to the policy aggregate, over and above the first \$323,925 (US\$250,000), such \$323,925 (US\$250,000) being the deductible for the Company under the primary policy. In addition, in certain limited circumstances where complete indemnity of the director or officer by the Company is not possible, the director or officer may claim on the policies for 100% of the loss, without a deductible being applicable. In addition to the above policies, there is a further \$6,478,500 (US\$5,000,000) coverage layer above \$97,177,500 (US\$75,000,000) for the directors and officers (Side A Difference in Conditions (DIC) Excess), which provides dedicated and exclusive limits for claims made against director(s) and officer(s) only when the Company cannot or will not indemnify the individual. The policy contains standard industry exclusions.

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

The Company has formalized its corporate governance policies and practices. These include a written mandate of the board of directors, charters of each committee of the board and a description of the roles and responsibilities of the Executive Chairman, the President and Chief Executive Officer and Lead Director of the Company. Various other governance-related policies have been adopted by the Board, including with respect to the conduct of board meetings, director share ownership requirements, orientation for new directors and continuing education for all directors, evaluations of the effectiveness of the Board, and diversity of the Board. The board of directors has also adopted a code of business conduct and ethics for its directors, officers and employees, entitled the "Global Business Ethics Guide", and a written communications and public disclosure policy, entitled the "Disclosure Policy". The board mandate, committee charters and position descriptions for the Executive Chairman, President and Chief Executive Officer, Lead Director, as well as the Global Business Ethics Guide and the Disclosure Policy may be viewed on the Company's website at [www.cclind.com](http://www.cclind.com).

The following disclosure responds to the requirements of National Instrument 58-101, *Disclosure of Corporate Governance Practices*, as amended by certain of the Canadian Securities Administrators.

INSTRUMENT REQUIREMENTS	COMMENTS
Disclose the identity of directors who are independent.	Vincent J. Galifi, Edward E. Guillet, Kathleen L. Keller-Hobson, Douglas W. Muzyka, Thomas C. Peddie and Mandy J. Shapansky. Alan D. Horn, a nominee for director at the Meeting, is independent.
Disclose the identity of directors who are not independent, and describe the basis for that determination.	<p>Donald G. Lang, Erin M. Lang, Stuart W. Lang and Geoffrey T. Martin are not independent.</p> <p>Donald G. Lang is Executive Chairman of the Company, and Erin M. Lang and Stuart W. Lang have a direct family relationship with him.</p> <p>Geoffrey T. Martin is the President and Chief Executive Officer of the Company.</p>
Disclose whether or not a majority of directors are independent.	A majority of the directors are independent.
If a director is presently a director of any other issuer that is a reporting issuer in a Canadian jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.	<p>Edward E. Guillet – Waste Connections, Inc.;</p> <p>Kathleen L. Keller-Hobson – Premium Brands Holdings Corporation and the Greater Toronto Airports Authority;</p> <p>Douglas W. Muzyka – Chemtrade Logistics Income Fund</p> <p>Alan D. Horn – Rogers Communications Inc., Fairfax Financial Holdings Limited and Fairfax India Holdings Corporation</p>
Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year.	Each meeting of the board includes an <i>in camera</i> session, chaired by the Lead Director, at which only independent directors are present. Six regularly scheduled meetings of the board of directors were held during 2018, all of which included an <i>in camera</i> session of the independent directors only. The committees of the board also include <i>in camera</i> sessions as part of their meetings at which only independent directors also attend.



INSTRUMENT REQUIREMENTS	COMMENTS
<p>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.</p>	<p>The Executive Chairman, Donald G. Lang, is not an independent director. Accordingly, in accordance with good governance practices, the Board has appointed Kathleen Keller-Hobson, an independent director, as Lead Director. The responsibilities of the Lead Director is as follows:</p> <ul style="list-style-type: none"> <li>(i) To develop the agenda for <i>in camera</i> board meetings where non-independent directors and members of management are excluded;</li> <li>(ii) To act as liaison between management and the board where and if required;</li> <li>(iii) To chair board meetings in the absence of the Executive Chairman;</li> <li>(iv) To consider any other appropriate structures and procedures to ensure that the board can function independently of management;</li> <li>(v) To undertake the lead on any other corporate governance matters that the board may request from time to time;</li> <li>(vi) To discuss with the Executive Chairman any concerns of the independent directors;</li> <li>(vii) To provide feedback to the Executive Chairman and act as a sounding board with respect to strategies, accountability and other issues; and</li> <li>(viii) To review and approve the travel and entertainment expenses of the Executive Chairman.</li> </ul>
<p>Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.</p>	<p>Please refer to the tables under "Election of Directors," above. In addition, Mr. Guillet attended 6 of 6 board meetings and 10 of 10 board committee meetings.</p>
<p>Disclose the text of the board's written mandate.</p>	<p>Please see the board's mandate, under "The Mandate of the Board", below.</p>
<p>Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee.</p>	<p>The position description for the Executive Chairman is available on the Company's website at <a href="http://www.cclind.com">www.cclind.com</a>. The position description for the chair of each board committee is included in that committee's charter. The charters of the board committees are set out under "Board Committees" below and are also available on the Company's website.</p>
<p>Disclose whether or not the board and the CEO have developed a written position description for the CEO.</p>	<p>The board has adopted a position description for the CEO, which is available on the Company's website at <a href="http://www.cclind.com">www.cclind.com</a>.</p>
<p>Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal, and, if it has not adopted such measures, why it has not done so.</p>	<p>The Company has adopted term limits, namely a mandatory director retirement age of 75.</p>



INSTRUMENT REQUIREMENTS	COMMENTS
<p>Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If such a policy has been adopted, disclose a short summary of its objectives and key provisions, the measures taken to ensure that it has been successfully implemented, annual and cumulative progress by the issuer in achieving the objectives of the policy, and whether and, if so, how the board or its nominating committee measures the effectiveness of the policy. If no such policy has been adopted by the issuer, disclose why it has not done so.</p>	<p>The board has adopted a written diversity policy. The diversity policy provides that the board of directors shall use its reasonable efforts to ensure that the further recruitment of directors is reflective of its intent to advance the principle of diversity. Whenever a nominee to the board of directors is sought, the Nominating and Governance Committee will seek candidates of diverse backgrounds who demonstrate noteworthy accomplishment in their business or professional careers and significant expertise and experience in those skills and competencies identified by the Committee as requiring additional representation on the board. The board of directors, the Nominating and Governance Committee and the Human Resources Committee routinely discuss the promotion of diversity.</p> <p>In particular, the board of directors is committed to an identification and nomination process that will identify qualified women candidates. Accordingly, the Nominating and Governance Committee will seek to ensure that, whenever a nominee to the board of directors is being considered, that one or more women candidates is identified for consideration. Any necessary resources, including those of an executive search firm, are available to the Nominating and Governance Committee in identifying women or other diverse candidates. At the conclusion of each director recruitment process, the chair of the Nominating and Governance Committee will report to the board concerning the details of the recruitment process, the extent to which the objectives of the diversity policy have been achieved and, if the objectives have not been achieved, an account of the reasons. Through this process and the resulting representation of women on the board of directors, the Nominating and Governance Committee measures the effectiveness of the policy.</p> <p>As a result of the board's focus on recruiting women directors, three women directors have joined the board since 2014, comprising 30% of the members of the board.</p> <p>Please also refer to the disclosure under "Diversity Policy" below for further detail.</p>

