



AIRBOSS OF AMERICA CORP.

Notice of Meeting and Management Information Circular

**For the Annual General and Special Meeting of Shareholders
to be held May 11, 2017**

April 10, 2017



AIRBOSS OF AMERICA CORP.

**AIRBOSS OF AMERICA CORP.
16441 YONGE STREET
NEWMARKET, ONTARIO
L3X 2G8**

NOTICE OF 2017 ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual General and Special Meeting (the "Meeting") of shareholders of AirBoss of America Corp. (the "Company") will be held at Magna Golf Club located at 14780 Leslie Street, Aurora, Ontario on Thursday, May 11, 2017, at 4:30 p.m. (Toronto time) for the following purposes:

- (a) to receive the Company's 2016 Annual Report containing the financial statements for the year ended December 31, 2016, together with the report of the auditors thereon;
- (b) to elect the directors of the Company for the ensuing year;
- (c) to appoint the auditors for the ensuing year and authorize the directors of the Company to fix their remuneration;
- (d) to vote on a resolution ratifying and confirming By-Law No. 2 (Advance Notice Requirements), By-Law No. 3 (Increase to Shareholder Meeting Quorum Requirements) and By-Law No. 4 (Amendments to Permit Electronic Transfer of Securities) of the Company adopted by the board of directors of the Company on August 12, 2016; and
- (e) to transact such other business as may properly come before the Meeting or any adjournments or postponements thereof.

The accompanying Management Information Circular provides additional information relating to matters to be dealt with at the Meeting and forms part of this Notice.

The 2016 Annual Report, which includes the Management's Discussion and Analysis of financial condition and results of operations, the consolidated financial statements of the Company and the auditors' report to the shareholders of the Company for the financial year ended December 31, 2016, when requested, accompanies this notice and is posted on the Company's website at www.airbossofamerica.com and on SEDAR at www.sedar.com.

The Board of Directors of the Company has fixed the close of business on April 6, 2017 as the record date for the determination of the shareholders entitled to receive notice of and to vote at the Meeting. A registered shareholder wishing to be represented by proxy at the Meeting or any adjournment or postponement thereof must (i) deposit his or her duly executed form of proxy with the Company's transfer agent, Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, by no later than 5:00 pm. (Toronto time) on Tuesday, May 9, 2017 or if the Meeting is adjourned or postponed, no later than 48 hours (excluding Saturday, Sunday and holidays) before the time of the Meeting, or (ii) deposit the form of proxy with the Chairman at the Meeting prior to the commencement of the Meeting or any adjournments or postponements thereof at which the proxy is to be used.

Shareholders who are unable to attend the Meeting in person, are requested to date, complete, sign, and return the enclosed form of proxy so that as large a representation as possible may be had at the Meeting.

DATED at Newmarket, Ontario this 10th day of April, 2017.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) Darren Wasylucha
Senior Executive Vice-President and
Secretary

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MANAGEMENT INFORMATION CIRCULAR

PART I – VOTING INFORMATION

SOLICITATION OF PROXIES

This Management Information Circular is furnished in connection with the solicitation by the management of AirBoss of America Corp. (the "Company") of proxies to be used at the Annual General Meeting of shareholders of the Company (the "Meeting") referred to in the accompanying Notice of 2017 Annual General and Special Meeting of Shareholders (the "Notice of Meeting") to be held at Magna Golf Club, Aurora, Ontario on Thursday, May 11, 2017 at 4:30 p.m. (Toronto time) and at any adjournments or postponements thereof for the purposes set forth in the Notice of Meeting. Proxies will be solicited primarily by mail, but may also be solicited personally or by telephone by the directors and/or officers of the Company at nominal cost. The cost of such solicitation will be borne by the Company. The information contained herein is given as of March 31, 2017, unless indicated otherwise.

The Company intends to pay the reasonable costs incurred by persons who are the registered but not beneficial owners of voting shares of the Company (such as brokers, dealers, other registrants under applicable securities laws, nominees and/or custodians) in sending or delivering copies of this management information circular ("Circular"), the Notice of Meeting and form of proxy (collectively, the "Meeting Materials") to the beneficial owners of such shares. The Company is not sending the Meeting Materials to registered or beneficial owners of the Company's securities using the notice-and-access provisions set out in National Instrument 54-101 of the Canadian Securities Administrators titled "NI 54-101". The Company will provide, without cost to such persons, upon request to the Secretary of the Company, additional copies of the foregoing documents required for this purpose. The Company's Annual Report and the Meeting Materials are available on SEDAR at www.sedar.com and the Company's website at www.airbossofamerica.com.

NON-REGISTERED SHAREHOLDERS

Only registered holders of Class A shares of the Company designated as common shares ("Common Shares") or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, Common Shares beneficially owned by a person (a "Non-Registered Holder") are registered either: (i) in the name of an intermediary (an "Intermediary") with whom the Non-Registered Holder deals in respect of the Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant. In accordance with the requirements of NI 54-101 copies of the Meeting Materials are being distributed to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries in Canada are required to forward the Meeting Materials to Non-Registered Holders. Non-Registered Holders will be given, in substitution for the proxy otherwise contained in the Meeting Materials, a request for voting instructions (the "voting instructions form") which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary, will constitute voting instructions which the Intermediary must follow.

The purpose of this procedure is to permit Non-Registered Holders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Holder who receives the voting instructions form wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should so indicate in the place provided for that purpose in the voting instructions form and a form of legal proxy will be sent to the Non-Registered Holder. Non-Registered Holders should carefully follow the instructions of their Intermediary set out in the voting instructions form.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy represent management of the Company. **A SHAREHOLDER HAS THE RIGHT TO APPOINT SOME OTHER PERSON OR COMPANY, WHO NEED NOT BE A SHAREHOLDER OF THE COMPANY, TO REPRESENT HIM OR HER AT THE MEETING AND MAY DO SO BY FILLING IN THE NAME OF SUCH PERSON OR COMPANY IN THE BLANK SPACE PROVIDED IN THE PROXY OR BY COMPLETING ANOTHER PROPER FORM OF PROXY.** A registered shareholder wishing to be represented by proxy at the Meeting or any adjournments or postponements thereof must, in all cases, (i) deposit the completed proxy with the Company's registrar and transfer agent, Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, facsimile within North America (866) 249-7775 and outside North America (416) 263-9524, by no later than 5:00 p.m. (Toronto time) on Tuesday, May 9, 2017, or if the Meeting is adjourned or postponed, no later than 48 hours (excluding Saturdays, Sunday and holidays) before the time of the Meeting or (ii) deposit the form of proxy with the Chairman of the Meeting prior to the commencement of the Meeting or any adjournments or postponements thereof at which the proxy is to be used. A proxy should be executed by the shareholder or his or her attorney duly authorized in writing or, if the shareholder is a corporation, by an officer or attorney thereof duly authorized.

A shareholder who has given a proxy may revoke it by an instrument in writing executed by the shareholder or by his or her attorney authorized in writing or, where the shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered to the Company's registrar and transfer agent at the address set out above, at any time up to and including 5:00 p.m. on the last business day preceding the day of the Meeting, or if adjourned or postponed, any reconvening thereof, or to the Chairman of the Meeting on the day of the Meeting or, if adjourned or postponed, any reconvening

thereof or in any other manner provided by law. Only a registered shareholder of the Company has the right to revoke a proxy. A Non-Registered Holder who wishes to change his, her or its vote must arrange for the Intermediary to revoke the proxy on his, her or its behalf in accordance with the instructions of such Intermediary set out in the voting instructions form. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

A registered shareholder attending the Meeting has the right to vote in person and, if he or she does so, his or her proxy is nullified with respect to the matters he or she votes upon and any subsequent matters thereafter to be voted upon at the Meeting or any adjournment thereof.

EXERCISE OF DISCRETION BY PROXIES

The shares represented by properly executed proxies in favour of management nominees in the enclosed form of proxy will be voted or withheld from voting in accordance with the instructions of the shareholder and, if a shareholder specifies a choice with respect to any matter to be acted upon at the Meeting, the shares represented by the proxy shall be voted accordingly. **WHERE NO CHOICE IS SPECIFIED, THE PROXY WILL CONFER DISCRETIONARY AUTHORITY AND WILL BE VOTED FOR THE ELECTION OF THE SIX NOMINEES AS DIRECTORS, FOR THE RE-APPOINTMENT OF KPMG LLP AS THE AUDITORS OF THE COMPANY AND THE AUTHORIZATION OF THE DIRECTORS TO FIX THEIR REMUNERATION, AND FOR THE RATIFICATION AND CONFIRMATION OF BY-LAWS 2, 3 AND 4. THE ENCLOSED FORM OF PROXY ALSO CONFERS DISCRETIONARY AUTHORITY UPON THE PERSONS NAMED THEREIN TO VOTE WITH RESPECT TO ANY AMENDMENTS OR VARIATIONS TO THE MATTERS IDENTIFIED IN THE NOTICE OF MEETING AND WITH RESPECT TO OTHER MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING IN SUCH MANNER AS SUCH NOMINEE IN HIS OR HER JUDGMENT MAY DETERMINE.** At the time of printing this Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

As at March 31, 2017, the Company had 23,074,183 Common Shares issued and outstanding, each of which carries one vote in respect of each matter to be voted upon at the Meeting. To the knowledge of the directors and executive officers of the Company, the following table sets out the name of the only persons who beneficially own, directly or indirectly, or exercise control or direction over more than 10% of the Common Shares:

Name of Beneficial Owner	Number of Common Shares Held	Percentage of Total Outstanding Common Shares
P. Grenville Schoch Chairman and CEO	4,551,647	19.73%
James Gordon Flatt ⁽¹⁾	3,471,900	15.05%

⁽¹⁾ Information taken from a report filed on SEDI by Mr. Flatt on December 19, 2016. According to such filing, all Common Shares are held through Skky Capital Corporation Limited.

Each holder of Common Shares registered on the books of the Company at the close of business on April 6, 2017 (the "**record date**") will be entitled to vote at the Meeting or at any adjournments or postponements thereof, either in person or by proxy.

PART II – BUSINESS OF THE MEETING

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

The Company's 2016 Annual Report, including the consolidated financial statements for the fiscal years ended December 31, 2016 and 2015 and the report of the auditors thereon, will be submitted to shareholders at the Meeting. Receipt at such meeting of the auditors' report and the Company's financial statements for its last completed fiscal period will not constitute approval or disapproval of any matters referred to therein.

ELECTION OF DIRECTORS

The Board of Directors of the Company (the "Board") is comprised of a minimum of three and a maximum of ten members. The Board currently has six directors and the Board has determined that the number of directors to be elected at the Meeting is six. The Board is currently constituted, and as proposed to be elected will be constituted, with a majority of individuals who qualify as independent directors in accordance with applicable Canadian securities laws, as determined by the Board.

