CCL Industries Inc.

105 Gordon Baker Road, Suite 500

Toronto, Ontario

M2H 3P8

2016

Annual Information Form

February 23, 2017

<u>**Table of Contents**</u>

Item 1	**Cover Page**	**1**
Item 2	**Table of Contents**	**3**
Item 3	**Corporate Structure**	**6**
Item 4	**General Development of the Business**	**7**
	Strategy	**8**
Item 5	**Description of the Business**	**12**
	Overview	**12**
	Label Segment	**14**
	Avery Segment	**16**
	Checkpoint Segment	**18**
	Container Segment	**19**
	General	**21**
	Risk Factors	**26**
Item 6	**Dividends**	**38**
Item 7	**Description of Capital Structure**	**38**

Item 8	Market for Securities	40
Item 9	Escrowed Securities and Securities Subject to Contractual Restrictions on Transfer	41
Item 10	Directors and Officers	41
Item 11	Promoters	45
Item 12	Legal Proceedings	46
Item 13	Interest of Management and Others in Material Transactions	46
Item 14	Transfer Agent and Registrar	46
Item 15	Material Contracts	46
Item 16	Interests of Experts	46
Item 17	Audit Committee	47
Item 18	Additional Information	51

CCL Industries Inc.

This Annual Information Form ("AIF") contains forward-looking information and forward-looking statements as defined under applicable securities laws (hereinafter collectively referred to as "forward-looking statements") that involve a number of risks and uncertainties. Forward-looking statements include all statements that are predictive in nature or depend on future events or conditions. Forward-looking statements are typically identified by, but not limited to, the words "believes," "expects," "anticipates," "estimates," "intends," "plans" or similar expressions. Statements regarding the operations, business, financial condition, priorities, ongoing objectives, strategies and outlook of the Company, other than statements of historical fact, are forward-looking statements. Specifically, this AIF contains forward-looking statements regarding the anticipated growth in sales, income and profitability of the Company's segments; the Company's improvement in market share; the Company's capital spending levels and planned capital expenditures in 2017; the adequacy of the Company's financial liquidity; the Company's targeted return on equity, earnings per share, EBITDA growth rates and dividend payout; the Company's effective tax rate; the Company's ongoing business strategy; and the Company's expectations regarding general business and economic conditions.

Forward-looking statements are not guarantees of future performance. They involve known and unknown risks and uncertainties relating to future events and conditions including, but not limited to, the uncertainty of the recovery from the global financial crisis and its impact on the world economy and capital markets; the impact of competition; consumer confidence and spending preferences; general economic and geopolitical conditions; currency exchange rates; interest rates and credit availability; technological change; changes in government regulations; risks associated with operating and product hazards; and CCL's ability to attract and retain qualified employees. Do not unduly rely on forward-looking statements as the Company's actual results could differ materially from those anticipated in these forward-looking statements. Forward-looking statements are also based on a number of assumptions, which may prove to be incorrect, including, but not limited to, assumptions about the following: global economic recovery and higher consumer spending; improved customer demand for the Company's products; continued historical growth trends, market growth in specific segments and entering into new segments; the Company's ability to provide a wide range of products to multinational customers on a global basis; the benefits of the Company's focused strategies and operational approach; the Company's ability to implement its acquisition strategy and successfully integrate acquired businesses; the achievement of the Company's plans for improved efficiency and lower costs, including the ability to pass on aluminum cost increases to its customers; the availability of cash and credit; fluctuations of currency exchange rates; the Company's continued relations with its customers; and general business and economic conditions. Should one or more risks materialize or should any assumptions prove incorrect, then actual results could vary materially from those expressed or implied in the forward-looking statements. Further details on key risks can be found throughout this report, particularly under Item 5: "Risk Factors."

Except as otherwise indicated, forward-looking statements do not take into account the effect that transactions or non-recurring or other special items announced or occurring after the statements are made may have on the business. Such statements do not, unless otherwise specified by the Company, reflect the impact of dispositions, sales of assets, monetizations, mergers, acquisitions, other business combinations or transactions, asset write-downs or other charges announced or occurring after forward-looking statements are made. The financial impact of these transactions and non-recurring and other special items can be complex and depends on the facts particular to each of them and therefore cannot be described in a meaningful way in advance of knowing specific facts.

The forward-looking statements are provided as of the date of this AIF and the Company does not assume any obligation to update or revise the forward-looking statements to reflect new events or circumstances, except as required by law.

Unless otherwise stated, all amounts stated in this document are given in Canadian dollars and, unless otherwise stated, the information contained herein is current as of February 23, 2017.

Unless the context otherwise indicates, a reference to “CCL” or “the Company” means CCL Industries Inc., its subsidiary companies and equity accounted investments.

ITEM 3 – CORPORATE STRUCTURE

ISSUER

CCL Industries Inc. commenced operations in 1951 as Connecticut Chemicals (Canada) Limited. In 1972, the business was acquired by Conn Chem Limited, then the controlling shareholder of Connecticut Chemicals (Canada) Limited. Conn Chem Limited had been incorporated under the laws of Ontario on April 15, 1957, and was continued under the Canada Business Corporations Act on December 16, 1977. On May 25, 1978, its name was changed to The Conn Chem Group Ltd. and on November 28, 1979, to CCL Industries Inc.

The registered and head office of CCL Industries Inc. is located at 105 Gordon Baker Road, Suite 500, Toronto, Ontario M2H 3P8.

SUBSIDIARIES

The Company manages four principal Business Segments, the Label Segment, Avery, Checkpoint and the Container Segment. Listed below are the principal direct or indirect operating subsidiaries, each of whose total assets or sales and operating revenues constitute more than 10% of the total consolidated assets or consolidated sales and operating revenues of the Company for the year ended December 31, 2016. The combined assets and sales of the other subsidiaries of CCL do not constitute more than 20% of the consolidated assets or the consolidated sales and operating revenues of the Company.

Subsidiary	Ownership	Jurisdiction of Incorporation
CCL Industries Inc.	100%	Canada
CCL International Inc.	100%	Ontario
CCL Industries Corporation	100%	Delaware
CCL Label, Inc.	100%	Michigan
Avery Products Corporation	100%	Delaware
Checkpoint Systems, Inc.	100%	Pennsylvania
CCL Industries (U.K.) Limited	100%	United Kingdom

ITEM 4 – GENERAL DEVELOPMENT OF THE BUSINESS

CCL commenced operations in Canada in 1951 as a custom manufacturer, which provided manufacturing and other value-added outsourcing services to national and international consumer products companies. Commencing in the 1980s, CCL diversified into specialty packaging, servicing the same customer base as its custom manufacturing business. Beginning in 2000, CCL restructured and reduced its investment in the Custom Manufacturing Division, culminating in the sale of the North America Custom Manufacturing business in May 2005 and the ColepCCL joint venture in November 2007.

In the early 1980s, CCL commenced its international expansion and diversification into the United States and, later in the decade, into the United Kingdom. This international expansion and diversification has continued in its operating segments. In each of its businesses, the Company strives to satisfy the needs of its multinational, regional and end user consumer customers in the non-durable and durable consumer products market. By providing a wide range of label products to these customers on a global basis, CCL believes that it is or can become a leader in each of its businesses and, consequently, the Company believes that it will be able to enjoy sustainable sales and income growth.

In addition, the Company has divested non-core and underperforming businesses to allow each Segment to focus on its customers and growth opportunities. CCL's Label Segment has transformed into the world's largest converter of pressure sensitive and extruded film materials for a wide range of decorative, instructional and functional applications for large global customers in the consumer packaging, healthcare and chemicals, consumer durable, electronic device and automotive markets. Extruded and laminated plastic tubes, folded instructional leaflets, precision decorated and die cut components, electronic displays and other complementary products and services are sold in parallel to specific end-use markets. The Avery Segment is the world's largest supplier of labels, specialty converted media and software solutions to enable short-run digital printing in businesses and homes alongside complementary products sold through distributors and mass market retailers. The Container Segment is a leading producer of impact extruded aluminum aerosol cans and bottles for consumer packaged goods customers in the United States and Mexico. The Checkpoint Segment, acquired in May of 2016, is a leading manufacturer of technology driven, loss prevention, inventory management and labeling solutions, including radio-frequency ("RF") and radio-frequency identification ("RFID") based, to the retail and apparel industry. CCL partly backward integrates into materials science with capabilities in polymer extrusion, adhesive development and coating, surface engineering and metallurgy that are deployed across all four business segments.

STRATEGY

CCL's goal is to improve its competitive position in each division with a view to long-term profitable growth. The strategy is focused on specialty packaging and adjacent label businesses in which CCL (1) is or believes it can become the largest competitor in the market, (2) produces value-added products and uses technologies and know-how with strong barriers to entry, (3) is or can be the best value-added producer, (4) provides product lines and services that have growth potential, (5) sees potential in its businesses to take advantage of the trend toward globalization by a multinational customer base and (6) leverages existing label applications and technology to deliver product innovation that aligns with consumer printable media trends.

The Company is continually reviewing its businesses and may, if appropriate, divest non-core or unprofitable operations in order to improve its overall profitability, return on equity, and its financial leverage. Management believes that this approach allows the Company to be better positioned to operate effectively during economic downturns, and to have the financial flexibility to make acquisitions and to invest in capital spending that support its business strategy. Restructuring costs were incurred over the last several years to reorganize certain business units, to provide for losses on dispositions and to provide for the write-down of assets of business units that were deemed to be non-core and underperforming. Subsequent to CCL's acquisition in July of 2013, the Avery Segment implemented a comprehensive restructuring plan to right size operations and the management organization that will not be completed until the end of 2017. In the fourth quarter of 2013, CCL implemented an $11.0 million restructuring plan for its Container Segment, announcing the closure and reallocation of the Canadian operation to the plants in Mexico and the U.S. by mid-2017. Management had expected annualized operating improvements totalling $10.0 million. These savings have now been realized through exchange rate benefits and other operational improvements. In May of 2016, following the Checkpoint Systems, Inc. ("Checkpoint") acquisition, a $30 million all-inclusive restructuring initiative to yield $40 million in synergies deployed. As at December 31, 2016, restructuring charges of $20.7 million have been recognized for Checkpoint.

ACQUISITIONS, DIVESTITURES and FINANCING ARRANGEMENTS

CCL has acquired a number of businesses over the last three years and arranged the associated financing to support operating and investment activities of the Company. Only the acquisitions of Checkpoint and the announced acquisition of the Innovia Group of companies ("Innovia") met the definition of a "significant acquisition" as per the definition in the National Instrument. CCL has not divested any business over the last three years but has completed the transactions described below:

- In January 2016, Woelco AG ("Woelco"), a privately owned company in Stuttgart, Germany, with subsidiaries in China and the United States for approximately $21.7 million. Woelco has integrated into CCL Design and has expanded its depth in the industrial and automotive durable goods markets.

- In January 2016, Label Art Ltd. and Label Art Digital Ltd. (collectively “LAL”), privately owned companies with common shareholders, based in Dublin, Ireland, for approximately $13.6 million. LAL expands CCL Label’s Healthcare & Specialty business in Ireland and the U.K.

- In January 2016, CCL invested $6.0 million in cash to increase its stake from 50% to 75% in its tube manufacturing joint venture in Bangkok, Thailand, with Taisei Kako Co. Ltd of Japan. Finally, in August of 2016, CCL acquired the final 25% stake in the venture from its partner for $1.9 million. As a result of the change in control, 2016 financial results are no longer included in equity investments but fully consolidated with CCL Label’s Home & Personal Care business, without a portion of the earnings attributable to a non-controlling interest, since September 2016.