INSTRUMENT REQUIREMENTS	COMMENTS
<p>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 such representation, disclose the issuer's reasons for not doing so.</p>	<p>The board is committed to diversity and, in particular, to the representation of women on the board. As a result, 30% of the board members are women. The board intends to continue to follow the process for identifying and nominating women directors set forth in its Diversity Policy.</p>
<p>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 such representation, disclose the issuer's reasons for not doing so.</p>	<p>The Company does not use gender alone as a determining criterion in the selection of executive officers, but rather as one of several key selection criteria, including ability, experience, leadership, preparation and professional qualification. The Company is committed to promoting women to executive positions and to ensuring that women candidates are fairly considered relative to other candidates. Women hold significant executive positions in the Company and its subsidiaries. Please see "Diversity Policy," below.</p>
<p>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.</p>	<p>The Company has not adopted a target for women directors as it believes that decisions should be merit-based and that diversity, including gender diversity, can be achieved without reference to a specific target. The Company has achieved 30% women on the board without a target.</p>
<p>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.</p>	<p>The Company has not adopted a target for women in executive officer positions. The Company makes such appointments based on individual merit to meet specific operational needs, rather than on the basis of a specific target. As noted above, the Company is committed to promoting women to executive officer positions and to ensuring that women candidates are fairly considered relative to other candidates.</p>
<p>Disclose the number and proportion (in percentage terms) of directors on the issuer's board who are women.</p>	<p>There are currently three women on the board of ten, representing 30% of the board.</p>
<p>Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.</p>	<p>Women comprise 20 out of 133 executive officer positions within the Company and its subsidiaries, representing 15%.</p>
<p>Briefly describe what measures the board takes to orient new directors regarding (i) the role of the board, its committees and its directors, and (ii) the nature and operation of the issuer's business.</p>	<p>Please refer to "Orientation of New Directors and Continuing Education of Directors", below.</p>
<p>Briefly describe what measures, if any, the board takes to provide continuing education for its directors.</p>	<p>Please refer to "Orientation of New Directors and Continuing Education of Directors", below.</p>

INSTRUMENT REQUIREMENTS	COMMENTS
<p>Disclose whether or not the board has adopted a written code of business conduct and ethics for the directors, officers and employees. If the board has adopted a written code:</p> <p>(i) disclose how a person or company may obtain a copy of the code;</p> <p>(ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and</p> <p>(iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.</p>	<p>The board has adopted a code of business conduct and ethics for its directors, officers and employees.</p> <p>(i) A copy of the code may be viewed on the Company's website at <a href="http://www.cclind.com">www.cclind.com</a>.</p> <p>(ii) The Human Resources Committee, is responsible for monitoring compliance with its Global Business Ethics Guide and administering and granting any waivers in respect of the code. Both the Human Resources Committee and the Audit Committee receive the report of the Senior Vice President, Finance-IT-Human Resources on a quarterly basis regarding any matters or issues involving the code. The Company makes available an anonymous hotline for the reporting of suspected breaches of the code. Submissions or complaints made on the hotline are reviewed for investigation and resolution of issues by the Senior Vice President, Finance-IT-Human Resources, who reports hotline matters to the board of directors through the Human Resources Committee, and, where applicable, through the Audit Committee.</p> <p>(iii) There have been no such departures from the code.</p>
<p>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.</p>	<p>Should any matter arise in which a director has a material interest, he or she is expected to declare his or her interest and recuse himself or herself from the discussion and voting on such matter. Any material interest of an executive officer is expected to be reported to the board. The independent directors would discuss any such matter <i>in camera</i> and may retain independent counsel.</p>
<p>Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.</p>	<p>The board and the CEO have reviewed and approved the Company's Global Business Ethics Guide and management has been charged with the responsibility of distributing and promulgating this code among the Company's employees. Distribution of the code was accompanied by explanatory presentations. The General Manager of each business unit is charged with ongoing promotion of the code to the employees under his or her authority. The code provides for an anonymous, company-wide "ethics hotline" for reporting breaches of the code and any issues relating to accounting and financial wrong-doing.</p>

INSTRUMENT REQUIREMENTS	COMMENTS
Describe the process by which the board identifies new candidates for board nomination.	The Nominating and Governance Committee has developed a matrix of skills and competencies important to the Company's business and strategic direction and identified members of the board with such skills and competencies. This matrix, and particularly any under-represented skills and competencies, is used as the basis of further recruitment efforts by the Nominating and Governance Committee. Director recruitment may be conducted through informal channels and/or through the use of executive search firms. The matrix can be found under "Matrix of Skills and Competencies," below.
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 and Governance Committee composed entirely of independent directors.
If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.	Please see the text of the charter under "Charter of the Nominating and Governance Committee" below.
Describe the process by which the board determines the compensation for the issuer's directors and officers.	The Nominating and Governance Committee is responsible for determining the compensation of the Executive Chairman and the directors. The Human Resources Committee is responsible for determining the compensation of the Company's other officers. In both cases, compensation is determined using comparative data of relevant peers. Please refer to the "Compensation Discussion and Analysis" above for a detailed discussion.
Disclose whether or not the board has a compensation committee composed entirely of independent directors.	The board has a Human Resources Committee, which fulfills the role of a compensation committee. It is composed of independent directors, except for Mr. D. Lang, who is Executive Chairman and therefore not an independent director.
If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.	Please see the text of the charter under "Charter of the Human Resources Committee," below.
If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.	The board has an Environment and Health & Safety Committee, the function of which is to provide a forum for overseeing the Company's policies, management systems, performance and legal and regulatory compliance in the areas of environment and health and safety. Please see the charter of the committee under "Charter of the Environment and Health & Safety Committee" below.

INSTRUMENT REQUIREMENTS	COMMENTS
<p>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.</p>	<p>The Nominating and Governance Committee initiates, every second year (or more frequently, as the board may determine from time to time), a formal assessment of the board as a whole. The scope of the assessment, together with an assessment plan and methodology, are determined by the Nominating and Governance Committee. The assessment is conducted by a questionnaire completed by each director, and may include an evaluation of the board's committees and of each individual director. One-on-one interviews are then conducted by the Lead Director with each director to review the formal assessment, both of the performance of the board and to solicit the director's views on the effectiveness of the board, its committees and the individual directors and to receive each director's recommendations. The findings of the assessment are presented to the board as a whole in the form of a report by the Chair of the Nominating and Governance Committee. The Nominating and Governance Committee considers, through on-going candid discussions held at each meeting, the effectiveness and contribution of board members and determines whether a renewal is appropriate.</p>

### **Audit Committee**

For disclosure regarding the Company's Audit Committee, please refer to the section entitled "Item 17– Audit Committee" in the Company's 2018 Annual Information Form. To obtain a copy of the Annual Information Form, please refer to the information set forth under the title "Additional Information" below.