Majority Voting Policy

The Company has adopted a majority voting policy pursuant to which any nominee proposed for election as a director in an uncontested election who receives, from the Common Shares voted at the meeting in person or by proxy, a greater number of Common Shares withheld than Common Shares voted in favour of their election, must promptly tender his or her resignation to the Chairman of the Board, to take effect on acceptance by the Board. The Nominating and Corporate Governance Committee will expeditiously consider the director's offer to resign and make a recommendation to the Board on whether to accept it. The Board will have 90 days to make a final decision and announce it by way of press release. The relevant director will not participate in any deliberations of the Nominating and Corporate Governance Committee or the Board on the resignation offer.

Nominees

The present term of office for each director of the Company will expire immediately prior to the election of directors at the Meeting. It is proposed to nominate for election each of the six persons whose names are set out below as a director of the Company to serve until the next annual general meeting of shareholders, or until their successors are duly elected or appointed unless his or her office is earlier vacated in accordance with the Company's by-laws. The following table and the notes thereto set out the names of each of the persons proposed to be nominated by management for election as a director, all positions and offices with the Company now held by each of them, the principal occupation or employment of each of them for the past five years, the year in which each was first elected a director of the Company and the number of securities of the Company that each has advised are beneficially owned, directly or indirectly, or over which control or direction is exercised by each of them as of the date hereof.

Name and Residence	Present Principal Occupation	Period of Service as a Director of the Company	Securities of the Company Beneficially Owned, Directly or Indirectly, or Controlled or Directed⁽¹⁾
Robert L. Hagerman Ontario, Canada Non-Independent	Corporate Director. Previous President and CEO of the Company until his retirement on May 8, 2014.	October 13, 1989 to Present	608,620 Common Shares 200,000 Options
Mary Matthews, CPA, C.A., ICD.D ⁽²⁾⁽³⁾⁽⁴⁾ Ontario, Canada Independent	Corporate Director and President and Co-Founder of Santa Comes to Bay Street (a registered charity).	May 29, 2006 to Present	138,502 Common Shares 2,308 DSUs
Robert McLeish ⁽²⁾⁽³⁾⁽⁴⁾ Ontario, Canada Independent	Corporate Director and Chairman of Dundee Corporation (a TSX-listed investment holding company).	February 1, 1999 to Present	230,373 Common Shares 50,000 Options 3,173 DSUs
Brian A. Robbins ⁽²⁾ Ontario, Canada Independent	President and Chief Executive Officer of Exco Technologies Limited (a TSX-listed tooling manufacturing corporation).	June 5, 1997 to Present	40,159 Common Shares 20,000 Options 4,190 DSUs
P. Grenville Schoch Ontario, Canada Non-independent	Chairman and CEO of the Company.	October 13, 1989 to Present	4,551,647 ⁽⁵⁾ Common Shares 463,030 Options
Alan J. Watson ⁽³⁾⁽⁴⁾ New South Wales, Australia Independent	Corporate Director and Chairman of Pinnacle Investment Management Group Limited (a publicly-traded Australian investment management company).	September 10, 2007 to Present	130,000 Common Shares 50,000 Options 1,757 DSUs

Notes:

- (1) The information as to voting securities beneficially owned, controlled or directed, has been furnished by each respective nominee as of March 31, 2017. A description of the terms of DSUs can be found under "Statement of Executive Compensation – Compensation of Directors".
- (2) Member of the Audit Committee.
- (3) Member of the Compensation Committee.
- (4) Member of the Nominating and Corporate Governance Committee.
- (5) See "Voting Securities and Principal Holders Thereof." 45,000 of these Common Shares are held by a company controlled by Mr. Schoch.

PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE ELECTION OF THE ABOVE-NAMED NOMINEES, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT OF ONE OR MORE OF THE ABOVE-NAMED NOMINEES. MANAGEMENT HAS NO REASON TO BELIEVE THAT ANY OF THE NOMINEES WILL BE UNABLE TO SERVE AS A DIRECTOR, BUT IF THAT SHOULD OCCUR FOR ANY REASON PRIOR TO THE MEETING, THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY RESERVE THE RIGHT TO VOTE FOR THE REMAINING NOMINEES AND MAY VOTE FOR SUBSTITUTE NOMINEES AT THEIR DISCRETION UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT OF THE ELECTION OF DIRECTORS.

Directors' Minimum Shareholding Requirement

To align Directors' interests with those of shareholders of the Company, the Board has adopted a minimum shareholding requirement for Directors. Each Director is required to hold Common Shares valued at three times the annual retainer entitlement. Directors have a period of three years from the date

of their election to the Board to achieve the minimum shareholding requirement. As of March 31, 2017, all Directors have met this minimum shareholding requirement.

Director Affiliations and Attendance

Certain directors of the Company are also directors of other reporting issuers (or equivalent) in a jurisdiction or a foreign jurisdiction as follows:

Name of Director	Reporting Issuer (or equivalent)
Brian A. Robbins	Director, Heroux-Devtek Inc. Director, Exco Technologies Limited
Robert L. McLeish	Chairman, Dundee Corporation
Alan J. Watson	Chairman, Pinnacle Investment Management Group Limited

In order to carry out its responsibilities, the Board meets on a regular basis on at least five occasions annually and otherwise as required in the circumstances. During fiscal 2016, the Board held five meetings. The attendance record for each director is set out below.

Director	Board of Directors Meeting	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee
Robert L. Hagerman	5 of 5	N/A	N/A	N/A
Mary Matthews	5 of 5	4 of 4	1 of 1	1 of 1
Robert McLeish	5 of 5	4 of 4	1 of 1	1 of 1
Brian A. Robbins	5 of 5	4 of 4	N/A	N/A
P. Grenville Schoch	5 of 5	N/A	N/A	N/A
Alan J. Watson	5 of 5	N/A	N/A ⁽¹⁾	1 of 1

Notes:

(1) Mr. Watson joined the Compensation Committee after the Compensation Committee meeting recorded in this table.

APPOINTMENT AND REMUNERATION OF AUDITORS

Management proposes to re-appoint KPMG LLP, Chartered Professional Accountants as the auditors of the Company to hold office until the close of the next annual meeting of shareholders and proposes that the shareholders authorize the directors to fix the remuneration of the auditors. KPMG LLP have been the auditors of the Company since April 3, 2001.

Auditors' Fees

The following table summarizes the fees billed to the Company for services provided by its external auditors, KPMG LLP, during the 2016 and 2015 fiscal years:

Description	2016 (US\$)	2015 (US\$)
Audit	345,143	460,066
Audit-related fees	Nil	153,058
Tax fees	Nil	Nil
All other fees	13,406	6,255
Total	358,549	619,379

The Audit Committee has determined that KPMG LLP's provision of non-audit services is compatible with maintaining KPMG LLP's independence. The Audit Committee has adopted a policy whereby it must pre-approve all services performed by the Company's external auditors over \$10,000.

See page 21 of the Company's Annual Information Form for the year ended December 31, 2016 for additional information regarding the Audit Committee and the auditors.

PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE RE-APPOINTMENT OF KPMG LLP, CHARTERED ACCOUNTANTS, AS AUDITORS OF THE COMPANY TO HOLD OFFICE UNTIL THE NEXT ANNUAL MEETING OF SHAREHOLDERS AND THE AUTHORIZATION OF THE DIRECTORS TO FIX THEIR REMUNERATION, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF.

CONFIRMATION OF BY-LAW NOS. 2, 3 AND 4

Background

On August 12, 2016, the Board adopted, with immediate effect, By-Law No. 2 (the “**Advance Notice By-Law**”, a copy of which is attached to this Information Circular as Appendix B), By-Law No. 3 (the “**Increased Quorum By-Law**”, a copy of which is attached to this Information Circular as Appendix C) and By-Law No. 4 (the “**Electronic Transfer By-Law**”, a copy of which is attached to this Information Circular as Appendix D).

In order for the Advance Notice By-Law, the Increased Quorum By-Law and the Electronic Transfer By-Law to remain in effect following termination of the Meeting, each must be confirmed and ratified by shareholders at the Meeting, as set forth more fully below.

Summary of the Advance Notice By-Law

The Advance Notice By-law provides a transparent process for shareholders to follow for director nominations and sets out a reasonable time-frame for the submissions of nominees and the accompanying information. The purpose of the Advance Notice By-law is to facilitate an orderly and efficient meeting process and will ensure that all shareholders receive adequate notice of the nominations to be considered at a meeting where directors are to be elected and sufficient information with respect to the nominees. This allows the Company and its shareholders to evaluate each nominee's qualifications and suitability as a director of the Company so shareholders can exercise their voting rights in an informed manner, whether in person or by proxy after having been afforded a reasonable time for appropriate deliberation. The Advance Notice By-law is similar to the advance notice by-laws adopted by many other Canadian public companies.

The following information is intended as a brief summary of the Advance Notice By-Law and is qualified in its entirety by the full text of the Advance Notice By-Law, a copy of which is attached as Appendix B.

Among other things, the Advance Notice By-law fixes a deadline by which shareholders must submit a notice of Director nominations to the Company prior to any annual or special meeting of shareholders where directors are to be elected, and sets forth the information that a shareholder must include in the notice for it to be valid.

The Advance Notice By-Law requires advance notice to the Company in circumstances where nominations of persons for election to the Board are made by shareholders of the Company other than pursuant to a “proposal” made in accordance with the provisions of the Business Corporations Act (Ontario) (the “**Act**”) or a requisition of shareholders made in accordance with the provisions of the Act. In the case of an annual meeting of shareholders, notice to the Company must be given not less than 30 days prior to the date of the annual meeting. In the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be given not later than the close of business on the 10th day following the notice date. In the case of a special meeting of shareholders (which is not also an annual meeting), notice to the Company must be given not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made.

The Board may, in its sole discretion, waive any requirement of the Advance Notice By-Law.

Summary of the Increased Quorum By-Law

The Company's by-laws previously provided that a quorum for all business at a shareholders meeting could be constituted by as little as two shareholders, personally present or represented by proxy, without any reference to the number of votes such shareholders hold or represent. Consistent with good corporate governance standards, the Increased Quorum By-Law increases quorum to require two or more persons to be present holding or representing by proxy at least 25% of the eligible votes at the relevant meeting for all business, except the choice of a chair of the meeting and for the adjournment of a meeting to a fixed time and place. We believe the increased quorum requirements will encourage wide-ranging participation from all shareholders in our shareholder meetings.

The full text of the Increased Quorum By-Law is attached as Appendix C.