- In February 2016, Zephyr Company Limited of Singapore, and its Malaysian subsidiaries in Penang and Johor (collectively “Zephyr”), privately owned companies with multiple shareholders, for approximately $40.9 million. Zephyr expands CCL Design’s presence within the electronics industry to the ASEAN region.

- In March 2016, Powerpress Rotulo & Etiquetas Adesivas LTDA (“Powerpress”), a privately owned company based in Sao Paolo, Brazil, for approximately $11.4 million. Powerpress enhances CCL Label’s product offering in the Healthcare & Specialty business in South America.

- In May 2016, the Company acquired all the outstanding shares of Checkpoint (NYSE:CKP) at an enterprise value of $531.9 million. Checkpoint is a leading global manufacturer and provider of hardware and software systems plus security labels and tags providing inventory control and loss prevention solutions to world leading retailers. Checkpoint has formed the new retail and apparel Checkpoint Segment of CCL.

- In July 2016, CCL acquired Eukerdruck GmbH & Co. KG and Pharma Druck CDM GmbH (“Euker”), privately held companies with common shareholders, and the associated facilities in Marburg and Dresden, Germany. Euker is a leading supplier of folded leaflets, specialty booklets and pressure sensitive labels to pharmaceutical companies in German-speaking Europe. The purchase price consideration, including debt assumed was approximately $30.0 million.

- In August, 2016, CCL acquired Labelone Ltd. (“Label1”), a privately owned company based in Belfast, Northern Ireland, for approximately $17.5 million including assumed debt. Label1 expands CCL Label’s product offering in the Healthcare & Specialty business to Northern Ireland.

- In February 2015, INT America LLC (“INTA”), a privately owned company based in Michigan, USA, for $2.9 million. INTA expanded CCL Design North America’s product offering in the automotive durable labels sector.

- In February 2015, pc/nametag Inc. and Meetings Direct, LLC (“PCN”), privately owned companies with common shareholders, based in Wisconsin, USA, for $37.6 million. PCN added to Avery North America’s printable media depth in the meetings and events planning industry.

- In July 2015, Fritz Brunnhoefer GmbH (“FritzB”), a privately owned company based in Nurnburg, Germany, for $7.6 million. This new business expanded CCL Design’s presence in the German industrial and aerospace durable goods markets.

- In October 2015, the assets of privately owned Sennett Security Products LLC and its wholly owned subsidiary Banknote Corporation of America Inc. (“BCA”) based in North Carolina, USA, for $45.7 million. This acquisition broadened the Label Segment’s technology base and product offering to include security labels, cards and document components.

- In November 2015, the global operations of private equity owned Worldmark Ltd., (“Worldmark”) headquartered in East Kilbride, Scotland, for approximately $255.7 million. Worldmark is a leading supplier of functional labels for the electronics sector.

- In December 2015, Mabel’s Labels Inc. and Mabel’s Labels Retail Inc. (“Mabel’s”), privately owned companies with common shareholders based in Ontario, Canada, for approximately $12.0 million. Mabel’s expanded the Avery Segment’s printable media platform into web-to-print personalized identification labels for children and families.

- In February 2014, Sancoa and TubeDec (“Sancoa”), privately owned companies with a common controlling shareholder based in New Jersey, USA, for $73.1 million. Sancoa produces labels and tubes and is an integral part of the North American Home & Personal Care business.

- In February 2014, DekoPak Ambalaj SAN. Ve Tic. A.S. (“Dekopak”), a privately owned company based in Istanbul, Turkey, for $4.7 million. Dekopak is a leading producer of shrink sleeve labels for global and domestic customers in Turkey.

- In September 2014, Bandfix AG (“Bandfix”), a privately owned company based in Zurich, Switzerland, for $17.9 million. Bandfix produces Specialty labels for European customers, complementing CCL’s Healthcare & Specialty business.

- In November 2014, Label Connections Ltd. (“LCL”), a privately owned company based in St. Neots, England, for $2.8 million. LCL is a leading supplier to the commercial graphic arts sector and was the first acquisition within the Avery Segment.

- In December 2014, Druckerei Nilles GmbH (“Nilles”), a privately owned company based in Trittenheim, Germany, for $16.2 million. The Nilles wine label business was added to CCL’s Food & Beverage operations and the Nilles e-commerce platform became a new business unit within the Avery Segment.

Innovia Announcement

On December 19, 2016, CCL announced it had entered into a definitive agreement to acquire Innovia for approximately $1.13 billion, debt free and net of cash from a consortium of U.K. based private equity investors. The transaction is subject to regulatory and change of control approvals as well as customary completion procedures. The closing prerequisites are in place and the transaction is expected to complete no later than April 3, 2017. Innovia, headquartered in Wigton in the U.K., is a leading global producer of specialty, high performance, multi-layer, surface engineered biaxially oriented polypropylene (“BOPP”) films for label, packaging and security applications. The business has film extrusion, coating and metallizing facilities across the U.K., Belgium and Australia as well as high security, specialized polymer banknote operations in the U.K., Australia and Mexico with 1,200 employees and sales offices in 16 countries around the world.

All acquisitions in recent years added further international elements to the Label Segment, expanded it on a global basis, or enhanced its relationships with its traditional North American and European global customers. The newly acquired business Segments, Avery and Checkpoint along with the potential Innovia transaction are adjacencies to the Company’s existing Label Segment.

Financing Arrangements

In December of 2015, the Company signed an amended five-year US$1.2 billion revolving credit facility with a syndicate of banks. Outstanding debt on the previous revolving and non-revolving syndicated credit facilities were rolled into this amended facility. This amended facility incurs interest at the applicable domestic rate plus an interest rate margin linked to the Company’s net debt to EBITDA.

In September 2016, the Company closed its initial public bond offering of US$500.0 million aggregate principal amount of 3.25% notes due October 2026. The notes are unsecured senior obligations. Net proceeds from the offering were used to repay amounts owing under the revolving credit facility.

The Company's debt structure at December 31, 2016, was primarily comprised of the aforementioned public bonds of US$500.0 million (C$662.1 million), two private debt placements completed in 1998 and 2008 for a total of US$129.0 million (C$173.0 million), and outstanding debt totaling $756.6 million under the syndicated revolving credit facility.

Including outstanding contingent letters of credit totaling $4.1 million, there was US$631.1 million of unused availability on the revolving credit facility at December 31, 2016. In addition, the Company had uncommitted and unused lines of credit of approximately US$5.0 million at December 31, 2016. The Company's uncommitted lines of credit do not have a commitment expiration date and may be cancelled at any time by the Company or the banks.

The Company's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet liabilities when they are due. The Company believes its liquidity will be satisfactory for the foreseeable future due to its significant cash balances, its expected positive operating cash flow and the availability of its unused revolving credit line. The Company anticipates funding all of its future commitments from the above sources but may raise further funds by entering into new debt financing arrangements or issuing further equity to satisfy its future additional obligations or investment opportunities. Consequently, in support of the Innovia acquisition, a US$450.0 million, two-year unsecured amortizing term loan contingent on the closing of the transaction has been committed by a syndicate of banks.

ITEM 5 – DESCRIPTION OF THE BUSINESS

OVERVIEW

CCL Industries employs approximately 19,000 people operating 146 production facilities in 35 countries on six continents with corporate offices in Toronto, Canada and Framingham, Massachusetts. **CCL Label** is the world's largest converter of pressure sensitive and extruded film materials for a wide range of decorative, instructional and functional applications for large global customers in the consumer packaging, healthcare and chemicals, consumer durable, electronic device and automotive markets. Extruded and laminated plastic tubes, folded instructional leaflets, precision decorated and die cut components, electronic displays and other complementary products and services are sold in parallel to specific end-use markets. **Avery** is the world's largest supplier of labels, specialty converted media and software solutions to enable short-run digital printing in businesses and homes alongside complementary products sold through distributors and mass market retailers. **Checkpoint** is a leading manufacturer of technology-driven, loss prevention, inventory management and labeling solutions, including RF and RFID-based, to the retail and apparel industry. **CCL Container** is a leading producer of impact extruded aluminum aerosol cans and bottles for consumer packaged goods customers in the United States and Mexico. **CCL** partly backward integrates into materials science with capabilities in polymer extrusion, adhesive development and coating, surface engineering and metallurgy that are deployed across all four business segments.

Sales By Business Segment:

(millions of dollars)

	Years ended December 31			
	2016		2015	
	Sales	**% of Total Sales**	**Sales**	**% of Total Sales**
Label*	$ 2,497.6	62.9%	$ 2,030.3	66.8%
Avery	787.7	19.8%	782.7	25.8%
Checkpoint	459.0	11.5%	n/a	n/a
Container	230.4	5.8%	226.1	7.4%
Total	$ 3,974.7	100.0%	$ 3,039.1	100.0%

*Excludes sales at the Company's equity accounted investments in Chile (Acrus CCL), Russia (CCL-Kontur) Middle East (Pacman-CCL) and the United States (Rheinfelden Americas).

Net Sales By Geographic Segment:

(millions of dollars)

	Years ended December 31			
	2016		2015	
	Sales	**% of TotalSales**	**Sales**	**% of Total Sales**
Canada*	$ 194.7	4.9%	$ 176.5	5.8%
United States and Puerto Rico	1,829.2	46.0%	1,567.0	51.6%
Latin America	261.8	6.6%	220.1	7.2%
Europe	1,122.0	28.2%	809.6	26.6%
Asia, South Africa and Australia	567.0	14.3%	265.9	8.8%
Total	$ 3,947.7	100.0%	$ 3,039.1	100.0%

*Approximately 28% of sales recorded in Canada relate to the Container Segment, which sells almost all of its production to the United States in U.S. dollars.

Historically, the seasonality of the Label and Container Segments has evolved such that the first and second quarters were generally the strongest due to the number of work days and various customer-related activities. Also, there are many products that have a spring-summer bias in North America and Europe such as agricultural chemicals and certain beverage products, which generate additional sales volumes for CCL in the first half of the year. For Avery, the third quarter has historically been its strongest, as it benefits from the increased demand related to back-to-school activities in North America. For the Checkpoint Segment, the second half of the calendar year is healthier as the business substantially follows the retail cycle of its customers, which traditionally experiences more consumer activity from September through the end of the year and prepares for the same in its supply chain from mid-year on. The final quarter of the year is negatively affected from a sales perspective in the Northern Hemisphere by Thanksgiving and globally by the Christmas and New Year holiday season shutdowns.

LABEL SEGMENT

The Label Segment is the leading global converter of pressure sensitive and extruded film materials for a wide range of decorative, instructional and functional applications for large global customers in the consumer packaging, healthcare and chemicals, consumer durable, electronic device and automotive markets. Extruded and laminated plastic tubes, folded instructional leaflets, precision decorated and die cut components, electronic displays and other complementary products and services are sold in parallel to specific end-use markets. The Segment's product lines include pressure sensitive, shrink sleeve, stretch sleeve, in-mould, precision printed and die cut metal and plastic components, expanded content labels, pharmaceutical instructional leaflets and plastic tubes.

CCL Label now operates 110 plants globally, which includes 31 manufacturing plants in North America, two plants in Canada, one in Puerto Rico and 28 in the United States.

In Europe, the Label Segment now operates 42 manufacturing plants, three plants in Austria, two in Denmark, four in France, twelve in Germany, one in Hungary, one in Italy, one in the Netherlands, one in Poland, five in Russia, one in Switzerland, one in Turkey and ten in the United Kingdom.