### **The Mandate of the Board**

The Board is responsible for the stewardship of the Company, for overseeing the management of the Company's business and affairs, and for appointing a senior management team to be responsible for the day-to-day conduct of the business. The Board carries out its duties and responsibilities directly or by delegation to committees of the Board. The specific duties delegated to each committee of the Board are outlined in that committee's charter. The Board's duties and responsibilities include the following:

- Act in the best interests of the Company with a view to the preservation and enhancement of long-term shareholder value.
- Annually review and approve strategic, business and capital plans for the Company, monitor management's execution of such plans and require appropriate action to be taken when performance falls short of goals; review at least annually a strategic plan which takes into account the opportunities and risks of the business.
- Ascertain whether specific and relevant corporate measurements are developed and ensure the integrity of the internal control and management information systems that are in place with regard to business performance.

- Select, evaluate, and compensate the Executive Chairman and the CEO.
- Satisfy itself of the integrity of the Executive Chairman and the CEO, and other senior officers, and that these individuals create a culture of integrity throughout the Company.
- Review and monitor management's determination and assessment of the principal risks of the Company's business and pursue the implementation by management of appropriate systems to manage such risks.
- Review measures implemented and maintained by the Company to ensure compliance with applicable laws.
- Monitor the practices of management against the Company's disclosure policy to ensure appropriate and timely communication of material information concerning the Company to its shareholders.
- Monitor overall safety and environmental programs.
- Monitor the development and implementation of programs for management succession and development, which programs include training and monitoring senior management.
- Monitor the evaluation and compensation of senior management.
- Develop or approve selection criteria for new candidates for directorship.
- Direct the implementation of measures for receiving feedback from shareholders, including the monitoring of the use of the Company's website as a means of receiving and responding to comments and questions from interested persons.
- Establish and communicate to management the board's expectations of management.
- Develop the Company's approach to corporate governance, including the development of a set of corporate governance principles and guidelines that are specifically applicable to the Company, which responsibility may be delegated to a committee of the board.
- Develop and review as part of the board's Governance Policy, the expectations and responsibilities of directors, including basic duties and responsibilities with respect to attendance at board meetings and advance review of meeting materials.
- Discharge such other duties as may be required in the good stewardship of the Company.

#### *Board Approvals*

In addressing its mandate, the board assumes responsibility for the following approvals:

#### *Financial Approvals:*

- Strategic plan
- Annual financial statements and auditor's report, and press release
- Quarterly financial statements and press release
- Annual operating and capital budgets, and expenditures not authorized by the board-approved budgets

- All acquisitions, divestitures and joint ventures, and any capital calls or further investments in joint ventures and trade investments
- Financings by debt or equity
- Dividend policy
- Share re-purchase programs

Human Resources Approvals:

- Appointments / successions/ dismissals of the Executive Chairman and the CEO
- Directly or by delegation to the Human Resources Committee:
  - (a) compensation and incentive arrangements for the CEO and those officers reporting directly to the CEO; and
  - (b) employment/termination agreements for corporate officers reporting directly to the CEO.

Governance, Compliance and Major Policies:

- Appointment of Board Committees and their Chairs
- Nomination of directors
- Recommendation of Auditor to the shareholders
- Annual and quarterly financial reporting, Management's Discussion & Analysis, Management Information Circular and Annual Information Form
- Major policies

**Board Committees**

In order to more efficiently discharge its responsibilities, the board has established an Audit Committee, a Human Resources Committee, a Nominating and Governance Committee, and an Environment and Health & Safety Committee, the charters of which are set forth below. The board appoints a chair for each of these committees. The chair of each committee is an independent director. The chair of each committee directs the operations of the committee through the establishment of the agenda for meetings, which are called at regular intervals and as may be required from time to time. The chair of each committee reports on the activities of the committee at board meetings. Each committee has the authority to engage, instruct and compensate, at the Company's expense, any outside advisor it determines to be necessary to carry out its responsibilities.

**Charter of the Audit Committee**

The principal purpose of the Audit Committee is to provide a forum for detailed discussion, examination and review of the Company's auditing needs, financial reporting, and information systems activities and the selection, instruction, evaluation and compensation of external and internal auditors of the Company and external providers of financial and information management systems services to the Company.

The CFO acts as staff facilitator to the Committee. The Audit Committee has the authority to communicate directly with the internal and external auditors. The Company's Auditor shall report directly to the Audit Committee.

Composition of Committee. The Committee shall be composed of a minimum of three Directors, or such greater number as determined by the Board from time to time, all of whom shall be "Independent Directors", within the meaning of applicable securities laws. The Committee members shall be appointed annually by the Board following each annual meeting of shareholders, and may be removed by the Board. Committee members must be "financially literate" within the meaning of applicable



securities laws. Currently, “financially literate” means having the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements. The Secretary of the Company, or such other person as designated by the Secretary and approved by the Committee, shall act as secretary of the Committee meetings.

Committee Chair. Following each annual meeting of shareholders, the Board shall appoint a Chair of the Committee from among the members of the Committee. The Chair shall organize and direct the activities of the Committee, call meetings of the Committee as appropriate, establish the agenda for Committee meetings and chair such meetings. The Chair has responsibility to ensure that the matters set forth in this charter are given due consideration in the course of the Committee’s annual activities. The Chair is expected to encourage full participation in the deliberations and activities of the Committee by each of its members. The Chair shall report on the activities of the Committee at regular quarterly Board meetings.

Committee Meetings. Committee meetings shall be convened at least four times each year, and at such other times as may be determined by the Chair. Notice of the time and place of each meeting shall be given by the Chair, or such other person authorized by the Chair, to each Committee member in the manner permitted by the Company’s by-laws, not less than 48 hours before the time when the meeting is to be held. A notice of a meeting need not specify the purpose of or the business to be transacted at the meeting. A Committee member may in any manner waive notice of or otherwise consent to a meeting. Attendance of a Committee member at a meeting is a waiver of notice of the meeting except where the member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting has not been lawfully called. Telephone conference meetings of the Committee shall be considered valid if all persons participating in the meeting are able to communicate adequately with each other during the meeting. Directors who are not members of the Committee and management may, by invitation of the Chair, attend the Committee meetings. An *in camera* session, from which non-Independent directors and members of management shall be excluded, will be held at every meeting. The quorum for the transaction of business at a Committee meeting shall be a majority of Committee members. Committee decisions shall be determined by a majority of the votes cast at the meeting by members of the Committee. The Chair shall not have a second or casting vote. The Committee has the authority to engage, instruct and compensate, at the Company’s expense, any outside advisor it determines to be necessary to carry out its duties.