Summary the Electronic Transfer By-Law

The Electronic Transfer By-Law reflects changes to permit securities of the Company to be held in uncertificated (or book-entry) form and will allow for the electronic transfer of such securities required to support systems like the Direct Registration System ("**DRS**"). DRS provides for electronic direct registration of securities in an investor's name on the books of the transfer agent or issuer, and allows shares to be transferred between a transfer agent and broker electronically. DRS provides investors with an alternate approach to holding their securities in certificate or "street" form. Under DRS, investors can elect to have their securities registered directly on the issuer's records in book-entry form. An investor electing to hold a security in a DRS book-entry position will receive a statement from the issuer or its transfer agent evidencing ownership of the security. The investor can subsequently transfer electronically the DRS book-entry position to their bank or broker/dealer.

The full text of the Electronic Transfer By-Law is attached as Appendix D.

Requirement for Shareholder Confirmation

Under the Act, the Directors may by resolution adopt new by-laws for the Company, subject to the requirement for shareholder ratification by ordinary resolution thereof at the next meeting of shareholders. In order for the resolution ratifying and confirming the amendment to the by-laws to be effective, it must be approved by the affirmative vote of a majority of the votes cast in respect thereof by shareholders present in person or by proxy at the Meeting.

Accordingly, at the Meeting shareholders will be asked to vote on an ordinary resolution substantially in the following form:

“BE IT HEREBY RESOLVED as an ordinary resolution of the Corporation that:

1. By-law No. 2, substantially in the form attached as Appendix B to the Management Information Circular of the Company dated April 10, 2017 (the “**Circular**”), be and is hereby approved, ratified and confirmed as a by-law of the Company;
2. By-law No. 3, substantially in the form attached as Appendix C to the Circular, be and is hereby approved, ratified and confirmed as a by-law of the Company;
3. By-law No. 4, substantially in the form attached as Appendix D to the Circular, be and is hereby approved, ratified and confirmed as a by-law of the Company;

4. the form of By-law No. 2, By-law No. 3 and By-law No. 4 may be amended in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval of the shareholders of the Company;

5. the shareholders of the Company hereby expressly authorize the Board of Directors to revoke this resolution before it is acted upon without requiring further approval of the shareholders in that regard; and

6. any one (or more) director or officer of the Company is authorized and directed, on behalf of the Company, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Company or otherwise) that may be necessary or desirable to give effect to the foregoing resolution.”

If the foregoing ordinary resolution is approved at the Meeting, the Advance Notice By-Law, the Increased Quorum By-Law and the Electronic Transfer By-Law will continue to be effective and in full force and effect in accordance with its terms and conditions beyond the termination of the Meeting. If the resolution is not approved at the Meeting, the Advance Notice By-Law, the Increased Quorum By-Law and the Electronic Transfer By-Law will terminate and be of no further force or effect from and after the termination of the Meeting.

PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE RATIFICATION AND CONFIRMATION OF BY-LAW NO. 2, BY-LAW NO. 3 AND BY-LAW NO. 4, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF.

The Board may in its discretion not proceed with any of the proposed by-laws at any time prior to the Meeting if the Board determines that it would be in the best interest of the Company and its shareholders to do so, in light of subsequent developments.

PART III – STATEMENT OF EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Objectives

The objectives of the Company's policies and practices for executive compensation are linked to strategic business objectives. Our compensation objectives include attracting and retaining key employees of the Company by remaining competitive with peers, as well as motivating such individuals to enhance shareholder value and promote the long-term financial growth of the Company.

Our compensation programs are designed to meet pay for performance and competitiveness objectives, and seek to reward the achievement of measurable results and improvements to operations year-over-year. Objective and subjective measures are established each year and generally include: achieving profitability targets; providing a fair return on capital employed and invested capital; and meeting individual objectives. We believe these objective and subjective measures result in compensation programs which are aligned with shareholder interests.

Compensation Process

The Board has established a Compensation Committee composed of independent directors (details regarding the Compensation Committee can be found below under "Disclosure of Corporate Governance Practices – Compensation"). The responsibilities of the Compensation Committee include reviewing, and recommending for Board approval, the compensation of executive officers of the Company on an annual basis. Each year, the Compensation Committee meets to assess the performance of the Chairman and Chief Executive Officer ("CEO") and to recommend to the Board the CEO's total compensation. At the same time, the Compensation Committee receives the CEO's evaluation of performance and compensation recommendations for the Chief Financial Officer ("CFO"), the President of the Company and other senior executives (including each of the other Named Executive Officers ("NEOs") identified in this Circular), and subsequently recommends the compensation of such individuals for Board approval. For 2016, the Company's NEOs were: P. G Schoch (Chairman and CEO), Lisa Swartzman (President), Daniel Gagnon (CFO), Wendy Ford (former CFO), Darren Wasylucha, (Senior Executive Vice President, Corporate and Secretary) and Robert Dodd (Executive Vice President and President of AirBoss Rubber Compounding).

The Compensation Committee may, from time to time, engage independent compensation consultants, to assess the adequacy and fairness of executive compensation; however, no executive compensation consultant was engaged in 2016. In addition, the members of the Compensation Committee may receive compensation data on an informal basis related to his or her involvement with other companies as directors or otherwise, to assess the adequacy and fairness of executive compensation. No formal benchmarking was undertaken in 2016 to assess the adequacy of executive compensation.

The Compensation Committee examines and approves the compensation policies and practices taking into account the risks associated with such policies and practices, including the risks associated with any different compensation structures at the Company's business units and any differences in compensation practices among executive officers. The Compensation Committee did not determine that any risk associated with the Company's compensation policies and practices were reasonably likely to have a material adverse effect on the Company.

Compensation Elements and their Weighting

Our executive compensation program includes a balance of the following fixed and variable components: (a) base salary; (b) short-term incentives; (c) long-term incentives; and (d) and other personal benefits and perquisites.

For all executives, the total compensation package is reviewed annually and modified to reflect changes in responsibilities specific to the executive, the competitive market and other economic conditions. Our compensation policies and practices are based on the philosophy that a significant portion of each executive's total compensation should be variable or "at risk". This variable portion includes short-term and long-term incentive awards. Generally speaking, the amount of variable compensation for an executive should increase with seniority and for the most senior executives variable compensation should comprise the substantial majority of total compensation.

Base Salary

Base salaries provide fixed compensation to our executives. The Company pays base salaries that the Compensation Committee believes are competitive with those provided for similar positions and are based on the executive's level of responsibility and ability to influence the performance of the Company. Following a review in March of 2017, the Company determined not to increase the base salaries of any of the NEOs from their 2016 level at such time.

Short-Term Incentives

The Company has an annual short-term incentive program as a variable component of executive compensation, which is designed to compensate the NEOs for the achievement of annual performance objectives. Typically awards under the short-term incentive program are paid as a cash bonus, but they can also be paid in equity of the Company under the equity-based compensation plans discussed below.

The annual performance objectives are a combination of personal objectives and corporate performance objectives, and are established each year for executive officers by the Compensation Committee, upon recommendation by the CEO (except in the case of the CEO, whose objectives are approved by the Board). For 2016, the weighting between performance objectives for all NEOs other than Mr. Dodd was 70% to corporate performance objectives and 30% personal objectives. For Mr. Dodd, the weighting was 80% to corporate performance and 20% personal objectives. The corporate performance objectives consisted of financial performance targets for measures such as EBIT¹, return on capital employed and return on invested capital targets. For all NEOs other than Mr. Dodd, the corporate performance objectives related entirely to the consolidated financial results of the Company. For Mr. Dodd, the corporate performance objectives were a combination of consolidated financial results and the financial results of the AirBoss Rubber Compounding division, with more weight given to the latter category of results. In addition, the Compensation Committee and Board retain the discretion to award short-term incentives in an amount greater than, less than, or on different terms than the amount that would otherwise be payable based on the achievement of set objectives under the annual short-term incentive program. Such discretion is in keeping with its philosophy of ultimate control over executive compensation and the need, from time to time, to deal with exceptional circumstances.

The maximum amount payable to an executive as part of the annual short-term incentive program is expressed as a percentage of their base salary. For 2016, the maximum percentages for NEOs were as

¹ EBIT, a non-IFRS financial measure, is defined by the Company as earnings before interest income, interest expense and income taxes.

follows: CEO, President and Senior EVP Corporate – 100%; CFO – 50%; Other NEOs – 30%. The amounts and form of short term incentives awarded to NEOs in respect of 2016 reflected the fact that corporate performance objectives were not fully achieved in 2016, and include amounts relating to the achievement of personal objectives. The table below sets out the details regarding 2016 short term incentive awards to NEOs.

NEO	Value of Award	Value of Award as a % of Base Salary	Form of Award ⁽¹⁾
Mr. Schoch	C\$152,600	23.5%	NEO to be granted additional performance share awards under the 2015 Omnibus Incentive Plan in connection with annual long-term incentive awards having a fair market value equal to value of Award on the relevant grant date
Ms. Swartzman	C\$105,600	23.5%	NEO to be granted additional performance share awards and options under the 2015 Omnibus Incentive Plan in connection with annual long-term incentive awards having a fair market value equal to value of Award on the relevant grant date
Mr. Gagnon	C\$30,650	22.3% ⁽²⁾	Paid in cash
Mr. Wasylucha	C\$80,500	24.8%	NEO to be granted additional performance share awards and options under the 2015 Omnibus Incentive Plan in connection with annual long-term incentive awards having a fair market value equal to value of Award on the relevant grant date
Mr. Dodd	C\$52,504	18.4%	Paid in cash

⁽¹⁾ Performance share awards and options were granted on the same terms as the annual LTI plan awards, which terms are summarized in the footnotes below the table in the section entitled "Executive Compensation Summary".

⁽²⁾ Mr. Gagnon joined the Company on June 20, 2016, and this represents the percentage of his pro-rated base salary for the second half of 2016.

Long-Term Incentives

Long-term incentives at AirBoss are designed to: (a) to attract, retain and reward those individuals who are expected to contribute significantly to the success of the Company; (b) to incentivize such individuals to perform at the highest level; and (c) to strengthen the mutuality of interests between such individuals and our shareholders. Overall, long-term incentives are intended to optimize the profitability and growth of the Company in a manner consistent with the Company's strategic objectives and also allow recipients to share in the success of the Company. Long-term incentives are provided in the form of equity-based awards that are settled in either Common Shares or cash or a combination of Common Shares and cash, depending on the award.

On May 14, 2015, shareholders approved the 2015 Omnibus Incentive Plan (the "**2015 Omnibus Plan**"), pursuant to which the Company will issue all future long-term incentives to executives until it is amended or replaced. Prior to the 2015 Omnibus Plan, the Company issued stock options under a prior Stock Option Plan (the "**Prior Option Plan**") and issued stock appreciation rights (or SARs) under a prior share appreciation rights plan (the "**Prior SAR Plan**"). Each of these prior plans has been replaced by the 2015 Omnibus Plan, and there will be no further long-term incentive awards issued under the Prior Option Plan or the Prior SAR Plan.