In Latin America, the Label Segment operates seven plants, three in Mexico, three in Brazil and one in Chile.

In Asia, the Label Segment now operates 30 manufacturing plants, four plants in Australia, ten plants in China, one in Egypt, one in Japan, one in Korea, two in Malaysia, one in Oman, one in Pakistan, one in the Philippines, one in Saudi Arabia, one in Singapore, four in Thailand, one in United Arab Emirates and one in Vietnam.

The current position of the Label Segment was developed organically and through acquisitions in the last few years. The Label Segment has generally experienced strong demand in its existing and newly acquired operations in the past few years. The Segment increased sales, excluding the impact of currency translation, in all four quarters of 2016, driven by organic growth and augmented by the aforementioned acquisitions. Excluding the impact from foreign exchange, operating income improved by 18.4% for 2016 compared to 2015.

CCL Label's mission is to be the global supply-chain leader of innovative premium package and promotional label solutions for the world's largest consumer product, healthcare and durable goods companies. It aspires to do this from regional facilities that focus on specific customer groups, products and manufacturing technologies in order to maximize management’s expertise and manufacturing efficiencies to enhance customer satisfaction. The Label Segment is expected to continue to grow and expand its global reach through acquisitions, joint ventures and greenfield start-ups as well as expand its product offerings in segments of the label industry that it has not yet entered.

Principal Products

The Label Segment is the leading global producer of innovative label solutions for consumer product marketing companies in the personal care, food & beverage, household chemical and promotional segments of the industry, and also supplies regulated labels to major pharmaceutical, healthcare and industrial chemical customers plus long life labels to automotive, electronics and other durable goods companies. The Segment's product lines include pressure sensitive, shrink sleeve, stretch sleeve, in-mould, precision printed and die cut metal and plastic components, expanded content labels, pharmaceutical instructional leaflets and plastic tubes.

Markets and Competition

Most markets for labels around the world are very fragmented and the Company believes that the largest supplier is CCL Label, with many smaller competitors. The Company believes that while the Segment is the largest participant in the industry at both a global and regional level, the market is very large and highly fragmented with market share only being meaningful in the customer segments in which it operates.

The Company believes that it is competitive for several reasons. It is focused on specific segments of the prime label market that require more sophisticated technology. It has the ability to purchase its major raw materials (primarily pressure sensitive laminates and extruded films) at favourable prices due to bulk purchases under supply agreements. It has a focused decentralized and entrepreneurial operating style.

The Label Segment delivers its products following its customers’ directions with itemized freight cost billed separately or at an all-inclusive price depending on the country. Shipments are primarily by road and, on occasion, by air or sea freight.

Employees

CCL Label had approximately 11,200 employees as of December 31, 2016, including the employees at its equity accounted investments.

AVERY SEGMENT

Avery represents the results of the acquired OCP business subsequent to the July 1, 2013, acquisition from Avery Dennison Corporation. This business was purchased in conjunction with the DES business for US$487 million. Avery is the world's largest supplier of labels, specialty converted media and software solutions to enable short run digital printing in businesses and homes alongside complementary office products sold through global and regional distributors and mass market retailers. The products are split into two primary lines, (1) Printable Media and (2) Binders, Organization & Presentation, Writing Instruments ("BOPWI"), all of which are sold under the market leading "Avery" brand and, with equal prominence in German-speaking countries, the "Zweckform" brand name that is better known by consumers in this part of Europe.

Avery now operates eleven manufacturing and three distribution facilities globally. The North American and Latin American operations are supported by five manufacturing facilities: one in the United States, two in Canada and two in Mexico, the largest of the five plants being in Tijuana, which also supplies products locally.

In Europe, Avery operations are supported by two facilities in Germany, one in Italy and one in the United Kingdom.

In Australia, Avery operates one plant.

In Latin America, Avery operations are supported by a manufacturing facility in Argentina, and a distribution centre in Mexico.

Although Avery is the leading brand in its core markets, with the principal competition being lower priced private label products, Avery has experienced secular decline in its core mailing address label product as e-mail and internet-based digital communication have grown rapidly. In response, Avery has developed innovative new products targeted at applications such as shipping labels and product identification. Avery has successfully launched its proprietary direct to consumer e-commerce label design software platform "WePrint™". In 2014, the acquisitions of LCL and Nilles expanded Avery's digital print capabilities to the commercial graphic arts sector and e-commerce platform to custom designed roll fed labels in new markets around the world. In 2015, the acquisitions of PCN and Mabel's further expanded Avery digital print offering to the meetings and events planning industry and personalized identification labels for children and families. Growth in these new printable media products and in new markets for existing products has slightly exceeded the decline in volume for mailing applications and reestablished a growth rate for the Segment ahead of CCL's expectation. It is also CCL's expectation that Avery will continue to open up new revenue streams in short run digital printing applications.

The current position of the Avery Segment was developed organically and through acquisitions. Although certain products lines within the Avery segment, such as address labels, have been in secular decline, operating income and return on sales has improved every year since its acquisition. Excluding the impact from foreign exchange, operating income improved by 6.8% for 2016 compared to 2015 and return on sales was a Segment best 21.2% for the year.

Principal Products

Avery is the world's largest supplier of labels, specialty converted media and software solutions to enable short run digital printing in businesses and homes alongside complementary office products sold through distributors and mass market retailers. The products are split into two primary lines, (1) Printable Media including address labels, shipping labels, marketing and product identification labels, indexes and dividers, business cards, name badges and specialty media labels supported by customized software solutions, and (2) BOPWI including binders, sheet protectors and writing instruments. Most products are sold under the market-leading "Avery" brand and, with equal prominence in German-speaking countries, under the "Zweckform" brand name that is better known by consumers in this part of Europe. Products are also sold direct to consumer under the "pc/nametag" brand, and under the "Mabel's Labels" brand.

Markets and Competition

Sales in the Avery Segment are principally generated in North America, Europe and Australia with a market leading position. There is a small developing presence in Latin America as well. Avery markets its products to consumers and small businesses through many channels that include the mass-market merchandisers, retail superstores, wholesalers, "e-tailers" and contract stationers. The business also reaches consumers through direct marketing activities including avery.com, pcnametag.com and mabelslabels.com.

The majority of products in the Printable Media category are used by businesses and individual consumers consistently throughout a year; however, in the BOPWI category, North American consumers engage in the back-to-school surge during the third quarter.

Although Avery enjoys a market leading position, product obsolescence due to technological trends, the insurgence of private label products and customer consolidation in the office product retail industry has resulted in significant volume and price competition. In response, Avery has developed market leading brand awareness and loyalty, supported by the ongoing introduction of innovative products, new channels to market and strong customer service.

Employees

The Avery Segment had approximately 2,400 employees as of December 31, 2016.

CHECKPOINT SEGMENT

The Checkpoint Segment was acquired May 13, 2016, when the Company acquired all the outstanding shares of Checkpoint (NYSE:CKP) valued at approximately $531.9 million, net of $43.4 million cash acquired. This Segment is a leading global manufacturer and provider of hardware and software systems plus security labels and tags providing inventory control and loss prevention solutions to world leading retailers.

The Segment has three primary product lines, Merchandise Availability Solutions ("MAS"), Apparel Labeling Solutions ("ALS") and Retail Merchandising Solutions ("RMS"). The MAS line focuses on hardware, software, labels and tags for loss prevention and inventory control systems including RFID solutions. ALS products are apparel labels and tags, some of which are RFID capable. RMS, a small European-centric product line, includes hand-held pricing tools and labels and promotional in-store displays. All MAS and ALS products are sold under the Checkpoint brand; RMS is sold under the Meto brand.

Checkpoint operates 20 manufacturing facilities, twelve distribution facilities and four product and software development centres globally. The North American operations are supported by two manufacturing facilities, one distribution facility and two development centre in the United States. There is also a distribution facility in Canada.

In Europe Checkpoint operations are supported by five manufacturing facilities, two in Germany, one in the Netherlands, one in Turkey and one in the United Kingdon. There are also two distribution facilities in the region.

In Latin America, Checkpoint operations are recognized by three distribution facilities.

In Asia, Checkpoint operates thirteen manufacturing facilities, two in Bangladesh, six in China, two in India, one in Japan, two in Malaysia and one in Vietnam. There are also four distribution facilities in China and one in Australia. Two development centres are located in the region.

Subsequent to CCL's acquisition on May 13, 2016, Checkpoint implemented a comprehensive restructuring plan to streamline operations and rightsize the management structure. In 2016, restructuring charges totaling $20.7 million were recorded, as part of the $30 million plan; however, the final elements will not be finished until the end of 2017 with the expectation of annualized savings of at least $40 million. Operating income, excluding the reorganization costs, for the first seven and a half months under CCL's ownership was $28.2 million and would have been $60.1 million but for a charge of $31.9 million for a non-cash acquisition accounting adjustment related to the elimination of profit from acquired finished goods inventory.

Principal Products

Checkpoint is a leading manufacturer of technology-driven loss prevention, inventory management and labeling solutions, including RF and RFID solutions, to the retail and apparel industry. Within loss-prevention, Checkpoint is a leading provider of electronic article surveillance ("EAS") systems and tags enabling retailers to safely display merchandise in an open environment. Checkpoint also manufactures and sells worldwide a variety of tickets, tags and labels for customers in the retail and apparel industry. Applications include variable data management and printing, with size, care, content and pricing information, and brand identification. In addition, barcode printing and integrated EAS tags for loss prevention and integrated RFID tags for item tracking and inventory management provide customers with the convenience of tagging their merchandise or associated packaging at the manufacturing source.

Markets and Competition

Checkpoint generates sales in 23 countries across Europe, North America, and Asia with significant market positions in each region. The Segment is a leader in merchandise availability solutions and the fast growing RFID for apparel space. Checkpoint sells directly to retailers or its contracted manufacturers and competes with other global retail labeling companies.

Some pundits believe brick-and-mortar retail in developed markets faces significant challenges with the evolution of e-commerce. Checkpoint with its market leading position, strong brand recognition and innovative product development is expected to realize modest growth in a fast changing retail environment. Checkpoint's comprehensive solution of consumables, hardware and software creates a unique product offering for the omni-channel marketing initiatives retailers deploy to compete with pure e-commerce players. The Company is confident that RFID will evolve into a solution that will aid retailers with these developments.

Employees

The Checkpoint Segment had approximately 4,300 employees as of December 31, 2016.

CONTAINER SEGMENT

The Container Segment is a leading manufacturer of aluminum specialty containers for the consumer products industry in North America, including Mexico. The key product line is recyclable aluminum aerosol cans for the personal care, home care and cosmetic industries, plus shaped aluminum bottles for the beverage market.

The Container Segment operates one plant in Canada, two plants in the United States and two plants in Mexico**.** Over the last decade, key customers have migrated entirely to the United States and Mexico. Consequently, the Canadian operation exported its entire output into the United States. Distance from these key customers and continued operating losses since the 2009 economic crisis motivated the decision to permanently close the plant in Canada by late 2017, with its operations being redistributed to the other Container plants in the United States and Mexico.

Aluminum represents a significant variable cost for this Segment. Aluminum is a traded commodity; therefore, the Segment offers two pricing schemes. For the majority of customers, a variable pricing mechanism that adjusts for the quoted price of aluminum and to a lesser extent, fixed pricing that matches aluminum futures contracts to fixed-price customer contracts.