Mandate of the Committee: The mandate of the Committee is as follows:

- Review the quality and acceptability of the accounting policies, principles and practices of the Company.
- Review the quarterly and year-end financial statements, Management Discussion and Analysis, and earnings press releases of the Company before the Company publicly discloses this information, and report its findings for approval to the board.
- Monitor the adequacy and integrity of internal controls over accounting and financial systems and ensure that adequate procedures are in place for the review of the Company’s disclosure of financial information extracted or derived from the Company’s financial statements, other than the public disclosure referred to immediately above, and periodically assess the adequacy of the those procedures.
- Review the Annual Information Form of the Company and ensure that the prescribed disclosure regarding the Audit Committee is contained in the Annual Information Form.

- Monitor the timely communication of accurate financial information regarding the Company to the shareholders.
- Evaluate and recommend to the board the Auditor to be nominated to prepare or issue an audit report or perform other audit, review or attestation services for the Company.
- Evaluate and recommend to the board, the compensation of the Auditor.
- Ensure that the Auditor reports directly to the Audit Committee.
- Monitor the independence of the Auditor, and assume direct responsibility for overseeing the work of the Auditor engaged to prepare or issue an audit report or perform other audit, review or attestation services for the Company, including the resolution of disagreements between management and the Auditor regarding financial reporting.
- Communicate directly with the Auditor for the discussion and review of any issues as appropriate.
- Require and receive from time to time the written confirmation of the Auditor as to its independent status and as to its good standing with the Canadian Public Accountability Board.
- Pre-approve all non-audit services to be provided to the Company or its subsidiary entities by its Auditor. Authority to pre-approve non-audit services may be delegated to one or more members of the Committee, provided that the pre-approval is presented to the full Committee at its first scheduled meeting following such pre-approval.
- Review the results of internal and external audits, and any change in accounting practices or policies and their impact on the financial statements and maintain oversight responsibility for management reporting on internal control.
- Review the reports of the internal audit department of the Company and provide direction and guidance to the internal auditors.
- Where there are unsettled issues raised by the Auditor that do not have a material effect on the annual audited financial statements, require that there be a written response identifying a course of action that would lead to their resolution.
- Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters.
- Establish procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- Review and approve the Company's hiring policies regarding partners and employees and former partners and employees of the present and former Auditor of the Company.
- Review and monitor the adequacy and integrity of the Company's management information systems.
- Monitor the adequacy of the Company's financial resources and the payment of dividends, and make recommendations to the board regarding dividends.

- Review and assess the Company's financial risk exposure and the steps taken to monitor and mitigate such exposure, including the use of any derivatives or hedging activities.
- Review and assess the Company's IT and cybersecurity risk exposure and the steps taken to monitor and mitigate such exposure.
- Review and assess the Company's insurance programs.
- Review and assess the adequacy of the charter of the Audit Committee on an annual basis.

### **Charter of the Human Resources Committee**

The principal purpose of the Human Resources Committee is to provide a forum for detailed discussion, examination and review of the Company's needs and practices in the selection, evaluation, compensation and retention of senior management. The Committee considers and approves, and in certain matters, recommends any changes associated with these practices.

**Composition of Committee.** The Committee shall be composed of a minimum of three Directors, or such greater number as determined by the Board from time to time. All of the members of the Committee shall be "Independent Directors", within the meaning of applicable securities laws, except for the Executive Chairman who may serve as a member. The Committee members shall be appointed annually by the Board following each annual meeting of shareholders, and may be removed by the Board. Committee members shall have experience with and an interest in human resources development and administration. The Secretary of the Company, or such other person as designated by the Secretary and approved by the Committee, shall act as secretary of the Committee meetings.

**Committee Chair.** Following each annual meeting of shareholders, the Board shall appoint a Chair of the Committee from among the members of the Committee, who shall be an Independent Director. The Chair shall organize and direct the activities of the Committee, call meetings of the Committee as appropriate, establish the agenda for Committee meetings and chair such meetings. The Chair has responsibility to ensure that the matters set forth in this charter are given due consideration in the course of the Committee's annual activities. The Chair is expected to encourage full participation in the deliberations and activities of the Committee by each of its members. The Chair shall report on the activities of the Committee at regular quarterly Board meetings.

**Committee Meetings.** Committee meetings shall be convened not less than three times each year and at such other times as may be determined by the Chair. Notice of the time and place of each meeting shall be given by the Chair, or such other person authorized by the Chair, to each Committee member in the manner permitted by the Company's by-laws, not less than 48 hours before the time when the meeting is to be held. A notice of a meeting need not specify the purpose of or the business to be transacted at the meeting. A Committee member may in any manner waive notice of or otherwise consent to a meeting. Attendance of a Committee member at a meeting is a waiver of notice of the meeting except where the member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting has not been lawfully called. Telephone conference meetings of the Committee shall be considered valid if all persons participating in the meeting are able to communicate adequately with each other during the meeting. Directors who are not members of the Committee and management may, by invitation of the Chair, attend the Committee meetings. An *in camera* session, from which non-Independent directors and members of management shall be excluded, will be held at every meeting. The quorum for the transaction of business at a Committee meeting shall be a majority of Committee members. Committee decisions shall be determined by a majority of the votes cast at the meeting by members of the Committee. The Chair shall not have a second or casting vote. The Committee has the authority to engage, instruct and

compensate, at the Company's expense, any outside advisor it determines to be necessary to carry out its duties.

Mandate of the Committee. The mandate of the Committee is as follows:

- Consider, recommend and oversee the implementation of executive compensation programs; including base salaries, short-term and long-term incentives, bonuses, equity-based compensation, pension and perquisite programs. These programs are linked to the Company's business strategy, operating plans and performance.
- Monitor succession planning to encourage the development of appropriate successors for the President and CEO and other key executives as identified by the committee.
- Annually review corporate salary guidelines.
- In consultation with the board, review and approve the goals and objectives of the President and CEO. Annually evaluate his performance based on the results achieved against these goals and objectives.
- Make recommendations to the board with respect to the President and CEO's compensation including base pay, annual incentive and long-term incentive compensation, including any equity-based compensation.
- Oversee compensation risk management by annually reviewing the Company's executive compensation programs to identify potential risks that may be associated with these plans and practices.
- Consider and approve the compensation packages for named executive officers (NEOs) and other members of senior management (other than the President and CEO), and inform the board accordingly.
- Review, on an annual basis, the performance of NEOs, senior corporate executives and other senior operating executives reporting directly to the President and CEO relative to their compensation.
- Consider and approve employment and termination agreements for NEOs, senior corporate executives and other senior operating executives reporting directly to the President and CEO.
- Review the Company's diversity plans, practices and progress.
- Review and recommend for approval, any proposed amendments to the Company's pension plans that materially impact costs, benefits, plan eligibility or plan establishment/termination.
- Monitor the activities of the Company's pension committees. Annually review funding and administration of the Company's pension plans and fund performance as reported by the pension committees.
- Retain external independent compensation advisors for the purposes of determining competitive executive compensation, benefits and perquisites.
- Review executive compensation disclosures and recommend approval to the board of directors before the Company publicly discloses this information.