The Board has previously made periodic grants of long-term incentives to senior executives, including the NEOs, in the form of stock options and restricted stock units ("**RSUs**") to sustain a commitment to long-term profitability, maximize shareholder value, attract and retain valuable employees and to reward exceptional contributions. The details regarding any relevant grants are set out in the tables below in the section entitled "Executive Compensation Summary".

In addition to having the flexibility to grant long-term incentives on a discretionary basis (for example to recognize exceptional circumstances or to provide an incentive to attract high calibre candidates to the Company), the Board recognizes that long-term incentives should be considered as a regular part of annual variable compensation for senior executives and that it is desirable to maintain consistency in the

awarding of such incentives unless circumstances warrant otherwise. As a result, the Board, on the recommendation of the Compensation Committee, has now established guidelines for an annual long-term incentive program under which executives will be eligible to receive annual grants of long-term incentive awards as part of their total compensation package. The amount of awards granted under this annual program will be based on ensuring the appropriate mix of fixed and variable compensation, as a proportion of total compensation, is achieved and maintained. The calculation of the value of annual awards will, in a similar fashion as with our short-term incentive program, be tied to the financial performance of the Company, will be approved each year by the Compensation Committee upon recommendation from the CEO, and will not take into account the amounts or value of previous grants. Senior executives became eligible to receive awards under the annual long-term incentive plan beginning in 2016. The annual long-term incentive plan awards issued to NEOs in 2016 under the 2015 Omnibus Plan consisted of 38,510 performance share units ("**PSUs**") and 99,696 stock options. The details regarding these grants, and the terms of the PSUs are set out in the tables below in the section entitled "Executive Compensation Summary".

Other Benefits and Perquisites

The Company maintains a competitive group benefit plan for executives, including all NEOs, that includes the provision of life insurance, accidental death and dismemberment insurance, short and long-term disability income and health and dental insurance. In addition, the Company makes matching contributions to Registered Retirement Savings plans for Canadian employees and NEOs, 401(k) contributions on behalf of US employees and NEOs, and provides certain executives (including all NEOs) with a car allowance and annual medicals. The Compensation Committee reviews each element of these other benefits and perquisites to ensure the package as a whole is fair and competitive to attract, retain and motivate officers and key employees to achieve the strategic objectives whilst demonstrating long-term responsibility to shareholders.

Description of Equity Incentive Plans

The Company's equity-based compensation plans are described below.

2015 Omnibus Plan

Types of Awards

The 2015 Omnibus Plan provides for the grant of options, stock appreciation rights, restricted stock, restricted stock units, deferred stock, performance awards, other stock-based awards and cash-based awards (each an "**Award**" and collectively, the "**Awards**").

Plan administration

The 2015 Omnibus Plan is administered by the Compensation Committee. Subject to the terms of the 2015 Omnibus Plan and applicable law, and the rules of the TSX, the Compensation Committee (or its delegate) will have the power and authority to, among other things, designate participants and determine the types of Awards to be granted, number of shares to be covered and the terms and conditions of those Awards. It will also have the authority to interpret and administer the 2015 Omnibus Plan and any instrument or agreement relating to the 2015 Omnibus Plan and to make any other determination and take any other action that the Compensation Committee deems necessary or desirable for the administration of the 2015 Omnibus Plan.

The following individual participant limitations are applicable under the 2015 Omnibus Plan:

- (i) the maximum number of Common Shares subject to any performance Award which may be granted under the 2015 Omnibus Plan to any participant in any fiscal year is 2,000,000 shares;
- (ii) the maximum value of a cash payment made under a performance Award which may be granted to any participant in any fiscal year is \$10,000,000; and
- (iii) the maximum number of Common Shares that may be granted under the 2015 Omnibus Plan to a non-employee director in any fiscal year cannot exceed 1,000,000 Common Shares.

Insider Limits

The 2015 Omnibus Plan limits insider participation such that the number of Common Shares issuable to insiders, at any time, under all security based compensation arrangements of the Company, may not exceed 10% of the Company's issued and outstanding Common Shares; and the number of Common Shares issued to insiders within any one-year period, under all security based compensation arrangements of the Company, may not exceed 10% of the Company's issued and outstanding Common Shares.

Eligible participants

Any director, employee or consultant of the Company, its subsidiaries or any of its affiliates will be eligible to participate in the 2015 Omnibus Plan. However, only eligible employees of the Company and its subsidiaries are eligible to be granted incentive stock options under the 2015 Omnibus Plan. Eligibility for the grant of Awards and actual participation in the 2015 Omnibus Plan will be determined by the Compensation Committee in its sole discretion.

Description of Awards

Options. Subject to the provisions of the 2015 Omnibus Plan, the Compensation Committee will be permitted to grant stock options under the 2015 Omnibus Plan. The exercise price per share and terms of each option will be determined by the Compensation Committee; provided, however, that the exercise price will not be less than the fair market value of a Common Share on the date that the option is granted. Under the 2015 Omnibus Plan, the fair market value of a Common Share is equal to the weighted volume average price of a Common Share reported on the TSX on the five trading days immediately prior to the grant date. In the event that the Compensation Committee determines that stock options will be granted at a future date following the expiration of a blackout period, such options will be granted on the seventh day following the expiration of the blackout period and the fair market value of a Common Share will be the weighted volume average price on the five trading days immediately preceding the grant date. An option will be exercisable only in accordance with the terms and conditions established by the Compensation Committee in the Award Agreement. The Compensation Committee fixes the vesting terms it deems appropriate when granting options. In addition, the Compensation Committee may, in its discretion, provide that an option may become vested and exercisable in whole or in part, in instalments, cumulative or otherwise, for any period of time specified by the Compensation Committee and reflected in an Award Agreement. The Compensation Committee will fix the term of each option, not to exceed ten years. If the term of an option would otherwise expire during, or within ten business days of the expiration of a blackout period, the term of the option will be extended to the close of business of the tenth business day following the expiration of the blackout period.

Stock appreciation rights. Subject to the provisions of the 2015 Omnibus Plan, the Compensation Committee will be permitted to grant stock appreciation rights (or "SARs") under the 2015 Omnibus Plan. SARs may be granted to participants either alone ("freestanding") or in addition to other Awards

granted under the 2015 Omnibus Plan ("tandem"). Except under certain circumstances described in the 2015 Omnibus Plan, a freestanding SAR will not have a term of greater than ten years. In the case of any tandem SAR related to an option, the SAR will not be exercisable until the related option is exercisable and will terminate, and no longer be exercisable, upon the termination or exercise of the related option. A freestanding SAR will not have a grant price less than the fair market value of the share on the date of grant.

Restricted stock and restricted stock units. Subject to the provisions of the 2015 Omnibus Plan, the Compensation Committee will be permitted to grant awards of restricted stock and restricted stock units (or "**RSUs**") under the 2015 Omnibus Plan. Shares of restricted stock and restricted stock units will be subject to any restrictions that the Compensation Committee may impose, including any limitation on the right to receive any dividend or dividend equivalent. If deemed necessary, the Compensation Committee may require that, as a condition of any grant of restricted stock, the participant will deliver a signed stock power or other instruments of assignment, which would permit transfer to the Company of all or a portion of the shares subject to the award of restricted stock or restricted stock units in the event that the Award is forfeited.

Deferred stock. Under the 2015 Omnibus Plan, the Compensation Committee is permitted to grant deferred stock and deferred stock units (or "**DSUs**") to participants, subject to the conditions that deferred stock will be settled upon expiration of the deferral period specified for an award by the Compensation Committee. In addition, deferred stock will be subject to any restrictions on transferability, risk of forfeiture and other restrictions that the Compensation Committee may impose and, the Compensation Committee, in its discretion, may award dividend equivalents with respect to awards of deferred stock.

Performance awards. The Compensation Committee may grant a performance award, including a performance share unit (or "**PSU**") to a participant payable upon the attainment of specific performance goals. The Compensation Committee may grant performance awards that are intended to qualify as "performance-based compensation" under Section 162(m), as well as performance awards that are not intended to qualify. If the performance award is payable in shares of restricted stock, then the shares will be transferable to the participant only upon attainment of the relevant performance goal.

Other stock-based and cash-based Awards. Subject to applicable law, the Compensation Committee is authorized to grant to participants other awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, shares or factors that may influence the value of shares. The Compensation Committee will determine the terms and conditions of such stock-based awards. The Compensation Committee is also permitted to grant cash-based awards to participants. In its discretion, the Compensation Committee will determine the number of cash-based awards to grant to a participant, the duration of the period during which, and any conditions under which, the cash incentive awards will be eligible to vest or will be forfeited, and any other terms and conditions applicable.

Effect of Termination of Service on Awards

The Compensation Committee may provide, by rule or regulation or in any Award Agreement, or may determine in any individual case, the circumstances in which Awards shall be exercised, vested, paid or forfeited in the event a Participant ceases to provide service to the Company or any Affiliate prior to the end of a performance period or exercise or settlement of such Award.

Change in control

Unless otherwise provided in an Award Agreement, in the event of a change in control (as defined in the 2015 Omnibus Plan) a participant's unvested Awards will be treated in accordance with one of the following methods as determined by the Compensation Committee:

- (a) Awards, whether or not vested, will be continued, assumed or have new rights substituted as determined by the Compensation Committee;
- (b) the Compensation Committee, in its sole discretion, may provide for the purchase of any Awards by the Company or an affiliate for an amount of cash equal to the excess of the change in control price of the shares covered by such Awards, over the aggregate exercise price of such Awards; or
- (c) if and to the extent that the approach chosen by the Compensation Committee results in an acceleration or potential acceleration of the exercise, vesting or settlement of an Award, the Compensation Committee may impose such conditions upon the exercise, vesting or settlement of such Award as it determines.

Term of the Omnibus Plan

No Award will be granted under the 2015 Omnibus Plan after ten years from the original effective date for the 2015 Omnibus Plan. However, unless otherwise expressly provided in the Omnibus Plan or in an Award Agreement, any Award granted may extend beyond such date, and the authority of the Compensation Committee to amend, alter, adjust, suspend, discontinue, or terminate the Award, or to waive any conditions or rights under the Award, and the authority of the Board to amend the 2015 Omnibus Plan, will extend beyond such date.

Assignability

Awards granted under the 2015 Omnibus Plan may not be sold, pledged or otherwise transferred, other than following the death of a participant by will or the laws of descent. A participant's beneficiary or estate may exercise vested Options during the applicable exercise period following the death of the participant, subject to the same conditions that would have applied to exercise by the participant.