Up until December of 2014, when CCL announced the strategic investment in Rheinfelden Americas, LLC, a new manufacturer of aluminum slugs for aerosol cans in North America, there was only one other supplier of aluminum slugs in the region. This new facility investment in Clinton, North Carolina, is a jointly owned operation of CCL Container and Rheinfelden Semis GmbH, a leading European producer of aluminum slugs based in Germany. This venture provides a second source of aluminum slugs for CCL Container and others in the market. With qualification of the new plant's output in late 2015, and additional capital expenditures authorized for production optimization, positive cash flows are expected in 2017.

The Container Segment improved operating income 16.2% for 2016 compared to 2015, excluding the impact of currency translation.

Principal Products

The Container Segment, operating under the name CCL Container, manufactures in North America and Latin America producing high quality extruded aluminum aerosol containers for the personal care and homecare markets, bottles for beverage customers and a variety of other specialty products, such as piston activated aerosol cans, aluminum caulking cartridges and refrigeration cans.

Markets and Competition

Management believes that CCL Container is approximately the same size as its principal domestic competitor in the United States and has approximately 50% market share as a supplier of extruded aluminum aerosol containers in North America, including Mexico. Competition comes from two American and one Mexican based manufacturers of extruded aluminum aerosol containers, from imports and from aerosol containers manufactured from materials other than aluminum, particularly steel, and numerous indirect competitors in plastic and glass containers. Competition in the beverage market comes from many traditional container manufacturers, particularly aluminum cans, plastic and glass bottles.

The Container Segment delivers its products following its customers' directions primarily to the location where the product will be filled by its customers or by designated contract manufacturers. The customer pays for delivery, which is generally by truck, but can occasionally be by rail or air.

Employees

The Container Segment had approximately 900 employees as of December 31, 2016.

GENERAL

Suppliers

The Company purchases a broad range of materials and components at market prices in connection with its manufacturing activities. Major purchased items include pressure sensitive label stock, extruded films, adhesives and inks for the production of labels; aluminum slugs for the manufacture of extruded aluminum aerosol cans and bottles; electronic components, circuit boards, resins and chemicals for the construction of smart labels and associated hardware; metal rings for binders plus tooling and printing plates across all business lines.

The Company is not dependent on any single source of supply in its Label, Avery and Checkpoint Segments. The materials required for its manufacturing operations have been readily available and the Company does not foresee any significant shortages in the future. Sufficient power for manufacturing operations is available from local utilities or power companies in most jurisdictions.

Prior to CCL Container's December 2014 announced strategic investment in Rheinfelden Americas, LLC, over 90% of the aluminum slugs used in the aluminum aerosol industry in North America came from a single supplier. The cost of slugs for aluminum aerosol cans varies with the cost of aluminum, a traded commodity that has historically been subject to periodic dramatic fluctuations. The Company partially hedges this cost and matches it to specific customer contracts. This is achieved by entering into forward contracts with its suppliers and by purchasing futures contracts for aluminum ingot on the London Metals Exchange for up to two years in the future. As of December 31, 2016, all of the Company's aluminum futures contracts were tied to specific customer contracts for future periods.

Patents and Trademarks

In the conduct of the operation of its businesses, including the Avery and Checkpoint Segments, the Company generally benefits from various patents, licenses and proprietary technologies that, although collectively important in the day-to-day operations of such businesses, are not individually material to the prospects or profitability of the Company as a whole. The principle, acquired trademarks applicable to the Avery Segment are: Easy Peel, TrueBlock, Direct Print, Index Maker, Ready Index, Easy Apply and Clean Edge.

Most of the Company's manufacturing equipment is purchased off-the-shelf and is available to its competitors. However, some of the manufacturing equipment has become increasingly sophisticated and expensive, which may limit the ability of smaller competitors in the market to maintain their positions. However, management believes that it is the Company's manufacturing know-how, structured operating systems and trained employees that establish a meaningful barrier-to-entry for its businesses.

Over the many years that the Company has operated its businesses, it has developed an employee talent pool that has a significant specialized skill and knowledge base. Since the machinery in use for all the businesses is generally off-the-shelf, the Company's key asset is employee know-how from a trade skill (press operators, graphic designers, industrial engineers, etc.), technical (for example, chemical or software engineers) or business process perspective. Most of the Company's value-added techniques to produce products are not patented but reside in the skill set of the employee base.

Research and Product Development

The Company, through its divisions, works with its customers in developing new products to meet market needs. The approach to new products is primarily from active product development as opposed to pure scientific research. The Label Segment develops innovative label products for home and personal care, food and beverage, and healthcare customers; specialty and promotional products; and automotive, white goods and other consumer durables. These include clear labels, game pieces, expanded content labels and precision printed and die cut metal components with LED displays. The Avery Segment has a strong commitment to understanding its ultimate end users, actively seeking product feedback and using consumer focus groups to drive product development initiatives. Avery leverages the Label Segment's applications and technology to deliver product innovation that aligns with consumer printable media trends. These include business builder labels, repositionable address labels, print-to-the-edge wrap around labels, T-shirt transfer labels and the Avery Wizard Software. Checkpoint continues to develop and expand its product lines with new solutions, performance improvements and next generation software. Of paramount importance is the continual innovation of its best-in-class EAS products, while developing technologies and processes that support its unique single source RFID solution. CCL's research and development expenses relate primarily to payroll costs for engineering personnel, costs associated with various projects, including testing, developing prototypes and related expenses. In the Container Segment, aluminum bottles for beverage products, and new shapes and styles for aluminum aerosol cans and bottles have been developed for its existing and new customers.

Sustainability and Environmental Matters

Estimated capital expenditures for environmental control projects for 2017 will not be material and the Company believes compliance with existing environmental protection laws and continuation of ongoing remediation efforts will have no material effect on earnings or on the competitive position of the Company. Liabilities are recorded when site restoration and environmental remediation obligations are either known or considered probable and can be reasonably estimated. The Company is unable to predict what changes may be made to environmental laws in the future in the countries in which it operates. However, it anticipates that such laws will continue to become more stringent. See also “Environmental, Health and Safety Requirements and Other Considerations” in Item 5: “Risk Factors” of this AIF.

The Company has a number of specialists to monitor and implement its environmental policy. The Board of Directors, through its Environment and Health & Safety Committee, receives regular reports on environmental issues and monitors compliance with established policies.

The Company has adopted an environmental policy statement that emphasizes the Company's commitment to best practices in waste handling, regulatory compliance, self-auditing and waste reduction. In addition, the policy provides for careful assessment of properties both prior to acquisition and prior to disposal. Furthermore, it promotes environmental awareness in the Company's host communities.

The Company has deployed many initiatives to reduce the carbon footprint of its products and services. These range from collaborative logistic partnerships with the Company’s customers and suppliers to reduce the usage of wooden pallets and corrugated boxes. CCL continues to develop unique products that help its customers reduce their carbon footprint such as CCL’s Super Stretch Sleeves that decorate PET beverage containers without adhesive or energy and CCL’s “wash off” labels for reusable bottles, which lowers the impact of glass going to landfill. The Company’s greenfield sites are designed and constructed to specific standards to reduce CCL’s carbon footprint and some plants have adopted the use of solar power to run their facilities.

Social Policies

The Company has developed a company-wide Global Business Ethics Guide (the “Guide”), approved by the Board of Directors, that is distributed to each employee. The Guide requires the employees to conduct themselves ethically in their business and workplace relationships, and to respect other employees, the environment and the communities in which CCL operates. All new employees, in the course of their induction, receive and review the Guide. As part of the Company’s annual internal control certification process, the general manager and controller of each facility is required to confirm in writing that the Guide has been distributed to and reviewed by all existing employees. Further, the Company has established an anonymous employee hotline, accessed by telephone or over the Internet and monitored by a third-party service, to allow all employees to report issues related to potential infractions of the Guide. Any alleged infractions are reported to the executive management, investigated and, if there is substance to the allegations, reported to the Board of Directors.

Management provides a quarterly report to the Human Resources Committee detailing any hotline reports and the action taken.

Customers

Each of the operating Segments of the Company deals with a diverse customer base. While a small number of the manufacturing facilities are dependent upon one or a few customers for a significant portion of their business, no operating Segment is dependent upon any single customer or upon a few customers. With the addition of the Avery Segment in 2013 and Checkpoint in 2016, the Company customer base has further diversified into office products, commercial contract stationers, mass merchandisers, retail superstores, apparel chain stores, wholesalers, resellers, mail order, e-tailers and direct to consumer. For 2016, the Company's two largest customers accounted for about 11% of consolidated sales. See also "Dependence on Customers" in Item 5: "Risk Factors" of this AIF.

Employees

The Company has direct control over a total of approximately 19,000 employees and has four labour union contracts in the United States and Canada (covering approximately 504 employees) as at December 31, 2016. The labour contract in Canada, covering approximately 139 employees, expires in 2020. The labour contracts in the U.S, covering 231 employees, 56 employees and 78 employees all expire in 2020. A limited number of international locations have unionized facilities covered by local legislation. The Company has not experienced work stoppages at any of its locations in the last 10 years.

Foreign Operations

The Company currently conducts operations in Canada, the United States (including Puerto Rico), Argentina, Australia, Austria, Bangladesh, Brazil, Chile, China, Denmark, Egypt, France, Germany, Hungary, India, Ireland, Italy, Japan, Korea, Malaysia, Mexico, the Netherlands, Oman, Pakistan, Philippines, Poland, Russia, Saudi Arabia, Singapore, Switzerland, Thailand, Turkey, United Arab Emirates, United Kingdom and Vietnam. Operations primarily service customers located in their country.

International operations are necessarily subject to different economic risks and opportunities. The Company's production costs are affected by conditions prevailing in the various locations. The Company is also exposed to foreign currency exchange, which may positively or negatively affect the Company's consolidated financial reporting as a result of the translation of foreign financial results into Canadian dollars and the impact of cash flows, cash holdings and debt obligations in these foreign currencies. The Company believes that international diversification has reduced its overall economic business risk. See also "Potential Risks Relating to Significant Operations in Foreign Countries" in Item 5: "Risk Factors" of this AIF.

Production and Services

The Company primarily manufactures its products at its various plant facilities utilizing standard equipment generally available to the market. In unusual circumstances, it may outsource certain production to other suppliers. As part of providing its manufacturing capabilities to its customers, the various Segments also provide ancillary services such as art work, tool and die manufacturing and product development for a fee. These fees are a small proportion of the Company's total revenue.

The Avery Segment manufactures the majority of its products at various strategically located facilities within the markets it supplies, with equipment generally available to the market. Avery uses its manufacturing sites in conjunction with its distribution facilities to service an efficient supply chain for its customers and the consumer.

New Products

The Company has developed many new products in each of its businesses over the years. The approach to developing new products is primarily from active product development as opposed to pure scientific research. In general, product development by the Container Segment involves shaping of aerosol cans and beverage bottles. The Label Segment develops many new applications for labels, promotional products, shrink sleeves, expanded content labels and precision printed and die cut metal components. The Avery Segment has a strong commitment to understanding its ultimate end users, actively seeking product feedback and using consumer focus groups to drive product development initiatives. Furthermore, Avery leverages the Label Segment's applications and technology to deliver product innovation that aligns with consumer printable media trends. These new products include business builder labels, repositionable address labels, print-to-the-edge wrap around labels and T-shirt transfer labels.