- Review and reassess the adequacy of the charter of the Committee on an annual basis.
- Monitor, and report to the board as appropriate, calls to the Company's Ethics "Hotline" and resolution of said calls.
- Monitor the administration of, and compliance with, the Company's Global Business Ethics Guide (the "Code"). Consider and approve any waivers of compliance with the Code and report to the full board concerning same.

### **Charter of the Nominating and Governance Committee**

The purpose of the Nominating and Governance Committee is to provide a forum for detailed discussion, examination and review of the Company's needs in the selection of directors and the formation of the committees of its board as well as of its governance policies and practices.

**Composition of Committee.** The Committee shall be composed of a minimum of three Directors, or such greater number as determined by the Board from time to time, all of whom shall be "Independent Directors", within the meaning of applicable securities laws. Members shall have experience in and an interest in the development of corporate governance practices and procedures. The Committee members shall be appointed annually by the Board following each annual meeting of shareholders, and may be removed by the Board. The Secretary of the Company, or such other person as designated by the Secretary and approved by the Committee, shall act as secretary of the Committee meetings.

**Committee Chair.** Following each annual meeting of shareholders, the Board shall appoint a Chair of the Committee from among the members of the Committee. The Chair shall organize and direct the activities of the Committee, call meetings of the Committee as appropriate, establish the agenda for Committee meetings and chair such meetings. The Chair has responsibility to ensure that the matters set forth in this charter are given due consideration in the course of the Committee's annual activities. The Chair is expected to encourage full participation in the deliberations and activities of the Committee by each of its members. The Chair shall report on the activities of the Committee at regular quarterly Board meetings.

**Committee Meetings.** Committee meetings shall be convened at least three times a year, and at such other times as may be determined by the Chair. Notice of the time and place of each meeting shall be given by the Chair, or such other person authorized by the Chair, to each Committee member in the manner permitted by the Company's by-laws, not less than 48 hours before the time when the meeting is to be held. A notice of a meeting need not specify the purpose of or the business to be transacted at the meeting. A Committee member may in any manner waive notice of or otherwise consent to a meeting. Attendance of a Committee member at a meeting is a waiver of notice of the meeting except where the member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting has not been lawfully called. Telephone conference meetings of the Committee shall be considered valid if all persons participating in the meeting are able to communicate adequately with each other during the meeting. Directors who are not members of the Committee and management may, by invitation of the Chair, attend the Committee meetings. An *in camera* session, from which non-independent directors and members of management shall be excluded, will be held at every meeting. The quorum for the transaction of business at a Committee meeting shall be a majority of Committee members. At all meetings every question shall be decided by a majority of the votes cast on the question. Committee decisions shall be determined by a majority of the votes cast at the meeting by members of the Committee. The Chair shall not have a second or casting vote. The Committee has the authority to engage, instruct and compensate, at the Company's expense, any outside advisor it determines to be necessary to carry out its duties.

Mandate of the Committee: The mandate of the Committee of the Board is as follows:

- Lead the process of recruiting, interviewing and recommending candidates to the board. Propose new nominees for directorship to the full board, as required.
- Develop and maintain a matrix of the skills, competencies and requirements represented on the board and those to be sought in candidates for directorship that would be helpful to the board and the Company, as well as a list of potential candidates for directorship responsive to such matrix of skills and needs, and consider whether each new nominee can devote sufficient time and resources to his or her duties as a board member.
- Maintain an evergreen list of director candidates.
- Determine whether any director is an independent director, subject to confirmation by the board.
- Annually recommend membership of the committees and their respective chairs to the board for approval.
- Determine the director orientation program for new directors and assess the effectiveness of the program.
- Review the continuing education requirements of directors and provide guidance for continuing education opportunities for directors.
- Bi-annually (or more frequently as the board may direct from time to time) determine the scope and process for evaluating the performance of the board, its committees and/or its individual directors, and report to the board.
- Annually assess the Company's compliance with the governance and disclosure requirements of applicable securities regulators.
- Annually assess the adequacy of the Company's governance-related policies, including the Statement of Governance Policies, the board and committee charters, the Company's Disclosure Policy, and propose any appropriate amendments to the board.
- Monitor the adequacy of the Company's D&O Insurance Policy.
- Annually review and recommend the compensation of directors, including grants of deferred share units of the Company, and make a recommendation to the board.
- Make recommendations to the board with respect to incentive compensation and equity-based plans for the Executive Chairman.
- Annually review and assess the adequacy of this charter.

#### **Charter of the Environment and Health & Safety Committee**

The Environment, Health & Safety Committee ("EHS Committee") is responsible for assisting the board of the Company in fulfilling its oversight responsibilities in relation to:

- the Company's policies, management systems and performance with respect to environmental and occupational health and safety ("EHS") matters;



- the Company's compliance with legal and regulatory requirements as they pertain to environment, health and safety;
- the liabilities of the Company that may arise from EHS matters with respect to the foregoing; and
- such other duties as may be delegated to the EHS Committee by the board.

Composition of Committee. The Committee shall be composed of a minimum of three Directors, or such greater number as determined by the Board from time to time. The Committee members shall be appointed annually by the Board following each annual meeting of shareholders, and may be removed by the Board. Committee members shall have knowledge in matters of environmental protection and occupational health & safety. The Secretary of the Company, or such other person as designated by the Secretary and approved by the Committee, namely the Vice President, Facilities Engineering Worldwide, shall act as secretary of Committee meetings.

Committee Chair. Following each annual meeting of shareholders, the Board shall appoint a Chair of the Committee from among the members of the Committee, who shall be an "Independent Director" within the meaning of applicable securities laws. The Chair shall organize and direct the activities of the Committee, call meetings of the Committee as appropriate, establish the agenda for Committee meetings and chair such meetings. The Chair has responsibility to ensure that the matters set forth in this charter are given due consideration in the course of the Committee's annual activities. The Chair is expected to encourage full participation in the deliberations and activities of the Committee by each of its members. The Chair shall report on the activities of the Committee at regular quarterly Board meetings.

Committee Meetings. Committee meetings shall be convened at least three times each year, and at such other times as may be determined by the Chair. Notice of the time and place of each meeting shall be given by the Chair, or such other person authorized by the Chair, to each Committee member in the manner permitted by the Company's by-laws, not less than 48 hours before the time when the meeting is to be held. A notice of a meeting need not specify the purpose of or the business to be transacted at the meeting. A Committee member may in any manner waive notice of or otherwise consent to a meeting. Attendance of a Committee member at a meeting is a waiver of notice of the meeting except where the member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting has not been lawfully called. Telephone conference meetings of the Committee shall be considered valid if all persons participating in the meeting are able to communicate adequately with each other during the meeting. Directors not members of the Committee and management may, by invitation of the Chair, attend the Committee meetings. An *in camera* session, from which non-independent directors and members of management shall be excluded, will be held at every meeting. The quorum for the transaction of business at a Committee meeting shall be a majority of Committee members. Committee decisions shall be determined by a majority of the votes cast at the meeting by members of the Committee. The Chair shall not have a second or casting vote. The Committee has the authority to engage, instruct and compensate, at the Company's expense, any outside advisor it determines to be necessary to carry out its duties.