Administration

Subject to the terms of the 2015 Omnibus Plan and applicable law and the rules of the TSX, the Compensation Committee (or its delegate) has the power and authority to: (i) designate Participants; (ii) determine the type or types of Awards (including Substitute Awards) to be granted to each Participant under the 2015 Omnibus Plan; (iii) determine the number of Shares to be covered by (or with respect to which payments, rights, or other matters are to be calculated in connection with) Awards; (iv) determine the terms and conditions, not inconsistent with the terms of the 2015 Omnibus Plan, of any Award granted thereunder (including, but not limited to, the exercise or purchase price (if any), any restriction or limitation, any vesting schedule or acceleration thereof, or any forfeiture restrictions or waiver thereof, regarding any Award and the Shares relating thereto, based on such factors, if any, as the Committee determines, in its sole discretion); (v) determine whether, to what extent, and under what circumstances Awards may be settled or exercised in cash, Shares, other securities, or other Awards, or canceled, forfeited or suspended, and the method or methods by which Awards may be settled, exercised, canceled, forfeited or suspended; (vi) determine whether, to what extent, and under what circumstances cash, Shares, other securities, other Awards, and other amounts payable with respect to an Award under the 2015 Omnibus Plan shall be deferred either automatically or at the election of the holder thereof or of the

Compensation Committee, taking into consideration the requirements of Section 409A of the Code; (vii) determine whether to require a Participant, as a condition of the granting of any Award, to not sell or otherwise dispose of shares acquired pursuant to the exercise of an Award for a period of time as determined by the Compensation Committee, in its sole discretion, following the date of the acquisition of such Award; (viii) to determine whether an Option is an Incentive Stock Option or Non-Qualified Option; (ix) to modify, extend or renew an Award, provided, however, that such action does not subject the Award to Section 409A of the Code without the consent of the Participant and provided that such extension of the Award does not benefit an insider; (x) interpret and administer the 2015 Omnibus Plan and any instrument or agreement relating to, or Award made under, the Plan; (xi) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; (xii) solely to the extent permitted by applicable law and the rules of the TSX, to determine whether, to what extent and under what circumstances to provide loans (which may be on a recourse basis and shall bear interest at the rate the Committee shall provide) to Participants in order to exercise Options or acquire Shares under the 2015 Omnibus Plan; (xiii) to permit accelerated vesting or lapse of restrictions of any Award at any time; and (xiv) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the 2015 Omnibus Plan.

Amendment

The Board may amend, suspend or terminate the 2015 Omnibus Plan and any outstanding Awards granted under the 2015 Omnibus Plan, in whole or in part, at any time, provided that all material amendments to the 2015 Omnibus Plan require the prior approval of the shareholders and must comply with the rules of the TSX. Examples of the types of amendments that the Board is entitled to make without shareholder approval include, without limitation, the following: (i) ensuring continuing compliance with applicable law, the rules of the TSX or other applicable stock exchange rules and regulations or accounting or tax rules and regulations; (ii) minor changes of a "housekeeping" nature; (iii) changing the vesting provisions of any Award, subject to certain limitations; (iv) waiving any conditions or rights under any Award, subject to certain limitations, (v) changing the termination provisions of any Award that does not entail an extension beyond the original expiration date thereof; (vi) adding a cashless exercise feature, payable in securities, where such feature provides for a full deduction of the number of underlying shares from the Plan reserve, and any amendment to a cashless exercise provision; (vii) adding a form of financial assistance and any amendment to a financial assistance provision which is adopted; (viii) changing the process by which a participant who wishes to exercise his or her Award can do so; and (ix) delegating any and all of the powers of the Compensation Committee to administer the 2015 Omnibus Plan to officers of the Company.

No amendment to the 2015 Omnibus Plan requiring the approval of the shareholders of the Company under any applicable securities laws or requirements will become effective until such approval is obtained. In addition, the approval of the holders of a majority of the Common Shares present and voting in person or by proxy at a meeting of shareholders shall be required for, among other things, an increase in the maximum number of Common Shares that may be made the subject of Awards under the 2015 Omnibus Plan, any adjustment (other than in connection with a stock dividend, recapitalization or other transaction where an adjustment is permitted or required under the 2015 Omnibus Plan), an amendment that reduces or would have the effect of reducing the exercise price of an option or SAR previously granted under the 2015 Omnibus Plan or an extension to the term or an outstanding option or SAR beyond the expiry date thereof. Furthermore, except as otherwise permitted under the 2015 Omnibus Plan, no change to an outstanding Award that will adversely impair the rights of a participant may be made without the consent of the participant except to the extent that such change is required to comply with applicable law, stock exchange rules and regulations or accounting or tax rules and regulations.

Prior Option Plan

Prior to the adoption of the 2015 Omnibus Plan, the Company had made grants of stock options under the Prior Option Plan to eligible employees and directors. As of March 21, 2017, 860,000 options issued under the Prior Option Plan remain outstanding with the expiry dates ranging from August 2018 to March 2020. All options granted under the Prior Option Plan have a five-year term and provide for a four year vesting period with 25% of the original grant vesting on each of the first, second, third and fourth anniversary of the grant date. The Prior Option Plan has been replaced by the 2015 Omnibus Plan and no further grants will be made under the Prior Option Plan.

Options issued under the Prior Option Plan terminate on the earlier of: (a) the date of expiration for the particular option (not exceeding 10 years); (b) 90 days after the Plan participant ceases to be an eligible person under the Option Plan, other than by reason of retirement, permanent disability or death; (c) 180 days after the date of the death of the plan participant; and (d) 90 days after termination of a participant's employment by reason of permanent disability or retirement. The Prior Option Plan contains anti-dilution adjustment provisions in respect of the number of shares for which outstanding options are exercisable in the event of certain capital reorganizations and stock dividends.

In the event of a "change of control" of the Company (as defined in the Prior Option Plan), the Board may, in its discretion, permit and authorize the accelerated vesting and early exercise of all or any portion of the then outstanding options in connection with the completion of the change of control.

The Prior Option Plan includes a specific amendment provision, pursuant to which the Board may amend the Prior Option Plan or any option outstanding at any time in its discretion without the approval of the shareholders, (provided no amendment may have the effect of adversely affecting the existing rights of a participant without his or her consent in writing) with respect to certain specified matters including: (a) a change to the vesting provision of an option agreement; (b) an amendment to the provisions of the Prior Option Plan or an option agreement to comply with applicable laws, the requirements of regulatory authorities and stock exchanges; (c) a change in the process by which a participant who wishes to exercise his or her option can do so; (d) a change to the identity of eligible persons under the Prior Option Plan; (e) a change to the termination provisions of the Prior Option Plan or for an option as long as the change does not extend an outstanding option's original expiry date; (f) a change to the terms of the Prior Option Plan relating to the effect of termination, cessation or death of a participant on the right to exercise options; (g) a change to the provisions on the transferability of options for normal estate settlement purposes; (h) the addition of a sub-plan or scheme containing additional rules applicable to participants outside of Canada; and (i) housekeeping changes such as changes to correct an ambiguity, inconsistency or typographical error or a change to update an administrative or technical provision.

Notwithstanding the foregoing, the following amendments to the Prior Option Plan or to an option outstanding thereunder at any time shall be made only upon the requisite approval by the shareholders of the Company: (a) increasing the number of Common Shares that can be issued under the Prior Option Plan; (b) reducing the exercise price of an outstanding option (including a cancellation and re-grant of an option, constituting a reduction of the option price of an option); (c) extending the expiry date of an outstanding option or amending the Prior Option Plan to permit the grant of an option with an expiry date beyond the maximum term allowed under the Prior Option Plan; (d) increasing the limit on the aggregate number of Common Shares issuable to insiders or any one person; and (e) changing the provisions relating to the transferability of options except if the transfer is for normal estate settlement purposes.

Prior SAR Plan

During 2011, the Company established the Prior SAR Plan to reward selected directors and employees through the issuance of SARs in that year. All SARs issued under the Prior SAR Plan vested in 2015 and as at December 31, 2015, no SARs were outstanding under the Prior SAR Plan. The Prior SAR Plan has been replaced by the 2015 Omnibus Plan and no further SARs will be granted under the Prior SAR Plan in the future.

Shares available for awards

There are no Common Shares available for issuance under the Prior SAR Plan and, other than in respect of the 860,000 previously issued options, there will be no further Common Shares available for issuance under the Prior Option Plan. The number of Common Shares available for issuance under the 2015 Omnibus Plan is a rolling maximum number equal to 10% of the issued and outstanding Common Shares from time to time. The 2015 Omnibus Plan is considered to be an "evergreen" plan as Common Shares covered by Awards which have been exercised or settled, as applicable, will be available for subsequent grant under the 2015 Omnibus Plan and the number of Awards that may be granted under the 2015 Omnibus Plan increases if the total number of issued and outstanding Common Shares increases. As of March 21, 2017, after deducting 860,000 options to acquire Common Shares under the existing Prior Option Plan, the 126,400 options issued under the 2015 Omnibus Plan, the 171,000 RSUs issued under the 2015 Omnibus Plan and the 11,428 DSUs issued to Directors under the 2015 Omnibus Plan, there were 1,138,590 shares available for issuance under the 2015 Omnibus Plan, representing approximately 5% of the Company's issued and outstanding Common Shares.

The following individual participant limitations are applicable under the 2015 Omnibus Plan:

- The maximum number of Common Shares subject to any performance Award which may be granted under the 2015 Omnibus Plan to any participant in any fiscal year is 2,000,000 shares;
- The maximum value of a cash payment made under a performance Award which may be granted to any participant in any fiscal year is C\$10,000,000; and
- The maximum number of Common Shares that may be granted under the 2015 Omnibus Plan to a non-employee director in any fiscal year cannot exceed 1,000,000 Common Shares.

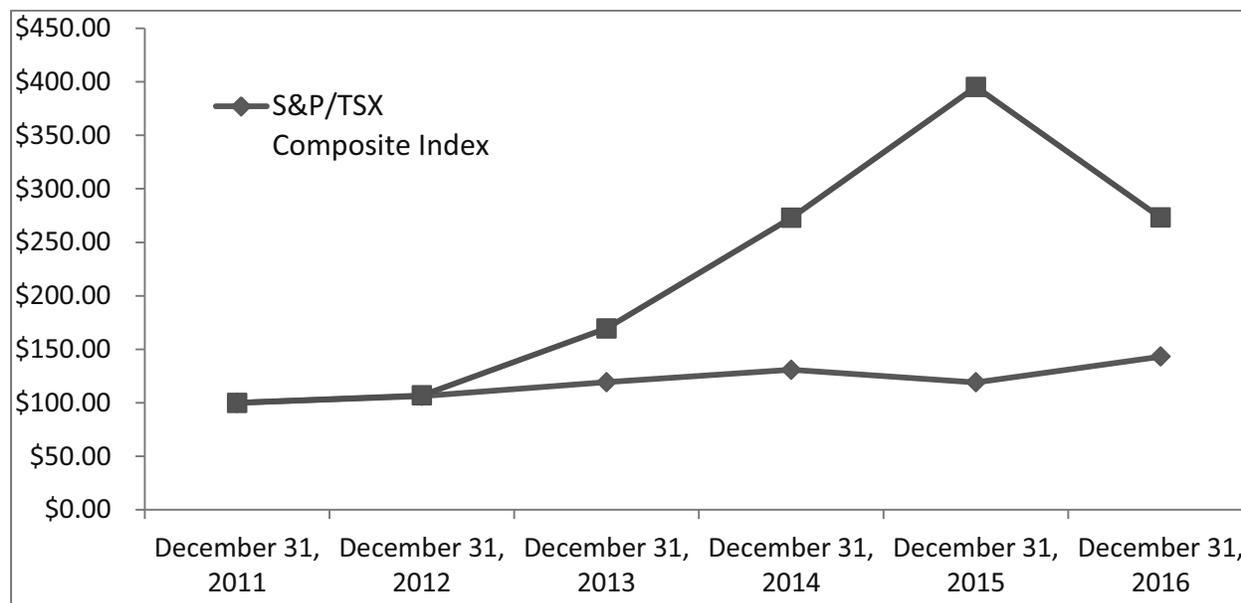
The 2015 Omnibus Plan limits insider participation such that the number of Common Shares issuable to insiders, at any time, under all security based compensation arrangements of the Company, may not exceed 10% of the Company's issued and outstanding Common Shares; and the number of Common Shares issued to insiders within any one-year period, under all security based compensation arrangements of the Company, may not exceed 10% of the Company's issued and outstanding Common Shares.