Properties

As at February 23, 2017, the Company operated the following principal manufacturing facilities:

	Manufacturing Facilities		Business Segments			
Geographic Region	Owned	Leased	Label	Avery	Checkpoint	Container
North America	25	14	31	3	2	3
Latin America	10	2	7	3	-	2
Europe	28	23	42	4	5	-
Asia Pacific & Middle East	27	17	30	1	13	-
Total	90	56	110	11	20	5

CCL's manufacturing facilities are dedicated to the Business Segment in which they operate. Furthermore, manufacturing facilities within the Label Segment are predominantly dedicated to the specific vertical market they serve; Healthcare & Specialty, Home & Personal Care, Food & Beverage and CCL Design. Periodically, in smaller or less developed regions, a manufacturing facility will serve multiple vertical markets until such time as a dedicated facility is required to handle significant volume of a unique nature of the customer base.

Leased facilities typically have terms of five years with one or more renewal options. CCL maintains excellent daily housekeeping and maintenance policies for all its facilities around the world regardless of whether they are leased or owned. CCL's leases typically require the facility to be returned to a condition reasonably similar to the onset of the lease which generally does not result in significant restoration expenses.

RISK FACTORS

The Company is subject to the usual commercial risks and uncertainties from operating as a Canadian public company and as a supplier of goods and services to the non-durable consumer packaging and consumer durables industries on a global basis. A number of these potential risks and uncertainties that could have a material adverse effect on the business, financial condition and results of operations of the Company are as follows:

Uncertainty Resulting from a Sustained Global Economic Crisis

The Company is dependent on the global economy and overall consumer confidence, disposable income and purchasing trends. A global economic downturn or period of economic uncertainty can erode consumer confidence and may materially reduce consumer spending. Any decline in consumer spending may negatively affect the demand for customers' products. This decline directly influences the demand for the Company's packaging components used in its customers' products and may negatively affect the Company's consolidated earnings. The global economic conditions have affected interest rates and credit availability, which may have a negative impact on earnings due to higher interest costs or the inability to secure additional indebtedness to fund operations or refinance maturing obligations as they come due. In addition, the sustained global economic crisis may have an unpredictable adverse impact on the Company's suppliers of manufacturing equipment and raw materials, which in turn may have a negative impact on the availability of manufacturing equipment and the cost of raw materials. Although the Company has a strong statement of financial position, diverse businesses and a broad geographic presence, it may not be able to manage a reduction in its earnings and cash flow that may arise from lower sales, increased cost of raw materials and decreased profits if the global economic environment deteriorates for an extended period.

Potential Risks Relating to Significant Operations in Foreign Countries

The Company operates plants in North America, Europe, Latin America, Asia, Australia and the Middle East. Sales to customers located outside of Canada in 2016 were 96% of the Company's total sales, a level similar to that in 2015. Non-Canadian operating results are translated into Canadian dollars at the average exchange rate for the period covered. The Company has significant operating bases in both the United States and Europe. In 2016, 47% and 28% of total sales were to customers in the United States and Europe, respectively. The Company's operating results and cash flows could be negatively impacted by slower or declining growth rates in these key markets. The sales from business units in Latin America, Asia, South Africa and Australia in 2016 were 21% of the Company's total sales. In addition, the Company has equity accounted investments in Chile, Russia, Thailand, the United States and the Middle East. There are risks associated with operating a decentralized organization in 146 manufacturing facilities in countries around the world with a variety of different cultures and values. Operations outside of Canada, the United States and Europe are perceived generally to have greater political and economic risks and include CCL's operations in Latin America, parts of Asia, Russia and the Middle East. These risks include, but are not limited to, fluctuations in currency exchange rates, inflation, changes in foreign law and regulations, government nationalization of certain industries, currency controls, potential adverse tax consequences and locally accepted business practices and standards that may not be similar to accepted business practices and standards in North America and Europe. Although the Company has controls and procedures intended to mitigate these risks, these risks cannot be entirely eliminated and may have a material adverse effect on the consolidated financial results of the Company.

Competitive Environment

The Company faces competition from other suppliers in all the markets in which it operates. There can be no assurance that the Company will be able to compete successfully against its current or future competitors or that such competition will not have a material adverse effect on the business, financial condition and results of operations of the Company. This competitive environment may preclude the Company from passing on higher material, labour and energy costs to its customers. Any significant increase in in-house manufacturing by customers of the Company could adversely affect the business, financial condition and results of operations of the Company. In addition, the Company's consolidated financial results may be negatively impacted by competitors developing new products or processes that are of superior quality, fit CCL's customers' needs better, or have lower costs; or by consolidation within CCL's competitors or further pricing pressure on the industry by the large retail chains.

Foreign Exchange Exposure and Hedging Activities

Sales of the Company's products to customers outside Canada account for approximately 96% of the revenue of the Company. Because the prices for such products are quoted in foreign currencies, any increase in the value of the Canadian dollar relative to such currencies, in particular the U.S. dollar and the euro, reduces the amount of Canadian dollar revenues and operating income reported by the Company in its consolidated financial statements. The Company also buys inputs for its products in world markets in several currencies. Exchange rate fluctuations are beyond the Company's control and there can be no assurance that such fluctuations will not have a material adverse effect on the reported results of the Company. The use of derivatives to provide hedges of certain exposures, such as interest rate swaps, forward foreign exchange contracts and aluminum futures contracts, could impact negatively on the Company's operations.

Retention of Key Personnel and Experienced Workforce

Management believes that an important competitive advantage of the Company has been, and will continue to be, the know-how and expertise possessed by its personnel at all levels of the Company. While the machinery and equipment used by the Company are generally available to competitors of the Company, the experience and training of the Company's workforce allows the Company to obtain a level of efficiency and a level of flexibility that management believes to be high relative to levels in the industries in which it competes. To date, the Company has been successful in recruiting, training and retaining its personnel over the long term, and while management believes that the know-how of the Company is widely distributed throughout the Company, the loss of the services of certain of its experienced personnel could have a material adverse effect on the business, financial condition and results of operations of the Company.

The operations of the Company are dependent on the abilities, experience and efforts of its senior management team. To date, the Company has been successful in recruiting and retaining competent senior management. Loss of certain members of the executive team of the Company could have a disruptive effect on the implementation of the Company's business strategy and the efficient running of day-to-day operations. This could have a material adverse effect on the business, financial condition and results of operations of the Company.

Acquired Businesses

As part of its growth strategy, the Company continues to pursue acquisition opportunities where such transactions are economically and strategically justified. However, there can be no assurance that the Company will be able to identify attractive acquisition opportunities in the future or have the required resources to complete desired acquisitions, or that it will succeed in effectively managing the integration of acquired businesses. The failure to implement the acquisition strategy, to successfully integrate acquired businesses or joint ventures into the Company's structure, or to control operating performance and achieve synergies may have a material adverse effect on the business, financial condition and results of operations of the Company.

In addition, there may be liabilities that the Company has failed or was unable to discover in its due diligence prior to the consummation of the acquisition. In particular, to the extent that prior owners of acquired businesses failed to comply with or otherwise violated applicable laws, including environmental laws, the Company, as a successor owner, may be financially responsible for these violations. A discovery of any material liabilities could have a material adverse effect on the business, financial condition and results of operations of the Company.

<u>Integration and Restructuring of Checkpoint</u>

CCL acquired the global operations of Checkpoint on May 13, 2016, and immediately commenced detailed analysis of the restructuring that would be required at Checkpoint. Checkpoint has 4,300 employees with operations in 29 countries including 20 manufacturing plants and 46 go-to market units. The size, geographic scope and complexity of Checkpoint's operations exceeded the typical acquisition of CCL and therefore the integration and restructuring initiative has been more complex and time consuming. The initial assessment resulted in severance-related restructuring charges of $20.7 million through to the end of 2016. The restructuring and integration initiative will continue through 2017. A failure to integrate and restructure the acquired business in a timely and effective manner could have a material adverse effect on CCL's business, financial condition and results of operations.

<u>Long-term Growth Strategy</u>

The Company has experienced significant and steady growth since the global economic downturn of 2009. The Company's organic growth initiatives coupled with its international acquisitions over the last number of years can place a strain on a number of aspects of its operating platform including: human infrastructure, operational capacity and information systems. The Company's ability to continually adapt and augment all aspects of its operational platform is critical to realizing its long-term growth strategy. Another key aspect to CCL's growth strategy includes increased development of the Company's presence in emerging markets that could create exposure to unstable political conditions, economic volatility and social challenges. If the Company cannot adjust to its anticipated growth, results of operations may be materially adversely affected.

<u>Lower than Anticipated Demand</u>

Although the Checkpoint Segment enjoys the advantage of significantly lower customer concentration than the rest of CCL they are heavily dependent on the retail marketplace. Changes in the economic environment including the liquidity and financial condition of its customers, the impact of online customer spending or reductions in retailer spending and new store openings could adversely affect the Segment's sales. A reduction in the commitment for chain-wide installations due to decreased consumer spending that results in reduced spending on loss prevention by retail customers, CCL's failure to develop new technology that entices the customer to maintain its commitment to Checkpoint's loss prevention products and services may also have a material adverse effect on CCL's business, financial condition and results of operations.

Exposure to Income Tax Reassessments

The Company operates in many countries throughout the world. Each country has its own income tax regulations and many of these countries have additional income and other taxes applied at state, provincial and local levels. The Company's international investments are complex and subject to interpretation in each jurisdiction from a legal and tax perspective. The Company's tax filings are subject to audit by local authorities, and the Company's positions in these tax filings may be challenged. The Company may not be successful in defending these positions and could be involved in lengthy and costly litigation during this process and could be subject to additional income taxes, interest and penalties. This outcome could have a material adverse effect on the business, financial condition and results of operations of the Company.

Realization of Deferred Tax Assets

The Company needs to generate sufficient taxable income in future periods in certain foreign and domestic tax jurisdictions to realize the tax benefit. If there is a significant change in the time period within which the underlying temporary difference or loss carry-forwards become taxable or deductible, the Company may have to revise its unrecognized deferred tax assets. This could result in an increase in the effective tax rate and could have a material adverse effect on future results. Changes in statutory tax rate may change the deferred tax asset or liability, with either a positive or negative impact on the effective tax rate. The computation and assessment of the ability to realize the deferred tax asset balance is complex and requires significant judgment. New legislation or a change in underlying assumptions may have a material adverse effect on the business, financial condition and results of the Company.

Fluctuations in Operating Results

While the Company's operating results over the past several years have indicated a general upward trend in sales and net earnings, operating results within particular product forms, within particular facilities of the Company and within particular geographic markets have undergone fluctuations in the past and, in management's view, are likely to do so in the future. Operating results may fluctuate in the future as a result of many factors in addition to the global economic conditions, and they include the volume of orders received relative to the manufacturing capacity of the Company, the level of price competition (from competing suppliers both in domestic and in other lower-cost jurisdictions), variations in the level and timing of orders, the cost of raw materials and energy, the ability to develop innovative solutions and the mix of revenue derived in each of the Company's businesses. Operating results may also be impacted by the inability to achieve planned volumes through normal growth and successful renegotiation of current contracts with customers and by the inability to deliver expected benefits from cost reduction programs derived from the restructuring of certain business units. Any of these factors or a combination of these factors could have a material adverse effect on the business, financial condition and results of operations of the Company.

Insurance Coverage

Management believes that insurance coverage of the Company's facilities addresses all material insurable risks, provides coverage that is similar to that which would be maintained by a prudent owner/operator of similar facilities and is subject to deductibles, limits and exclusions that are customary or reasonable given the cost of procuring insurance and current operating conditions. However, there can be no assurance that such insurance will continue to be offered on an economically feasible basis or at current premium levels, that the Company will be able to pass through any increased premium costs or that all events that could give rise to a loss or liability are insurable, or that the amounts of insurance will at all times be sufficient to cover each and every loss or claim that may occur involving the assets or operations of the Company.