Mandate of the Committee. The mandate of the Committee is as follows:

- Ensure that management has proper systems in place for implementing the Company's policies and procedures with respect to EHS matters, such systems to involve appropriate standards, training and supervision, and reviews to ensure compliance with same.



- Review significant compliance and other issues brought forward by the EHS officer and direct senior management to take adequate steps to correct the situation and report back on completion.
- Require that the Company have a documented system requiring the prompt reporting of significant events as defined in the CCL emergency reporting procedures, and receive annual verification by management that contingency plans to deal with EHS incidents are in place.
- Review status of significant environmental issues and health and safety performance reporting on an on-going basis. Bring any material matters discussed by the EHS Committee to the attention of the board.
- Ensure appropriate environmental and health and safety due diligence is performed prior to the acquisition of all new businesses.
- Review environmental liabilities and assessment of reserve requirements annually, and provide comment to the Audit Committee as necessary.
- Require senior management delegates to keep it apprised of current and emerging issues and proposed legislation in EHS matters that may have a material effect on the Company's operations, and bring to the attention of the board such issues as the EHS Committee shall think appropriate.
- Undertake such additional activities within the scope of its responsibilities as it shall deem appropriate in its discretion.
- Require management to annually report to the Committee on the outcome of the EHS awards.
- Review and reassess the adequacy of the Charter and the Cyclical Agenda of the Committee on an annual basis.

### **Composition of Board and Committees**

The board presently has six independent directors out of a total of ten directors. The Company will seek to maintain a majority of independent directors. The roles of the Executive Chairman of the board and of the CEO are separate, and the board has a lead director who is an independent director. A quorum for board and board committee meetings is a majority of the member directors. A "board interlock" occurs where there are reciprocal directorships between the boards of two companies, as when two companies share two or more directors other than in a parent/subsidiary situation. There are no board interlocks involving the Company's board of directors and the board of directors of any other company.

As of the date of this circular, the committees of the board of directors are made up of the directors appearing in the table below. Chairs of board committees are marked with a “C.”

<b>Director</b>	<b>Audit Committee</b>	<b>Human Resources Committee</b>	<b>Nominating and Governance Committee</b>	<b>Environment and Health &amp; Safety Committee</b>
V. Galifi	X	X		
E. Guillet		C	X	
K. Keller-Hobson			C	
D. Lang		X		
E. Lang				X
S. Lang				X
D. Muzyka		X		X
T. Peddie	C		X	
M. Shapansky	X			C

## Matrix of Skills and Competencies

The Nominating and Governance Committee has developed a matrix of skills and competencies represented on the board. The following matrix is used as the basis of further recruitment efforts conducted by the Nominating and Governance Committee through informal channels and/or executive search firms.

		DIRECTOR/NOMINEE										TOTAL
		V. Galifi	E. Guillet	K. Keller-Hobson	D. Lang	E. Lang	S. Lang	G. Martin	D. Muzyka	T. Peddie	M. Shapansky	
<b>Experience and Skills</b>												
<b>General Management</b>												
C-Suite experience												7
International												5
Strategy development												9
M&A transactions												5
Acquisition integration												3
<b>Corporate Governance</b>												4
<b>Legal/Regulatory</b>												1
<b>Finance</b>												
Accounting/auditing												3
Public market												4
Capital market/financings												4
Risk management												3
<b>Sales/Marketing</b>												
Business to business												4
Business to consumer												3
<b>Hands-on Manufacturing</b>												3
<b>Sector Expertise</b>												3
<b>Human Resources</b>												4
<b>Health/Safety/Environmental Sustainability</b>												4
<b>Diversity</b>												
Age	Under 55					✓						1
	55-65	✓		✓	✓			✓	✓		✓	6
	66+		✓				✓			✓		3
Gender	Male	✓	✓		✓		✓	✓	✓	✓		7
	Female			✓		✓					✓	3
Tenure	1-5 years	✓		✓		✓			✓		✓	5
	6-10 years		✓									1
	11+ years				✓		✓	✓		✓		4
Independence	Yes	✓	✓	✓					✓	✓	✓	6
	No				✓	✓	✓	✓				4

## Share Ownership Requirements

Each director is expected to acquire shares or DSUs of the Company valued at a market price for the Company's shares at not less than three times his or her total annual retainer (annual base retainer and dollar value of DSUs awarded annually) in directors' fees within three years of the director's initial election or appointment, and to maintain such an interest in the capital of the Company throughout the period of his or her directorship. In the event that the total annual retainer is increased, each director shall have three years from the date of the increase of the retainer to acquire additional DSUs or shares representing the amount of the increase at market value as of the date of such increase. The Executive Chairman and CEO, who are also directors, but who receive no retainer as directors, are expected to acquire within five years of their appointments and to hold throughout their term of office,

as a minimum, shares of the Company and RSUs in any combination of a value equal to six times their base salary. The Company encourages share ownership by directors by making available its DSU Plan, through which directors may receive remuneration in DSUs. In addition, the Board determines annually, in its discretion, a grant of DSUs to directors as part of their remuneration. On May 17, 2018, a grant of 599 DSUs (with a value of \$37,500 on the date of grant) was made to each director who was not also an officer of the Company, with the expectation for further DSU grants on a yearly basis at the discretion of the board. As at the date hereof, all directors are in compliance with the requirements of the Company's policy on share ownership by directors. The value of the equity holdings of each director appears in the table set forth under "Election of Directors," above.

### **Diversity Policy**

Recognizing the benefits that may accrue to the Company and its board of directors from actively drawing upon the available abilities and experience of accomplished and capable business leaders of diverse backgrounds, and in further recognition of the established public policy for the expansion of the participation of women in senior business leadership, the Company has adopted a diversity policy, the purpose of which is to formally acknowledge the Company's commitment to the promotion of diversity on its board of directors. "Diversity," for purposes of the policy, is to be taken in its general sense, meaning that the board of directors of the Company should reflect a range of ethnic, racial and cultural backgrounds, gender, age and geographies within which the Company carries on its business. The board of directors will use its reasonable efforts to ensure that the further recruitment of directors is reflective of its intent to advance the principle of diversity.

The board of directors of the Company will consider director candidates on merit using objective criteria, with regard to the benefits of diversity. The Nominating and Governance Committee of the board will seek candidates of diverse backgrounds, who demonstrate noteworthy accomplishment in their business or professional careers and significant expertise and experience in those skills and competencies identified by the Committee as requiring additional representation on the board. In particular, the board of directors is committed to an identification and nomination process that will identify qualified women candidates. Accordingly, the Nominating and Governance Committee will seek to ensure that, whenever a nominee to the board of directors is being considered, that one or more women candidates are identified for consideration. Any necessary resources, including those of a search firm, are available to the Nominating and Governance Committee in identifying women or other diverse candidates. To permit the board to monitor and assess the effectiveness of the policy, at the conclusion of each director recruitment process, the chair of the Nominating and Governance Committee will report to the board concerning the details of the recruitment process, and the extent to which the objectives of this policy have been achieved and, if the objectives have not been achieved, an account of the reasons that objectives had not been achieved.