Hedging Transactions

As set out in our Insider Trading Policy, no director or NEO is permitted to engage in the short selling of, or trading in call options or put options in respect of, the securities of the Company nor otherwise enter into transactions or arrangements which operate to limit the economic risk of their security holding in the Company.

PERFORMANCE GRAPH

The Common Shares are listed and posted for trading on the TSX under the symbol "BOS". The following performance graph and table compare the total cumulative shareholder return for the five-year period commencing on December 31, 2011 and ending December 31, 2016 on Common Shares with the cumulative return of the S&P/TSX Composite Index, assuming C\$100 was invested on the first day of the period and assuming reinvestment of all dividends.



	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2016
BOS	C\$100.00	C\$106.92	C\$169.46	C\$272.88	C\$395.21	C\$273.08
S&P/TSX	C\$100.00	C\$106.38	C\$119.28	C\$130.92	C\$119.12	C\$143.15

Correlation of Compensation to Performance

Over the five-year period, total compensation of NEOs (excluding stock options, SARs and RSU grants) increased by 17.6%. Total compensation, including stock option benefits (which may not be achieved on exercise of the stock options), SARs and RSU grants, increased by 105.3% over the same five-year period, compared to a total shareholder return on Common Shares of over 173%.

EXECUTIVE COMPENSATION SUMMARY

Summary compensation table

The table below sets forth information for the 2016, 2015 and 2014 fiscal years concerning the compensation of the Company's CEO and CFO (and former CFO) and the three most highly compensated executive officers of the Company (other than the CEO and CFO) who were executive officers during fiscal 2015 and whose total compensation was in excess of \$150,000, being the President, the Executive Vice President and President of AirBoss Rubber Compounding division and the Senior Executive Vice President, Corporate and Secretary (such individuals are hereafter referred to as the "**Named Executive Officers**" or "**NEOs**"). All amounts in the table below and all other tables that follow in this "Executive Compensation Summary" section are reported in US dollars unless otherwise stated. Salary and other cash compensation for each of the NEOs were paid in Canadian dollars. Unless otherwise stated, the exchange rate used to determine the US dollar equivalent for amounts actually paid in Canadian dollars in this section was US\$1 = C\$1.3167, being the average of the monthly average exchange rates posted by the Bank of Canada for 2016.

Name and Principal Position	Fiscal Year	Salary (US\$)	Share-based awards (US\$)	Option-based awards (US\$)	Non-Equity incentive plan compensation – Annual incentive plans ⁽⁴⁾ (US\$)	Pension Value (US\$)	All Other Compensation ⁽⁵⁾ (US\$)	Total Compensation (US\$)
P. Grenville Schoch <i>Chairman & CEO</i>	2016	484,165	420,086 ⁽¹⁾⁽³⁾	172,091 ⁽²⁾	–	–	–	1,076,342
	2015	430,155	1,367,669	–	–	–	–	1,797,824
	2014	362,089	–	611,569	–	–	–	973,658
Lisa Swartzman ⁽⁶⁾ <i>President</i>	2016	318,030	142,679 ⁽¹⁾⁽³⁾	137,564 ⁽²⁾⁽³⁾	–	–	–	598,273
	2015	249,294	1,410,126	161,230	156,420	–	–	1,977,070
	2014	116,925	–	–	90,522	–	–	207,447
Daniel Gagnon, CFO ⁽⁷⁾	2016	111,657	119,427 ⁽¹⁾	11,639 ⁽²⁾	23,278	–	–	266,001
	2015	–	–	–	–	–	–	–
	2014	–	–	–	–	–	–	–
Wendy Ford ⁽⁸⁾ <i>Former CFO</i>	2016	96,103	–	–	–	–	153,618	249,721
	2015	162,286	135,147	64,492	8,838	–	–	370,762
	2014	183,308	–	–	48,429	–	–	231,737
Robert Dodd <i>Executive Vice President & President Rubber Compounding</i>	2016	214,552	38,691 ⁽¹⁾	36,866 ⁽²⁾	39,875	–	–	329,984
	2015	213,122	231,558	–	46,144	–	–	490,823
	2014	239,884	–	–	53,861	–	–	293,745
Darren Wasylucha <i>Senior Executive Vice President, Corporate & Secretary⁽⁹⁾</i>	2016	240,184	86,791 ⁽¹⁾⁽³⁾	86,939 ⁽²⁾⁽³⁾	–	–	–	413,914
	2015	103,227	277,489	–	70,389	–	–	451,105
	2014	–	–	–	–	–	–	–

Notes:

- (1) Share-based awards in 2016 include PSUs granted to the NEOs under the Company's new annual long-term incentive program: (a) in 2016 under its inaugural awards; and (b) in March 2017, but granted in respect of the 2016 fiscal year. Each PSU represents the right to receive on vesting a cash payment equal to the product of (a) the fair market value of a Common Share as of the vesting date and (b) a performance factor between 0.5 and 2.0, based on the level of achievement of predetermined performance objectives over the vesting period generally. Under these awards granted in or in respect of 2016, PSUs were issued to Mr. Schoch (42,924), Ms. Swartzman (14,623), Mr. Gagnon (1,250), Mr. Dodd (3,911) and Mr. Wasylucha (9,266). Additionally, Mr. Gagnon was awarded 10,000 PSUs in connection with his appointment as CFO. The amounts in the share-based award column relating to these PSUs represent the Company's estimate of the fair value of such PSUs on the grant date, which is equal to the number of PSUs multiplied by the closing price of a Common Share on the TSX on the grant date.
- (2) Option-based awards in 2016 include options granted to the NEOs under the Company's new annual long-term incentive program: (a) in 2016 under its inaugural awards; and (b) in March 2017, but granted in respect of the 2016 fiscal year. Under these awards granted in or in respect of 2016, options were issued to Mr. Schoch (63,030), Ms. Swartzman (65,977), Mr. Dodd (17,380), Mr. Gagnon (6,530) and Mr. Wasylucha (43,729). Options granted in 2016 have an exercise price of C\$16.69, expire on March 30, 2021, and vest in equal amounts over the first four years of the term of the options. Options granted in March 2017 in respect of 2016 have an exercise price of C\$12.26, expire on March 21, 2022, and vest in equal amounts over the first four years of the term of the options. The amounts in the option-based column include the Black-Scholes value of the stock options granted in the applicable year, as a measure of their fair value. See Note 13 to the Company's annual audited financial statements for the year ended December 31, 2016 for a description of the Black-Scholes assumptions used to determine option values.
- (3) The Board determined that 2016 short-term incentive awards to Mr. Schoch, Ms. Swartzman and Mr. Wasylucha would be satisfied through the grant of additional PSUs and options under the long-term incentive awards granted in March 2017, having a fair market value equal to the award value as of the relevant date of grant. The dollar amounts in the share-based award column and option-based award column for these individuals attributable to the 2016 short-term awards are as follows: Mr. Schoch \$115,896 (share-based); Ms. Swartzman \$40,100 (share-based) and \$40,100 (option-based); and Mr. Wasylucha \$30,569 (share-based) and \$30,569 (option-based). On the grant date, the number of PSUs and options, as applicable, awarded was determined by dividing that award value (i) by the market price of a Common Share on the date of grant (as determined under the 2015 Omnibus Plan) in the case of PSUs and (ii) by the fair market value of an option on the date of grant using Black-Scholes valuation.
- (4) Non-equity incentive plan compensation disclosed for the NEOs in 2016 consists of the cash portion of awards for the 2016 annual short-term incentive program, as recommended by the Compensation Committee and approved by the Board.
- (5) All other compensation includes car allowances, car lease payments, taxable life insurance premiums, employer match of employee RRSP or 401(k) contributions (as applicable) and the cost of annual medicals. Such perquisites have not been disclosed as the prescribed aggregate threshold for such items of C\$50,000 or 10% of total salary for the year was not met.
- (6) Appointed President of the Company on January 1, 2015. Previously joined the Company as Executive Vice President, Corporate Affairs on May 13, 2014.
- (7) Appointed Chief Financial Officer June 20, 2016.
- (8) Ceased acting as Chief Financial Officer on June 20, 2016. All other compensation for Ms. Ford includes amounts provided to Ms. Ford's in consideration for her availability and assistance to ensure an effective transition until her departure in August 2016.
- (9) Appointed July 24, 2015.

Outstanding share-based and option-based awards

The following tables list all option-based and share-based awards outstanding as at December 31, 2016 for all NEOs. The exchange rate used to determine the US dollar equivalent for the value of unexercised in-the-money options and value of unvested share awards in the tables below is US\$1 = C\$1.3167, being the average of the monthly average exchange rates posted by the Bank of Canada for 2016.