Brexit

In a non-binding referendum on the United Kingdom's membership in the European Union ("E.U.") in June 2016, a majority of those who voted approved the United Kingdom's withdrawal from the European Union. Any withdrawal by the United Kingdom from the European Union ("Brexit") would occur after, or possible concurrently with, a process of negotiation regarding the future terms of the United Kingdom's relationship with the E.U., which could result in the U.K. losing access to certain aspects of the single E.U. market and the global trade deals negotiated by the E.U. on behalf of its members. The Brexit vote and the perceptions as to the impact of the withdrawal of the U.K. may adversely affect business activity, political stability and economic conditions in the U.K., the Eurozone, the E.U. and elsewhere. The economic outlook could be further adversely affected by (i) the risk that one or more other E.U. countries could come under increasing pressure to leave the E.U., (ii) the risk of a greater demand for independence by Scottish nationalists or for unification in Ireland, or (iii) the risk that the euro as the single currency of the Eurozone could cease to exist. Any of these developments, or the perception that any of these developments are likely to occur, could have a material adverse effect on economic growth or business activity in the UK, the Eurozone or the E.U. and could result in the relocation of businesses, cause business interruptions, lead to economic recession or depression, and impact the stability of the financial markets, availability of credit, political systems or financial institutions and the financial and monetary system. Given that CCL conducts a significant portion of its business in the E.U. and the U.K., any of these developments could have a material adverse effect on the business, financial position, liquidity and results of operations of the Company.

Dependence on Customers

The Company has a modest dependence on certain customers. The Company’s two largest customers combined accounted for approximately 11% of the consolidated revenue for the fiscal year 2016. The five largest customers of the Company represented approximately 21% of the total revenue for 2016 and the 25 largest customers represented approximately 43% of the total revenue. Several thousand customers make up the remainder of total revenue. Although the Company has strong partnership relationships with its customers, there can be no assurance that the Company will maintain its relationship with any particular customer or continue to provide services to any particular customer at current levels. A loss of any significant customer, or a decrease in the sales to any such customer, could have a material adverse effect on the business, financial condition and results of operations of the Company. Consolidation within the consumer products marketer base and office retail superstores could have a negative impact on the Company’s business, depending on the nature and scope of any such consolidation.

Environmental, Health and Safety Requirements and Other Considerations

The Company is subject to numerous federal, provincial, state and municipal statutes, regulations, by-laws, guidelines and policies, as well as permits and other approvals related to the protection of the environment and workers' health and safety. The Company maintains active health and safety and environmental programs for the purpose of preventing injuries to employees and pollution incidents at its manufacturing sites. The Company also carries out a program of environmental compliance audits, including an independent third-party pollution liability assessment for acquisitions, to assess the adequacy of compliance at the operating level and to establish provisions, as required, for environmental site remediation plans. The Company has environmental insurance for most of its operating sites, with certain exclusions for historical matters.

Despite these programs and insurance coverage, further proceedings or inquiries from regulators on employee health and safety requirements, particularly in Canada, the United States and the European Economic Community (collectively, the “EHS Requirements”), could have a material adverse effect on the business, financial condition and results of operations of the Company. In addition, changes to existing EHS Requirements, the adoption of new EHS Requirements in the future, or changes to the enforcement of EHS Requirements, as well as the discovery of additional or unknown conditions at facilities owned, operated or used by the Company, could require expenditures that might materially affect the business, financial condition and results of operations of the Company to the extent not covered by indemnity, insurance or covenant not to sue. Furthermore, while the Company has generally benefited from increased regulations on its customers’ products, the demand for the services or products of the Company may be adversely affected by the amendment or repeal of laws or by changes to the enforcement policies of the regulatory agencies concerning such laws.

Operating and Product Hazards

The Company’s revenues are dependent on the continued operation of its facilities and its customers. The operation of manufacturing plants involves many risks, including the failure or substandard performance of equipment, natural disasters, suspension of operations and new governmental statutes, regulations, guidelines and policies. The operations of the Company and its customers are also subject to various hazards incidental to the production, use, handling, processing, storage and transportation of certain hazardous materials. These hazards can cause personal injury, severe damage to and destruction of property and equipment and environmental damage. Furthermore, the Company may become subject to claims with respect to workplace exposure, workers' compensation and other matters. The Company’s pharmaceutical and specialty food product operations are subject to stringent federal, state, provincial and local health, food and drug regulations and controls, and may be impacted by consumer product liability claims and the possible unavailability and/or expense of liability insurance. The Company prints information on its labels and containers that, if incorrect, could give rise to product liability claims. A determination by applicable regulatory authorities that any of the Company’s facilities are not in compliance with any such regulations or controls in any material respect may have a material adverse effect on the Company. A successful product liability claim (or a series of claims) against the Company in excess of its insurance coverage could have a material adverse effect on the business, financial condition and results of operations of the Company. There can be no assurance as to the actual amount of these liabilities or the timing thereof. The occurrence of material operational problems, including, but not limited to, the above events, could have a material adverse effect on the business, financial condition and results of operations of the Company.

Decline in Address Mailing Labels

Since the advent of e-mail, traditional mail volumes have declined and more significantly over the past decade. Address labels used for traditional mail has historically been a core product for the Avery business. There is a direct correlation of address label sales volumes to the quantity of mail in circulation in each of the markets in which Avery operates. Accordingly, a further dramatic decline in traditional mail volume, without the introduction of offsetting new consumer printable media applications in Avery, could have a material adverse effect on the business, financial condition and results of operations of the Company.

New Product Developments

CCL’s markets are continually evolving based on the ingenuity of CCL and its competitors, consumer preferences and new product identification and information technologies. To the extent that any such new developments result in a decrease in the use of any of CCL’s products, a material adverse effect on CCL’s business, financial condition and results of operations could occur.

Also within the Checkpoint Segment, CCL's ability to create new products and to sustain existing products is affected by whether CCL can develop and fund technological innovations, such as those related to the next generation of product solutions, evolving RFID technologies, and other innovative security devices, software and systems initiatives. The failure to develop and launch successful new products could have a material adverse effect on the Company's business, financial condition and results of operations.

Labour Relations

While labour relations between the Company and its employees have been stable in the recent past and there have been no material disruptions in operations as a result of labour disputes, the maintenance of a productive and efficient labour environment cannot be assured. Accordingly, a strike, lockout or deterioration of labour relationships could have a material adverse effect on the business, financial condition and results of operations of the Company.

Legal Proceedings

Any alleged failure by the Company to comply with applicable laws and regulations in the countries of operation may lead to the imposition of fines and penalties or the denial, revocation or delay in the renewal of permits and licenses issued by governmental authorities. In addition, governmental authorities, as well as third parties, may claim that the Company is liable for environmental damages. A significant judgment against the Company, the loss of a significant permit or other approval or the imposition of a significant fine or penalty could have a material adverse effect on the business, financial condition and results of operations of the Company. Moreover, the Company may from time to time be notified of claims that it may be infringing patents, copyrights or other intellectual property rights owned by other third parties. Any litigation could result in substantial costs and diversion of resources, and could have a material adverse effect on the business, financial condition and results of operations of the Company. In the future, third parties may assert infringement claims against the Company or its customers. In the event of an infringement claim, the Company may be required to spend a significant amount of money to develop a non-infringing alternative or to obtain licenses. The Company may not be successful in developing such an alternative or obtaining a license on reasonable terms, if at all. In addition, any such litigation could be lengthy and costly and could have a material adverse effect on the business, financial condition and results of operations of the Company.

The Company may also be subject to claims arising from its failure to manufacture a product to the specifications of its customers or from personal injury arising from a consumer's use of a product or component manufactured by the Company. While the Company will seek indemnity from its customers for claims made against the Company by consumers, and while the Company maintains what management believes to be appropriate levels of insurance to respond to such claims, there can be no assurance that the Company will be fully indemnified by its customers or that insurance coverage will continue to be available or, if available, will be adequate to cover all costs arising from such claims. In addition, the Company could become subject to claims relating to its prior businesses, including environmental and tax matters. There can be no assurance that insurance coverage will be adequate to cover all costs arising from such claims.

Defined Benefit Post-Employment Plans

The Company is the sponsor of a number of defined benefit plans in ten countries that give rise to accrued post-employment benefit obligations. Although the Company believes that its current financial resources combined with its expected future cash flows from operations and returns on post-employment plan assets will be sufficient to satisfy the obligations under these plans in future years, the cash outflow and higher expenses associated with these plans may be higher than expected and may have a material adverse impact on the financial condition of the Company.

Material Disruption of Information Technology Systems

The Company is increasingly dependent on information technology ("IT") systems to manufacture its products, process transactions, respond to customer questions, manage inventory, purchase, sell and ship goods on a timely basis and maintain cost-efficient operations as well as maintain its e-commerce websites. Any material disruption or slowdown of the systems, including a disruption or slowdown caused by CCL's failure to successfully upgrade its systems, system failures, viruses or other causes could have a material adverse effect on the business, financial condition and results of operations of the Company. If changes in technology cause the Company's information systems to become obsolete, or if CCL's information systems are inadequate to handle the Company's growth, CCL could incur losses and costs due to interruption of its operations.

CCL maintains information within its IT networks and on the cloud to operate its business, as well as confidential personal employee and customer information. The secure maintenance of this information is critical to the operations and reputation of the Company. CCL invests in hardware and software to prevent the risk of intrusion, tampering and theft. Any such unauthorized breach of the Company's IT infrastructure could compromise the data maintained, causing a significant disruption in operations or meaningful harm to CCL's reputation, resulting in a material adverse effect on financial results.

Impairment in the Carrying Value of Goodwill and Indefinite Life Intangible Assets

As of December 31, 2016, the Company had over $1.4 billion of goodwill and indefinite-life intangible assets on its statement of financial position, the value of which is reviewed for impairment at least annually. The assessment of the value of goodwill and intangible assets depends on a number of key factors requiring estimates and assumptions about earnings growth, operating margins, discount rates, economic projections, anticipated future cash flows and market capitalization. There can be no assurance that future reviews of goodwill and intangible assets will not result in an impairment charge. Although it does not affect cash flow, an impairment charge does have the effect of reducing the Company’s earnings, total assets and equity.

Raw Materials and Component Parts

Although CCL is a large customer to certain key suppliers, it is also an inconsequential buyer of some materials. The ability to grow earnings will be affected by inflationary and other increases in the cost of electronic sub-assemblies and raw materials, aluminum ingot, slugs and foils, resins, extruded films, pressure sensitive laminates, paper, binder rings and plastic components. Inflationary and other increases in the costs of raw materials, labour and energy have occurred in the past and are expected to recur, and CCL’s performance depends in part on its ability to pass these cost increases on to customers in the price of its products and to effect improvements in productivity. CCL may not be able to fully offset the effects of raw material costs and other sourced components through price increases, productivity improvements or cost-reduction programs. If the Company cannot obtain sufficient quantities of these items at competitive prices, of appropriate quality and on a timely basis, CCL may not be able to produce sufficient quantities of product to satisfy market demand, product shipments may be delayed, or CCL’s material or manufacturing costs may increase. Checkpoint’s supply chain relies significantly on components sourced from factories in Asia, supply disruption and tariff changes could adversely affect sales and profitability. Overall, any of these problems could result in the loss of customers and revenue, provide an opportunity for competing products to gain market acceptance and have a material adverse effect on CCL’s business, financial condition and results of operations.