The level of representation of women on the board has been a guiding concern in the Company's board recruitment process and, since 2014, three women have joined the board. The Company has not established targets or quotas for women directors as it believes that decisions should be merit-based and that diversity, including gender diversity, can be achieved without reference to a formal target or quota.

Given the nature of the Company's global business, its business unit leaders and local management reflect the diversity of the many cultures in which it does business. The Company does not use gender as a determining criterion in the selection of executive officers as such decisions are merit-based. The Company also does not make executive appointments on the basis of targets or quotas, because it believes that such appointments should be based on individual merit and meet specific operational needs. The Company is committed to promoting women to executive positions and to ensuring that women candidates are fairly considered relative to other candidates. Women hold significant executive positions in the Company and its subsidiaries.

“Executive officer” is understood to mean the positions of chair, vice chair or president, CEO or CFO, vice president in charge of a principal business unit, division or function, including sales, finance or production, and an individual performing a policy-making function for the issuer. Excluding those who have no actual executive function but hold a vice presidential or similar title primarily to facilitate signing on behalf of the Company or its major subsidiaries, and allowing for those persons performing an executive or policy-making function within the Company and its major subsidiaries who are not formally appointed corporate officers or who, while performing such function, are not direct employees of the Company or its major subsidiaries, there are currently 133 executive positions within the Company and its subsidiaries. Women currently hold 20 out of 133 executive officer positions within the Company and its subsidiaries, representing 15% of such positions.

### **Orientation of New Directors and Continuing Education of Directors**

The Executive Chairman directs the orientation of a new director upon his or her election to the board. In the course of an orientation, the new director receives a comprehensive documentary orientation package that includes the current version of the Company’s “Directors Information Manual.” The manual contains, among other salient documents, the principal governance, disclosure, insider trading, EHS and ethics policies of the Company, the mandate of the board and the charters of its committees, the Company’s expectations concerning the role and conduct of a director, a description of the resources available to a director, the cyclical agenda of the board and each of its committees, a two year schedule of regular meetings, details of the Company’s directors and officers insurance coverage and organizational charts of the Company’s corporate entities and key managers. The new director also receives access to the recent public disclosure and regulatory filings of the Company, recent news releases and analysts’ reports. In addition to the foregoing, the new director obtains access to the Company’s board portal which contains, among other things, copies of the Company’s recent strategic plan and its most recent budget as well as copies of the CEO’s quarterly “Board Letters” for the preceding year, which provide a detailed account of developments within the industries and economic environment in which the Company operates, the Company’s markets and customers, business trends, strategic development initiatives and opportunities, human resources development possibilities, technology procurement plans, infrastructure changes and organizational modifications. The new director also receives copies of the equity compensation and other long-term incentive plans in effect for the senior management of the Company.

The new director participates in personal meetings and discussions with the Executive Chairman, the President and CEO, the Lead Director, the chairs of each of the board’s committees, and individual directors of the Company. This helps the new director to become familiar with the workings, procedures and operating style of the board and its committees, and to establish a personal rapport with his or her colleagues on the board. These meetings are followed up by meetings with the CFO and the other principal officers of the Company, in the course of which the new director can become conversant with the financial management and audit practices of the Company, the Company’s various compensation, incentive, pension and benefit plans and other human resources policies, the legal structure of the Company and a detailed understanding of the Company’s ethical code and how it is administered, as well as the EHS practices, procedures and concerns of the Company. Meetings and discussions with the business leaders of the Company at board meetings and at other occasions provide an opportunity to develop a deeper understanding of the market advantages enjoyed by the Company through its technological capabilities and its international scope in its targeted industry segments, and to anticipate business opportunities that may come to the board for support and approval. Such meetings, along with providing the new director with an opportunity to establish a working rapport with the principal managers of the Company, also allow the director to make his or her own assessment of the talents and potential of such managers.

Along with these personal meetings with the directors and with management, the new director will visit one or more representative plants in order to understand the manufacturing processes for the

Company's principal products, to meet directly with the front line management of the Company's businesses, and to learn about the dynamics of their businesses, their technologies, their perspectives and their principal concerns.

The Nominating and Governance Committee monitors the development of programs of continuing education for directors. Ongoing director education respecting the Company, its operations, its business environment and its markets, as well as the evolving role of the director in the governance of public companies is addressed chiefly through the following practices:

*Meetings* – Meetings of the board of directors typically involve briefings concerning the Company's business and the regulatory environment in which it operates. Materials delivered to directors prior to quarterly meetings include a "Board Letter" from the President and CEO in which he reviews recent developments within the Company, its suppliers and customers, as well as economic trends likely to impact these companies and the business they represent. At each quarterly board meeting, the chair of each of the board's committees briefs the board on the deliberations of the committee, which includes a review of periodic regulatory changes important to the Company's governance or to the conduct of the Company's business. At its meetings, the board commonly receives a briefing from internal management, external experts or industry participants concerning salient industry issues, market trends, technology developments, strategic opportunities or specific challenges facing the Company and its management.

- In May 2018, the Nominating and Governance Committee, as well as additional members of the board, received materials, prepared by the Company's external counsel, on trends and developments in corporate governance and securities regulation to which the Company is subject.
- In December 2018, the board held its annual business plan and budget review and received detailed presentations from senior management on strategic, operational and financial aspects of the business, including detailed industry updates from the leaders of the Food & Beverage and Healthcare & Specialty businesses of the CCL segment, and the Avery and Innovia segments.
- The Audit Committee was briefed by KPMG quarterly on current developments in auditing and accounting practices.

*Plant Visits* – It is the practice of the Company to conduct its third quarter board and committee meetings at one or more of its manufacturing plants around the world. This allows the directors an opportunity to meet the Company's management in different geographic markets and circumstances, view the differences and similarities in the foreign locations and to come to a better understanding of the unique needs and advantages that such facilities experience, and the business opportunities that foreign markets have to offer. In recent years, the board has visited and inspected the Company's facilities on the east and west coast of the United States, United Kingdom, Mexico, Brazil, Germany, Austria, China and Thailand. In November 2018, the board visited two of the Company's manufacturing facilities in the United States with a focus on the Company's Home & Personal Care business of the CCL segment, the Container segment and Checkpoint segment. The meetings included presentations from senior management of Home & Personal Care, Container and Checkpoint and a tour of the manufacturing facilities. Typically, the directors of the Company travel broadly, and they are encouraged to seek out opportunities in their travels to pay individual visits to the Company's plants around the world.

*Management Visits* – In addition to meeting members of senior management at board meetings, directors are encouraged to meet independently, from time to time, with members of management to

develop a better understanding of their responsibilities and the Company's operations. In 2018, various members of the board met with management and visited facilities at locations in the United States, Latin America and Asia.