Name	Option-based awards			
	Number of securities underlying unexercised options	Option exercise price (C\$)	Option expiration date	Value of unexercised in-the-money options (US\$)
P. Grenville Schoch	200,000	6.35	August 8, 2018	835,422
	200,000	12.05	December 31, 2019	-
	63,030	16.69	March 30, 2021	-
Lisa Swartzman	50,000	15.40	March 31, 2020	-
	21,010	16.69	March 30, 2021	-
Daniel Gagnon	-	-	-	-
Robert Dodd	50,000	6.35	August 8, 2018	208,855
	6,200	16.69	March 30, 2021	-
Darren Wasylucha	9,450	16.69	March 30, 2021	-

Name	Share-based awards		
	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested (US\$)	Market or payout value of vested share-based awards not paid out or distributed (US\$)
P. Grenville Schoch	80,959 ⁽¹⁾ 18,030 ⁽²⁾	728,613 162,266	-
Lisa Swartzman	80,000 ⁽¹⁾ 6,010 ⁽²⁾	719,982 54,088	-
Daniel Gagnon	10,000 ⁽²⁾	89,998	-
Robert Dodd	13,707 ⁽¹⁾ 1,770 ⁽²⁾	123,361 15,930	-
Darren Wasylucha	15,000 ⁽¹⁾ 2,700 ⁽²⁾	134,996 24,299	-

Notes:

- (1) Represent RSUs granted to the NEOs following shareholder approval of the 2015 Omnibus Plan. Each RSU represents the right to receive one Common Share or the cash value thereof on the vesting date. The RSUs vest at the end of a three-year period from the date of grant (or conditional grant if conditionally granted prior to shareholder approval), and the RSUs in the table will vest between March 2017 and December 2018, provided the relevant NEO remains employed by the Company. The payout value amounts for RSUs represent the number of RSUs multiplied by the closing price of a Common Share on the TSX on December 31, 2016.
- (2) Represent PSUs granted to the NEOs in March 2016 under the Company's annual long-term incentive program and to Mr. Gagnon in connection with his appointment in June 2016. Each PSU represents the right to receive on vesting a cash payment equal to the product of (a) the fair market value of a Common Share as of the vesting date and (b) a performance factor between 0.5 and 2.0, based on the level of achievement of pre-determined performance objectives over the vesting period generally. The PSUs vest three years following the March grant date. The payout value amounts for PSUs in the table represent the number of PSUs multiplied by the closing price of a Common Share on the TSX on December 31, 2016 (applying a performance factor of 1).

Incentive plan awards— value vested or earned during the year

The following table sets forth: (a) the dollar value that would have been realized if "in-the-money" options that vested in 2016 had been exercised by NEOs; (b) the dollar value of share-based awards that vested in 2016; and (c) the cash incentive compensation earned during 2016. Vesting of options is not dependent on performance goals.

Name	Options – Value vested during the year (US\$)	Share-based awards – Value vested during the year (US\$)	Non-equity incentive compensation earned during the year ⁽¹⁾ (US\$)
P. Grenville Schoch	626,566	-	-
Lisa Swartzman	-	-	-
Daniel Gagnon	-	-	23,278
Robert Dodd	156,642	-	39,875
Darren Wasylucha	-	-	-

Notes:

- (1) Non-equity incentive plan compensation consists of the cash portion of awards for the 2016 annual short-term incentive program, as recommended by the Compensation Committee and approved by the Board.

Securities authorized for issuance under equity compensation plans

The following table provides information concerning the Company's equity compensation plans as of December 31, 2016:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights (C\$)	Number of securities available for future issuance under equity compensation plans (excluding options, warrants and rights issued and outstanding)
Equity compensation plans approved by security holders	986,400 options 224,000 RSUs 11,428 DSUs	9.57 (options) N/A (RSUs) N/A (DSUs)	1,085,590

Defined benefit pension plan

The Company maintains a supplemental retirement pension plan for the benefit of the CEO (the "Retirement Plan"). The Retirement Plan provides for the payment of an annual retirement compensation equivalent to C\$5,000 for every year of service to a maximum of 20 years (or C\$100,000) or an actuarially determined equivalent if the CEO retires and in certain other circumstances. At the commencement of the Retirement Plan on November 1, 1999, the CEO was credited with 10 years of service. The Retirement Plan is unfunded but provides for full funding in the event of the CEO's termination or a change of control of the Company (as defined in the Retirement Plan). The Company maintains an insurance policy on the life of the CEO in the amount of US\$1.0 million with the Retirement Plan as the beneficiary. Premiums paid in 2016 were C\$6,933. The benefit obligation for the CEO as at December 31, 2016 was US\$1,222,542. Please see Note 18 to our annual audited financial statements for the year ended December 31, 2016 for more details of the Retirement Plan. The following table provides certain information concerning the Retirement Plan.

Name	Years of credited service (#)	Annual benefits payable (US\$)	Accrued obligation at start of year (US\$)	Compensatory change (US\$)	Non-compensatory change (US\$)	Re-Measurement (US\$)	Accrued obligation at year-end (US\$)
		At year end or at age 65					
P. Grenville Schoch	20 ⁽¹⁾	75,947	1,143,190	-	44,798	34,554	1,222,542

Notes:

(1) Mr. Schoch was granted 10 years of credited service on establishment of this plan in 1999.

Other Retirement Plans

Each of the NEO's participates in a registered retirement savings plan available to our Canadian employees, which requires the Company to match employee contributions to the plan up to a maximum annual amount of 2% of their base salary, for Ms. Swartzman, Mr. Gagnon and Mr. Wasylucha, and 3%, for Mr. Schoch and Mr. Dodd.

Termination and Change of Control Benefits

Change of Control Benefits

On any "change of control" of the Company as such term is defined in the Prior Option Plan and in the 2015 Omnibus Plan, respectively, the Board (under the Prior Option Plan) or Compensation Committee (under the 2015 Omnibus Plan) may, in its discretion, determine that: (a) some or all of the outstanding unvested options held by the NEOs will accelerate and become immediately exercisable; and (b) some or all of the outstanding unvested RSUs and PSUs will either accelerate and vest, or be cancelled in exchange for a cash payment equal to the in-the-money amount of such award, on the occurrence of such change of control. Set out below are the assumed cash values of unvested options and unvested RSUs and PSUs held by each NEO assuming that a "change of control" had occurred on December 31, 2016 and that the Board and Compensation Committee had determined to accelerate the vesting of unvested options, RSUs and PSUs.

In the case of options, these values are derived by multiplying: (a) the difference between C\$11.85 (the closing price of Common Shares on the TSX on December 30, 2016) and the applicable option exercise price; and (b) the number of options vested as a result of the change of control.

In the case of RSUs, these values are derived by multiplying: (a) the closing price of Common Shares on the TSX on December 30, 2016; and (b) the number of RSUs that would vest or be purchased for cancellation as a result of the change of control.

In the case of PSUs, these values are derived by multiplying: (a) the closing price of Common Shares on the TSX on December 30, 2016 (which assumes a performance payout factor of "1"); and (b) the number of PSUs that would vest or be purchased for cancellation as a result of the change of control.

The exchange rate used to determine the US dollar equivalent for amounts in Canadian dollars in this section was US\$1 = C\$1.3427, being the December 30, 2016 year-end closing rate posted by the Bank of Canada.

Name	Options Amount (US\$)	RSU Amount (US\$)	PSU Amount (US\$)
P. Grenville Schoch	204,811	714,504	159,124
Lisa Swartzman	-	706,040	53,041
Daniel Gagnon	-	-	88,255
Robert Dodd	51,203	120,971	15,621
Darren Wasylucha	-	132,382	23,828

In addition, a change of control (defined for these purposes as an acquisition of more than 20% of the issued and outstanding voting shares or an amalgamation, arrangement, merger or other consolidation where the majority of the Board as constituted prior to such acquisition do not continue as members following the next meeting of shareholders or the CEO immediately prior to such change of control is not the CEO of the successor company immediately after) will result in an immediate funding obligation in connection with the Retirement Plan in respect of Mr. Schoch. This amount is equal to US \$1,222,542.

Termination Benefits

The Company does not have any written agreements with NEOs that provide benefits on termination of their employment in addition that payable under statutory or common law, except as set out in this

paragraph. Under an employment agreement with Mr. Dodd, if he is terminated without cause he is entitled to notice of termination equal to one month per completed year of service, or compensation in lieu thereof, to a maximum of 24 months. If Mr. Dodd had been terminated on December 31, 2016, he would have been entitled to receive 12 months of notice or compensation of approximately C\$285,000 in lieu thereof. Under an employment agreement with Mr. Gagnon, if he is terminated without cause he is entitled to notice of termination equal to the greater of (a) three months or (b) one month per completed year of service, or compensation in lieu thereof, to a maximum of 24 months. If Mr. Gagnon had been terminated on December 31, 2016, he would have been entitled to receive three months of notice or compensation of approximately C\$68,750 in lieu thereof.

Directors' and Officers' Liability Insurance

In 2016 the Company maintained directors and officers liability insurance coverage against liability incurred by the directors or officers in their capacity as directors or officers of the Company or any subsidiary. The total amount of insurance coverage is C\$25 million and, subject to the deductible portions referred to below, up to the full-face amount of the policies is payable, regardless of the number of directors and officers involved. The annual premium paid by the Company for the policy year to December 31, 2016 was C\$22,000. The policies provide a coverage limit of C\$25 million per occurrence and in the aggregate.

Our directors and officers are covered to the extent of the face amount of the policies. However, in no event will the policies pay out, in the aggregate, more than C\$25 million during their annual term. The policies provide for deductibles as follows: (i) with respect to our directors and officers, there is no deductible applicable; and (ii) with respect to reimbursement of the Company, there is a deductible of C\$25,000 per occurrence.

COMPENSATION OF DIRECTORS

Beginning in the second quarter of the 2016 fiscal year, each independent director received a quarterly cash retainer of C\$10,000 and a quarterly grant of deferred stock units ("**DSUs**") under the 2015 Omnibus Plan having a fair market value of C\$6,250. In addition, commencing in 2016, annual cash retainer fees were paid to the Lead Director (C\$15,000), Audit Committee Chair (C\$10,000) and the chair of each other committee of the Board (C\$5,000). Directors also receive C\$1,500 per Board or Committee meeting they attend, provided that where more than one meeting is attended on the same day, such C\$1,500 fee is applied for the full day of meetings). Directors have the ability to elect to receive some or all of their cash retainers and meeting fees in additional DSUs having a fair market value equal to the amount of the fees that would otherwise have been paid in cash.

All DSUs vest three months following the relevant grant date. Each vested DSU represents the right to receive on one of the following on redemption, at the sole discretion of the Company: (a) one Common Share; (b) a cash payment equal to the fair market value of one Common Share as of the redemption date; or (c) a combination of both cash and a portion of Common Share having an aggregate fair market value equal to one Common Share on the redemption date (provided that no fractional Common Shares will be issued). The redemption of a DSU occurs only following the termination of a holder's service as Director and will occur on either: (a) a date selected by the Director following the termination of their services as a director (which can be no earlier than 10 days, and no later than one year, after the service termination date); or (b) a date selected by the Company following the death of the recipient while still serving as director (which can be no later than 90 days following the death of the recipient).

For the purposes of DSU awards, the "fair market value" of a DSU on its grant date or of a Common Share on the redemption date, as applicable, is equal to the volume-weighted average trading price of a Common Share on the TSX for the 5 trading days preceding the relevant grant date or redemption date.

Director compensation table

The table below summarizes the compensation paid to the directors of the Board relating to the 2016 fiscal year, other than the CEO, Mr. Schoch. Mr. Schoch receives no additional consideration in connection with his role as a director, and his compensation in his capacity as CEO is described under "Executive Compensation Summary" above.