Credit Ratings

The credit ratings currently assigned to CCL by Moody’s Investors Service and S&P Global, or that may in the future be assigned to CCL by other rating agencies, are subject to amendment in accordance with each agency’s rating methodology and subjective modifiers driving the credit rating opinion. There is no assurance that any rating assigned to CCL will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future. A downgrade in the credit rating assigned to CCL by one or more rating agencies could increase the Company’s cost of borrowing or impact the ability to renegotiate debt, and may have a material adverse effect on CCL’s financial condition and profitability.

Share Price Volatility

Changes in CCL’s stock price may affect the Company’s access to, or cost of, financing from capital markets and may affect stock-based compensation arrangements. CCL’s stock price has appreciated significantly over the last five years and is influenced by the financial results of the Company, changes in the overall stock market, demand for equity securities, relative peer group performance, market expectation of future financial performance and competitive dynamics among many other things. There is no assurance that CCL’s share price will not be volatile in the future.

Increase in Interest Rates

At December 31, 2016, approximately 47% of CCL’s outstanding debt was subject to variable interest rates. Increases in short-term interest rates would directly impact the amount of interest the Company pays. Significant increases in short-term interest rates will increase borrowing costs and could have a material adverse impact of the financial results of the Company.

Dividends

The declaration and payment of dividends is subject to the discretion of the Board of Directors taking into account current and anticipated cash flow, capital requirements, the general financial condition of the Company and global economy as well as the various risk factors set out above. The Board of Directors intends to pay a consistent dividend with consistent increases over time, however, the Board of Directors may in certain circumstances determine that it is in the best interests of the Company to reduce or suspend the dividend. In that situation the trading price of CCL’s Class A and Class B shares may be materially affected.

Restructuring of the Container Segment

The Container Segment has commenced a restructuring plan that encompasses the closure of its Canadian operations and redistribution of its operations to the Segment’s other locations in the United States and Mexico. The success or failure of this restructuring initiative could have a material impact on the financial condition and results of operations of the Company.

Innovia Acquisition

On December 19, 2016, CCL announced it had entered into a definitive agreement to acquire The Innovia Group of Companies for approximately $1.13 billion, debt free and net of cash, from a consortium of U.K.-based private equity investors. CCL has arranged committed financing to support this acquisition subject to closing the purchase, which is expected to close no later than April 3, 2017. There can be no certainty that this transaction will close within the predicted time frame and/or with the terms announced.

ITEM 6 – DIVIDENDS

Annual Cash Dividends Declared per Share	2016	2015	2014
Class A voting shares (“Class A”)	$ 1.95	$ 1.45	$ 1.05
Class B non-voting shares (“Class B”)	$ 2.00	$ 1.50	$ 1.10

Dividend payments are restricted by loan covenants in the Company’s senior note agreements whereby certain unfavourable financial ratios could cause dividends to be reduced or eliminated until such financial ratios are rectified. Dividends can only be paid from retained earnings. CCL’s dividend policy is to provide a stable and potentially growing cash return to shareholders, balancing the Company’s internal cash position and requirements, and other means of providing returns to investors such as share repurchases in the open market. CCL has paid dividends quarterly for over 30 years with periodic increases and has not reduced its dividend payout per share during this period.

ITEM 7 - DESCRIPTION OF CAPITAL STRUCTURE

The Company's authorized capital consists of an unlimited number of Class A voting shares and an unlimited number of Class B non-voting shares.

Class A Voting Shares

Class A voting shares carry full voting rights and are convertible at any time into Class B non-voting shares. Dividends are currently set at $0.05 per share per annum less than those payable per Class B non-voting share.

Class B Non-Voting Shares

Class B shares rank equally in all material respects with the Class A shares except as stated above and as follows: (i) holders of Class B shares are entitled to receive meeting materials and to attend, but not to vote at, regular shareholder meetings, (ii) 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, (iii)

holders of Class B shares are entitled to receive, or have set aside for payment, dividends declared by the Board of Directors from time to time.

Ratings

In September of 2016, CCL completed its inaugural public bond offering raising US$ 500 million. Ratings were provided by Moody's Investors Services ("Moody's") and S&P Global ("S&P") in accordance with their customary fee arrangements for an initial rating and on-going monitoring. As at the date of this Annual Information Form, the following ratings were assigned:

Credit Rating Agency	Issuer Rating	Senior Debt Rating	Outlook Trend
S&P (1)	BBB	BBB	Stable
Moody's (2)	-	Baa2	Negative

1. S&P's issuer and senior unsecured debt rating is a forward-looking opinion of CCL's overall creditworthiness. The opinion reflects S&P Global Ratings' view of the obligor's capacity and willingness to meet its financial commitments as they come due. This rating is based on a scale that ranges from "AAA" to "D", which represents the range from extremely strong capacity to meet financial obligations to a failure to pay one or more financial obligations when it came due. An issuer with a rating in the "BBB" category is the fourth highest category of relevant scale of ten major categories and is considered to be investment grade quality. The ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. The lack of one of the designations indicates a rating that is in the middle of the category. A "Stable" outlook rating means the rating is not likely to change.

2. Moody's senior unsecured debt rating is an opinion as to CCL's future relative creditworthiness. The credit rating is derived from a detailed rating's grid published in a Moody's rating methodology report for Packaging Manufacturers: Metal, Glass, and Plastic Containers published in 2015. The grid score is then formulated into one of twenty "grid-indicated ratings". A grid-indicated rating category of Baa is indicative of investment grade quality. Moody's appends the numerical modifiers 1, 2 or 3 to eighteen of the twenty indicative rating classifications. The modifiers 1, 2 and 3 indicate that the obligation ranks in the higher end, mid-range or lower end of its indicative rating category, respectively. The Moody's rating outlook is an opinion regarding the likely direction of an issuer's rating over the medium term, and falls into one of four categories: Positive, Negative, Stable or Developing. A "Negative"

outlook reflects higher leverage in the short term and potential execution risk associated with the potential Innovia acquisition.

Credit ratings are intended to provide investors with an independent measure of the credit quality of CCL's senior debt. The credit ratings assigned to CCL unsecured public bonds by the rating agencies are not recommendations to purchase, hold or sell CCL debt or securities, since such ratings do not address market price or suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future, if in its judgement, circumstances warrant.

ITEM 8 – MARKET FOR SECURITIES

The Class A voting shares and the Class B non-voting shares of CCL are listed and posted for trading on the Toronto Stock Exchange. The Toronto Stock Exchange is the primary exchange trading the Class B non-voting shares; however, alternative exchanges also trade the shares. The total number of Class B non-voting shares traded on all exchanges for 2016 was 32,544,692 (2015 - 36,248,924).

CCL's Shares Trading in 2016 on The Toronto Stock Exchange

Class A

	Volume Traded	High	Low	Close
January	2,500	$ 225.27	$ 208.00	$ 208.00
February	2,431	207.00	181.00	207.00
March	2,929	238.97	220.00	238.00
April	785	233.84	233.00	233.00
May	1,426	245.00	233.00	233.00
June	1,430	237.00	216.00	224.50
July	1,058	225.00	221.00	225.00
August	702	245.00	240.00	245.00
September	240	250.00	250.00	250.00
October	1,274	252.00	242.00	244.00
November	1,361	240.00	230.50	236.00
December	2,137	228.00	219.51	223.64
Total Year	18,273	$ 252.00	$ 181.00	$ 223.64

Class B

	Volume Traded	High	Low	Close
January	2,282,610	$ 231.37	$ 196.10	$ 197.50
February	2,919,446	216.00	171.52	206.94
March	2,291,517	248.99	204.88	246.50
April	1,645,620	249.38	222.13	229.75
May	1,332,664	246.50	219.22	233.42
June	1,426,981	237.23	214.25	224.84
July	1,085,113	235.43	215.50	233.70
August	1,239,192	251.81	228.29	250.25
September	1,023,046	260.00	238.69	252.61
October	1,001,527	253.48	233.16	238.54
November	1,433,235	245.91	220.00	233.75
December	1,647,976	275.90	216.64	263.80
Total Year	19,328,927	$ 275.90	$ 171.52	$ 263.80

ITEM 9 – ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

The securities itemized in the table below are held in trust by American Stock Transfer and may be awarded to specific executives as part of their long term incentive plan if the executive continues to be employed by the Company at that time.

Designation	Number of securities subject to a contractual restriction on transfer	Percentage of Class
Class B non-voting	132,496	0.4%

ITEM 10 – DIRECTORS AND OFFICERS

The names and municipalities of residence of all directors and officers of CCL as at the date hereof, the offices presently held, the principal occupations during the last five years and the year each director first became a director are set out below. Each director was elected at the last annual meeting of shareholders. Each director serves until the next annual meeting or until his or her successor is elected or appointed. The Articles of the Company provide for a minimum of five and a maximum of 15 directors. Officers are appointed annually and serve at the discretion of the Board of Directors.

The Committees of the Board of Directors of the Company and their members are as follows:

Directors

Name and Municipality	**Occupation in Last Five Years**	**Director Since**
PAUL J. BLOCK New York, New York USA	Chairman and Chief Executive Officer of Proteus Capital Associates (an investment banking firm) and Executive Mentor with Merryck & Company. Prior to November 2013, President and Chief Executive Officer of Brasil Beauté LLC (a cosmetics firm) and prior to December 31, 2012, Operating Partner of Behrman Capital (a private equity firm).	November 6, 1997
VINCENT GALIFI Aurora, Ontario Canada	Executive Vice President and Chief Financial Officer of Magna International (a leading global automotive supplier).	December 19, 2016
EDWARD E. GUILLET Sonoma, California USA	Independent Human Resources Consultant.	November 5, 2008
ALAN D. HORN Toronto, Ontario Canada	President and Chief Executive Officer of Rogers Telecommunications Limited and Chairman of the Board of Rogers Communications Inc. (telecommunications company).	May 8, 2008
KATHLEEN L. KELLER-HOBSON (Lead Director) Niagara-on-the-Lake Ontario, Canada	Independent corporate director. Prior to January 2015, partner at Gowling Lafleur Henderson LLP (international law firm).	January 1, 2015
DONALD G. LANG Toronto, Ontario Canada	Executive Chairman of the Company.	May 23, 1991
ERIN M. LANG Toronto, Ontario Canada	Managing Director of LUMAS Canada, (for-profit distributer of limited edition photographic art). Prior to April 2014, Major Gifts Officer for the Alzheimer Society	December 19, 2016

Directors

Name and Municipality	Occupation in Last Five Years	Director Since
	Toronto.	
STUART W. LANG Cambridge, Ontario Canada	Corporate Director of the Company. Prior to November 2015, Head Coach of University of Guelph football team.	May 23, 1991
DOUGLAS W. MUZYKA Philadelphia Pennsylvania USA	Chief Science and Technology Officer of E.I. DuPont de Nemours, (international manufacturer of chemical products, specialty materials, consumer and industrial products).	November 9, 2016
GEOFFREY T. MARTIN Dover, Massachusetts USA	President and Chief Executive Officer of the Company.	October 27, 2005
THOMAS C. PEDDIE Toronto, Ontario Canada	Independent corporate director. Prior to September 2016, Executive Vice President and Chief Financial Officer of Corus Entertainment Inc. (media company).	June 4, 2003
MANDY SHAPANSKY Toronto, Ontario Canada	Independent corporate director. Prior to January 2015, President and Chief Executive Officer of Xerox Canada.	June 24, 2014

The Committees of the Board of Directors of the Company and their members are as follows:

Audit Committee	Human Resources Committee	Nominating and Governance Committee
Thomas C. Peddie (Chairman)	Edward E. Guillet (Chairman)	Paul J. Block (Chairman)
Paul J. Block	Donald G. Lang	Edward E. Guillet
Alan D. Horn	Mandy Shapansky	Thomas C. Peddie

Environment and Health & Safety Committee

Mandy Shapansky (Chair)
Stuart W. Lang
Kathleen L. Keller-Hobson

Officers	Office with CCL and Principal Occupation in Last Five Years
DONALD G. LANG	Executive Chairman.