*Wide Spectrum Participation* – The committees of the board welcome the attendance as guests of other directors who are not regular members of a committee. Although such a guest director does not vote on the deliberations of a committee, he or she nevertheless gains an understanding of the issues, policies, regulatory environment and specific concerns that drive the decision-making of the committee. This is particularly so in the case of the Audit Committee, whose meetings are often attended by all members of the board. At meetings of the Audit Committee, the directors are briefed quarterly by the Company's auditors, KPMG, on recent developments in accounting and auditing standards. Guest directors are also brought into discussion on various financial issues, and gain an understanding of such matters through participation in these discussions.

*Association Membership* – The Company enrolls, at its own cost, all of its directors as members of the Institute of Corporate Directors, a body dedicated to the development of excellence in directorship skills and knowledge. The Institute offers courses leading to a recognized designation, seminars on timely issues and publications concerning the enhancement of directorship skills. Directors are encouraged to attend these programs.

*Distribution of Media Coverage and other publications* – The Executive Chairman and the President and CEO regularly circulate to the directors copies of newspaper articles, analysts' reports, newswire releases, articles in industry periodicals and other publications in which the Company is mentioned or discussed. This helps the directors develop an understanding of the public perception of the Company, particularly from an investor relations perspective.

*Regular Review of Key Policies* – The key governance, disclosure and ethics policies of the Company are reviewed by the board's applicable committees annually for compliance with changing regulations and best practices, and updated if required. These updates are presented as a briefing to the full board in the course of the committee chair's presentation to the board meeting, and followed up with the issuance of a revised and updated Directors' Information Manual.

## **Disclosure and Communications Policy**

The Executive Chairman in consultation with the CEO and CFO has responsibility for communicating financial information of the Company to shareholders, the media and the investment community, and for receiving and responding to inquiries and comments from them. The CFO has responsibility for developing the Company's annual report to its shareholders, and for disseminating general information concerning the activities of the Company. In addition to the foregoing, the Company has established a "Disclosure Committee" made up of key persons within the Company's internal flow of information to review and verify the information to be disclosed in the Company's news releases and regulatory filings. The Company provides timely information regarding its activities to its shareholders and others through news releases and the distribution of quarterly and annual reports, and responds through its appointed officers to inquiries that these documents may generate. The Company's news releases are also posted to its website at [www.cclind.com](http://www.cclind.com). Meetings with analysts and institutional shareholders held at the conclusion of quarterly reporting periods are accessible by conference call on a dial-in basis to interested members of the public.

The Company has a written policy, reviewed annually by the Nominating and Governance Committee, concerning the timely disclosure and dissemination of material information, establishing procedures to avoid selective disclosure and prohibiting the use of material, undisclosed information for purposes of trading in the Company's securities by officers and employees of the Company. To help prevent



selective disclosure, the policy requires employees to direct all outside inquiries to the Executive Chairman, the CEO or the CFO (the “Responsible Officers”). In addition, trading in the Company’s securities by the Company’s officers and directors is restricted for the periods from the time of commencement of the preparation of its quarterly financial statements until the statements have been released to the media and distributed to the public. During such periods, employees involved in the preparation of such statements are required to maintain secrecy and may not trade in the Company’s securities. In addition, directors and senior officers are required to advise the Responsible Officers of the Company of any intended trade in the Company’s securities, so that a determination can be made as to whether the timing of the trade would be appropriate in view of the Company’s policy concerning timely disclosure of material information.

### **External Auditor Service Fees**

The auditor of the Company is KPMG LLP, Chartered Accountants.

*Audit Fees* – The aggregate audit fees paid to KPMG LLP related to the audit of the annual consolidated financial statements and the review of the interim financial statements were \$3,888,074 in 2018 and \$3,959,182 in 2017.

*Audit-Related Fees* – The aggregate fees billed for assurance and related services by KPMG LLP that are reasonably related to the performance of the audit or review of the financial statements, and that are not reported under “Audit Fees” above were \$200,345 in 2018 and \$82,769 in 2017. These fees related to the audit of the Company’s pension plans, the report on compliance with debt covenants, an audit of Thailand Board of Investments, an attestation report on compliance with local Mexican tax rules and regulations and Avery Germany’s compliance on payment of licence fees.

*Tax Fees* – The aggregate fees billed for professional services rendered by KPMG LLP and its affiliates for tax compliance, tax advice and tax planning for the Company’s Canadian and international operations were \$2,545,508 in 2018 and \$1,862,574 in 2017.

*All Other Fees* – KPMG provided services that met the definition of other in 2018 totaling \$48,000 and \$93,000 in 2017 for professional services in connection with interest rate determination on an inter-company loan.

### **Auditor Assessment**

In 2018, the Audit Committee performed a comprehensive review of the performance of KPMG LLP as part of its reappointment recommendation. In assessing the performance of KPMG LLP, the Committee focused on three key areas:

- Independence, objectivity and professional skepticism
- Quality of the engagement team
- Quality of communication and interaction with the external auditors

The comprehensive review process included an evaluation of the external auditors’ five-year performance in the three key areas. Interviews with all Audit Committee members and applicable members of senior management of the Company were conducted to ensure that service quality levels and areas of audit focus meet with the expectations of the Audit Committee.

In addition, the Audit Committee met quarterly with external auditors and applicable members of senior management to ensure that appropriate audit quality and timeliness of reporting is maintained on a consistent basis.

As a result of this assessment process, the Audit Committee recommends the reappointment of KPMG LLP as the auditors of the Company.

### **SHAREHOLDER PROPOSALS FOR THE 2020 ANNUAL MEETING**

The Company will review shareholder proposals intended to be included in proxy material for the 2020 annual meeting of shareholders that are received by the Company at its offices at 111 Gordon Baker Road, Suite 801, Toronto, Ontario M2H 3R1, Attention: Corporate Secretary by no later than December 23, 2019.

### **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.cclind.com](http://www.cclind.com). Financial information regarding the Company is provided in the Company's comparative consolidated annual financial statements and Management's Discussion and Analysis ("MD&A") for the financial year ended December 31, 2018.

Copies of the following documents are available without charge to shareholders upon written request to the Corporate Secretary of the Company at 111 Gordon Baker Road, Suite 801, Toronto, Ontario M2H 3R1, or, following distribution of these materials, they may be obtained from the SEDAR website at [www.sedar.com](http://www.sedar.com) or the Company's website at [www.cclind.com](http://www.cclind.com):

- (i) the 2018 Annual Report to the Shareholders containing the comparative consolidated financial statements for the year ended December 31, 2018, together with the accompanying report of the auditors;
- (ii) MD&A pertaining to the Company's comparative consolidated financial statements;
- (iii) this Management Proxy Circular; and
- (iv) the Company's most recent Annual Information Form.

### **GENERAL**

The information contained herein is given as of March 22, 2019, unless otherwise noted. The contents and the distribution of this Management Proxy Circular have been approved by the directors of the Company.

**DATED** at Toronto this 22<sup>nd</sup> day of March, 2019.

**By Order of the Board of Directors,**

**Per: Suzana Furtado,  
Corporate Secretary**