Toronto, Ontario
Canada

Officers	**Office with CCL and Principal Occupation in Last Five Years**
GEOFFREY T. MARTIN Dover, Massachusetts USA	President and Chief Executive Officer.
SEAN P. WASHCHUK Burlington, Ontario Canada	Senior Vice President and Chief Financial Officer.
LALITHA VAIDYANATHAN Los Altos Hills, California USA	Senior Vice President, Finance-IT-Human Resources. Prior to September 2014, Senior Vice President, Finance, Administration and IT, CCL Operations.
KAMAL KOTECHA Richmond Hill, Ontario Canada	Vice President, Taxation. Prior to March 2014, Director of Taxes with the Company. Prior to July 2013, Partner, US Corporate Tax Services with KPMG LLP.
MARK McCLENDON Strongsville, Ohio USA	Vice President and General Counsel. Prior to July 2014, General Counsel–USA with the Company. Prior to July 2013, Group Counsel with Avery Dennison Corporation.
SUSAN V. SNELGROVE Uxbridge, Ontario Canada	Vice President, Risk and Environmental Management.
NICK VECCHIARELLI Vaughan, Ontario Canada	Vice President, Corporate Accounting. Prior to May 2015, Director of Finance with the Company.
ANNE BRAYLEY Richmond Hill, Ontario Canada	Vice President, Internal Audit. Prior to May 2015, Director of Internal Audit with the Company.
MONIKA VODERMAIER Neubeuern, Germany	Vice President, Corporate Finance Europe and Asia. Prior to May 2015, Director of Finance Europe and Asia with the Company.

The directors and officers of CCL Industries Inc. as a group beneficially own, control, or direct, directly or indirectly, approximately 2,244,030 of the issued and outstanding Class A voting shares representing 94.8% of the issued and outstanding Class A voting shares.

To the best of the Company's knowledge, no director or executive officer of the Company is, as at the date of this AIF, or was within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company that was (i) subject to a cease trade order or similar order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) subject to such an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

To the best of the Company's knowledge, no director or executive officer of the Company, or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company (i) is, as at the date of this AIF, or has been within the 10 years before the date of this AIF, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (ii) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

To the best of the Company's knowledge, no director or executive officer of the Company, or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

The foregoing information, not being within the knowledge of the Company, has been furnished by the executive officers mentioned above.

Conflicts of Interest

Neither CCL nor any of its subsidiaries has an existing or potential material conflict of interest with any of its directors or officers.

ITEM 11 – PROMOTERS

Not applicable

ITEM 12 – LEGAL PROCEEDINGS

In the course of its business activities, the Company engages in and contests a number of litigious claims. However, neither the Company nor any of its subsidiaries is a party to any legal proceedings that either individually or in the aggregate exceed ten percent of the current assets of the Company.

ITEM 13 – INTEREST OF MANAGEMENT AND OTHERS

IN MATERIAL TRANSACTIONS

Not applicable

ITEM 14 – TRANSFER AGENT AND REGISTRAR

The Company's transfer agent and registrar is CST Trust Company. The registrar of transfers of the Company's Class A and Class B shares is located at Toronto, Ontario.

ITEM 15 – MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, CCL only entered into the following material contracts within the Company's most recently completed financial year.

1. On March 1, 2016, the agreement plan of merger pursuant to which the Company acquired all the outstanding shares of Checkpoint Systems Inc. The purchase was completed on May 13, 2016 for approximately $531.9 million. The agreement includes representations and warranties common to a transaction of this nature

2. On September 20, 2016, the inaugural unsecured public bond offering indenture, with CCL Industries Inc. as Issuer of US$500 million notes bearing interest at 3.25% due 2026. The indenture includes terms, covenants, representations and warranties customary of a transaction of this nature.

3. On December 19, 2016, the purchase and sale agreement pursuant to which the Company will acquire Innovia from a consortium of U.K.-based private equity investors. The transaction has yet to close but is expected to close no later than April 3, 2017.

ITEM 16 – INTERESTS OF EXPERTS

KPMG LLP, the Company's external auditor, has reported on the consolidated financial statements of the Company for the year ended December 31, 2016. KPMG LLP is independent of CCL in accordance with the applicable Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

ITEM 17 – AUDIT COMMITTEE

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 mandate of the Audit Committee of the Board is set forth below. Reference to 'Auditor' signifies the auditor appointed by the shareholders of the Company from time to time.

- Review the quality and acceptability of the accounting policies, principles and practices of the Company.

- Review the quarterly and year-end financial statements, Management's 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. In addition, the Audit Committee shall 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 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 stated immediately above, and periodically assess the adequacy of the those procedures.

- 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, and 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 and communicate directly with the Auditor for the discussion and review of any issues as appropriate. In addition, the Audit Committee shall 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 independent members of the Audit Committee, provided that the pre-approval is presented to the full Audit 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 affect 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, and 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 financial resources.

- Review the quality of the asset side of the balance sheet of the Company.

- Review and assess the adequacy of the charter of the Audit Committee on an annual basis.

Composition of the Audit Committee

The members of the Audit Committee, as disclosed under Item 10: “Directors and Officers,” are: Thomas C. Peddie (Chairman), Paul J. Block and Alan D. Horn. Each of the members is independent as defined under National Instrument 52-110 – Audit Committees and financially literate within the meaning of applicable securities legislation.

Relevant Education and Experience of the Audit Committee

Thomas C. Peddie - Mr. Peddie is the recently retired Executive Vice President and Chief Financial Officer of Corus Entertainment Inc., a publicly traded company listed on the Toronto Stock Exchange (the “TSX”). Mr. Peddie is a Chartered Professional Accountant and was awarded his FCA designation by Chartered Professional Accounts of Ontario in 2003. Mr. Peddie holds an Honours Bachelor of Commerce degree from the University of Windsor. His career has reflected the progressive assumption of responsibility in the area of financial management of major companies, including WIC Western International Communication Inc., CTV Television Network, Toronto Sun Publishing Corporation, Canada Packers, and the international operations of Campbell Soup. Mr. Peddie has performed financial management directly and has supervised others in the performance of financial duties through much of his career. Along with his knowledge in matters of domestic and international finance, Mr. Peddie has an understanding of internal controls and procedures for financial reporting.

Paul J. Block - Mr. Block's U.S. and international experience as a divisional Chief Executive Officer for Revlon, Inc., included positions as Chairman and President of Revlon International and President and Chief Executive Officer of Revlon Professional Group. In these capacities, Mr. Block monitored and had responsibility for the financial conditions of the respective operating divisions, and directly supervised the work of the Chief Financial Officer of each division. In addition, as a member of the board of the China Retail Fund, Mr. Block is required to evaluate and approve or reject investments made by the Fund. Accordingly, he has demonstrated a strong facility with the reading and interpretation of financial statements, with particular focus in the manufacture and marketing of personal care products in international markets.

Alan D. Horn - Mr. Horn’s principal occupation is as President and Chief Executive Officer of Rogers Telecommunications Limited. Mr. Horn is also Chairman of the Board of Rogers Communications Inc. He is a Chartered Professional Accountant, and holds a B.Sc. with First Class Honours in Mathematics from the University of Aberdeen, Scotland. Mr. Horn is also a director of Fairfax Financial Holdings Limited and Fairfax India Holdings Corporation. 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.

Pre-Approval Policies and Procedures

Policy

The Company and its subsidiaries will not engage KPMG LLP, the external auditors of the Company, to carry out any service that may reasonably be thought to bear on KPMG's independence. KPMG must annually confirm to the Audit Committee that it is independent of the Company within the meaning of the applicable Rules of Professional Conduct/Code of Ethics of the Institute of Chartered Accountants of Ontario. For services that are not prohibited, the following pre-approval policies will apply.

A. Audit Services

The Audit Committee will pre-approve all Audit Services provided by KPMG through their recommendation of KPMG as shareholders' auditors at the Company's annual meeting and through the Audit Committee's review of KPMG's annual Audit Plan.

B. Audit Related Services and Recurring Tax and Other Non-Audit Services

Annually, the Audit Committee will review the List of Audit, Audit Related and Recurring Tax and Other Non-Audit Services and recommend pre-approval of these services for the upcoming year. Any additional requests will be addressed on a case-by-case specific engagement basis.

The Audit Committee will be informed quarterly of the services on the pre-approved list for which the Auditor has been engaged.

C. Other Services

All requests to engage KPMG for other services must be pre-approved by the Audit Committee or the Chair of the Audit Committee, as described below, and will be addressed on a case-by-case specific engagement basis.

The Company's employee making the request is to submit the request for service to the Senior Vice President and Chief Financial Officer. The request for service should include a description of the service, the estimated fee, a statement that the service is not a prohibited service and the reason KPMG is being engaged.

<u>Services where the aggregate fees are estimated to be less than or equal to $50,000.</u>

Recommendations, in respect of each engagement, will be submitted by the Senior Vice President and Chief Financial Officer to the Chair of the Audit Committee of the Board of Directors for consideration and approval. The full Audit Committee will subsequently be informed of the service at its next meeting. The engagement may commence upon approval of the Chair of the Audit Committee.

Services where the aggregate fees are estimated to be greater than $50,000.

Recommendations, in respect of each engagement, will be submitted by the Senior Vice President and Chief Financial Officer to the full Audit Committee for consideration and approval, generally at its next meeting. The engagement may commence upon approval of the Committee.

External Auditor Service Fees (by Category)

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 in 2016 were $3,579,061 (2015 - $2,057,878).

Audit-Related Fees

The aggregate fees billed in 2016 for assurance and related services by KPMG 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 $116,728 (2015 - $120,772). 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 license fees.

Tax Fees

The aggregate fees billed in 2016 for professional services rendered by the auditor for tax compliance, tax advice and tax planning were $1,396,931 (2015 - $1,039,196) for its Canadian and international operations.

All Other Fees

KPMG provided services that met the definition of other in 2016 totaling $106,012 (2015 - $45,000) for professional services in connection with interest rate determination on an inter-company loan and liquidation of dormant subsidiaries.

ITEM 18 – ADDITIONAL INFORMATION

Additional information concerning CCL, including directors' and officers' remuneration and indebtedness, principal holders of securities, options to purchase securities and securities authorized for issuance under equity compensation plans, where applicable, is contained in the Management Proxy Circular of the Company dated March 14, 2016. Additional financial information is provided in the Consolidated Financial Statements and Management's Discussion and Analysis for the fiscal period ended December 31, 2016. Copies of the above documents may be obtained upon request from the

Secretary of CCL Industries Inc. at 105 Gordon Baker Road, Suite 500, Toronto, Ontario, Canada M2H 3P8.

Additional information relating to CCL may be found on SEDAR at www.sedar.com and on the Company's website at www.cclind.com.