Director	Fees earned⁽¹⁾ (US\$)	Share-based awards (US\$)⁽²⁾	Option-based awards (US\$)	All other compensation (US\$)	Total (US\$)
Robert L. Hagerman ⁽³⁾	37,974	–	–	–	37,974
Mary Matthews	20,126	22,780	–	–	42,906
Robert L. McLeish	19,746	31,324	–	–	51,070
Brian A. Robbins	12,531	40,824	–	–	53,355
Alan J. Watson	22,404	17,178	–	–	39,582
Richard F. Crowe ⁽⁴⁾	15,569	–	–	–	15,569

Notes:

- (1) All amounts received by directors as fees were paid out in Canadian dollars. Amounts in the table have been converted using the same exchange rate as in the Executive Summary Compensation table above.
- (2) Amounts under share-based awards represent the sum of the products of (a) each DSU awarded to the relevant Director in 2016 and (b) the volume average weighted price of a Common Share on the TSX for the 5 days preceding the grant date of such DSU. This amount is then converted using the same exchange rate as in the Summary Compensation tables above.
- (3) In 2016, Mr. Hagerman was paid an annual retainer of C\$50,000 and did not receive separate meeting or other fees or retainers. Commencing with first quarter of 2017, Mr. Hagerman will be entitled to receive the same compensation structure as the independent directors described in this section.
- (4) Ceased acting as a director of the board on May 11, 2016.

Outstanding share-based and options-based awards

The following tables document all share-based and option-based awards outstanding as at December 31, 2016 for all directors other than Mr. Schoch. All share-based awards in the tables below consist of DSUs granted to Directors in 2016 in the manner described above, and the dollar values set out below represent the number of relevant DSUs multiplied by the closing price of the Common Shares on December 30 2016 converted at a rate of US\$1 = C\$1.3427, being the December 30, 2016 year-end closing rate posted by the Bank of Canada.

Name	Share-based awards		
	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested⁽¹⁾ (US\$)	Market or payout value of vested share-based awards not paid out or distributed (US\$)
Robert L. Hagerman	-	-	-
Robert L. McLeish	1,189	10,494	17,510
Brian A. Robbins	1,815	16,018	20,961
Alan J. Watson	761	6,716	8,790
Mary Matthews	876	7,731	12,638

Name	Option-based awards			
	Number of securities underlying unexercised options	Option exercise price (C\$)	Option expiration date	Value of vested unexercised in-the-money options (US\$)
Robert L. Hagerman	200,000	6.35	August 8, 2018	614,434
Robert L. McLeish	30,000	6.35	August 8, 2018	92,165
	20,000	12.05	December 31, 2019	-
Brian A. Robbins	20,000	12.05	December 31, 2019	-
Alan J. Watson	50,000	6.35	August 8, 2018	153,608

Incentive plan awards – value vested or earned during the year

The following tables set forth: (a) the dollar value that would have been realized if "in-the-money" options that vested in the year had been exercised by directors; and (b) the dollar value of DSUs granted to directors that vested in 2016. Vesting of options is not dependent on performance goals.

Name	Options – Value vested during the year (US\$)	DSUs – Value vested during the year ⁽¹⁾ (US\$)
Robert L. Hagerman	204,811	-
Robert L. McLeish	30,722	18,937
Brian A. Robbins	-	22,267
Alan J. Watson	51,202	9,438
Mary Matthews	-	13,684

Notes:

- (1) These amounts represent the sum of the products of (a) each DSUs vested in 2016 for the relevant Director and (b) the closing price of a Common Share on the TSX on the vesting date of such DSU, converted at the rate of US\$1 = C\$1.3167.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As of the date of this Circular, except as disclosed below, there was no amount of indebtedness outstanding to the Company or any of its subsidiaries in respect of all executive officers, directors and employees of the Company and any of its subsidiaries, and their respective associates, and by former executive officers, directors and employees of the Company.

During 2014, the Company invested US\$550,000 in the form of a convertible promissory note in a company for which the former Deputy Chairman of the Company, Timothy Toppen, is the Chairman. This note can be converted to an equity interest under the following conditions: (1) if the company has completed a "qualified financing" raising US\$1 million in gross proceeds (excluding the Company's loan); (2) if no "qualified financing" takes place prior to the maturity date, the Company has the option to convert into common stock within 60 days prior to the maturity date of the note. In 2016, the Company agreed to amend the terms of the promissory note to increase the interest rate of the loan to 15% per annum and extend the maturity date to April 11, 2017, at which time the principal and accrued interest on the note will be due and payable unless the note is converted or the loan is prepaid at an earlier date.

During the fourth quarter of 2014, the Company provided a share purchase loan of C\$1,000,000 to the President to purchase Common Shares. The share purchase loan is due upon the earlier of the disposition date of all or proportionate to any part of the pledged securities or November 24, 2019. During the fourth quarter of 2016, the Company provided share purchase loans of C\$250,000 each to the new Chief Financial Officer and the Senior Executive Vice President, Corporate and Secretary to purchase Common Shares. These loans are due upon the earlier of the disposition date of all or proportionate to any part of the pledged securities or December 20, 2021. All share purchase loans currently bear interest at 1% annually with full recourse, and interest is due and payable semi-annually. In total, 143,000 shares of the Company were pledged as collateral on these three loans.

PART IV – CORPORATE GOVERNANCE

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

The Company, its Board and its management are committed to the highest standards of corporate governance, transparency and integrity. Effective corporate governance is a priority for the Board and is essential to the proper conduct of the affairs of the Company. The Nominating and Corporate Governance Committee of the Board continually monitors regulatory developments affecting corporate governance and the transparency of a public company.

The Board believes that the Company's governance system is effective, and that there are in place appropriate structures and procedures to ensure the Board's independence from management and to ensure that actual or potential conflicts of interest between the Company and members of the Board are dealt with appropriately.

Set out below is a description of the Company's approach to corporate governance, in compliance with the requirements prescribed by *National Instrument 58-101 – Disclosure of Corporate Governance Practices*.

Board of Directors

Leadership and Independence

The Board maintains the exercise of independent supervision over management by ensuring that a majority of its directors are independent. Under *National Instrument 52-110 – Audit Committees* ("**NI 52-110**") a director is independent if he or she does not have a direct or indirect relationship with the Company, which could, in the view of the Board, be reasonably expected to interfere with the exercise of his or her independent judgment. In determining whether a director is independent the Board also considers whether the director has a relationship, which could, or could be perceived to interfere with the director's ability to objectively assess the performance of management.

The Board currently consists of six individuals, of which four (being Messrs. McLeish, Robbins and Watson and Ms. Matthews) are considered independent within the meaning of NI 52-110 and have no other relationships that could reasonably interfere with the exercise of their independent judgment in discharging their duties. Independent directors of the Company do not receive remuneration from the Company other than directors' retainers and fees, which can be received in a combination of cash and DSUs as set out under "Compensation of Directors" above. Messrs. Schoch and Hagerman are not independent directors as they are currently, or were formerly, part of the management of the Company in their respective positions as Chairman and CEO (Mr. Schoch) and Former President and CEO (Mr. Hagerman).

As our current Chairman performs executive functions for the Company, as its CEO, he is therefore not independent under the meaning of NI 52-110. The Board has implemented structures and procedures to provide assurance that the Board can act independently of management, including the establishment of the Lead Director role (described below) and ensuring the standing Audit, Nominating and Corporate Governance and Compensation Committees of the Board are composed entirely of independent directors.

The directors believe that the Board, as presently constituted, facilitates effective decision-making and functions independently of management. The election of directors at the Meeting, as proposed, will result in a Board that remains composed of a majority of independent directors. In addition, the Board appointed Mr. McLeish as Lead Director effective March 15, 2016. The role of the Lead Director is to facilitate the functioning of the Board independently of management to ensure that independent directors have an independent contact on matters of concern to them and to ensure that the Board's agenda will enable it to successfully carry out its duties. In particular, the Lead Director will provide leadership to the Board if circumstances arise in which the Chairman may be, or may be perceived to be, in conflict and chairs those Board sessions that are attended only by independent directors.

The independent directors meet separately from the non-independent directors as they deem appropriate, and met separately from the non-independent directors on five occasions in 2016. In addition, the Audit Committee, the Nominating and Corporate Governance Committee and the Compensation Committee are composed entirely of these independent directors, and such committees meet without members of management four times per year, in the case of the Audit Committee, and as often as required in the case of the other Committees.

Individual directors may, in appropriate circumstances, engage an outside advisor at the expense of the Company, subject to the approval of the Board.

Director Affiliations and Attendance

Additional information relating to our directors, including a list of public companies for which they serve as Board members, as well as their attendance records for all Board and Committee meetings for the year ended December 31, 2016, can be found above under "Election of Directors".

Board Mandate and Committees

The mandate of the Board is to supervise the management of the business and affairs of the Company and to act with a view to the best interests of the Company and its shareholders. In March of 2017, the Board adopted a revised written mandate setting out their oversight responsibilities, a copy of which is attached to this circular as Appendix "A". The mandate includes responsibility for approving strategic goals and objectives, review of operations, disclosure and communications policies, oversight of financial reporting and other internal controls, corporate governance, director orientation and education, senior management compensation and oversight, and director nomination, compensation and assessment.

The Board's mandate is fulfilled directly as a whole and through the following standing committees of the Board: the Audit Committee, the Nominating and Corporate Governance Committee and the Compensation Committee. The Board may also from time to time appoint ad-hoc committees to report to the Board on specific matters as they arise.

Generally, the Board meets a minimum of five times each year. In addition, the Board meets at other times when matters requiring its approval are raised and the timing is such that it is not prudent or possible to wait for a regularly scheduled quarterly meeting.

Succession Planning

The Board is responsible for overseeing the succession planning processes of the Company with respect to senior management positions. The Company's succession planning process includes the identification and consideration of suitable short and long-term candidates to hold the applicable roles, on both an interim and permanent basis. Candidates are considered based on various factors, including (where relevant) executive experience, market and industry expertise, geographic location, diversity (including gender), familiarity with the Company and its subsidiaries' businesses, past performance with the Company, as well as past successes in achieving particular corporate goals.

Risk Oversight

The Board has overall responsibility for monitoring risk management and does so primarily through its three standing Committees noted above.

The Board reviews and discusses reports prepared by management on the overall financial position of the Company, on each of its business segments, on its business plans, on strategic business issues and on operating risks. The Board, through the Audit Committee, reviews internal controls and management information systems issues. The Board responds to and, if it considers appropriate, approves, with such revisions as it may require, corporate objectives and recommended courses of action, which have been brought forward by the CEO and management. In addition to those matters which must be approved by the Board by law, significant business activities, actions and communications proposed to be taken or submitted by the Company are subject to Board approval.

Annual capital and operating budgets and significant changes thereto, long range plans, the annual information circular, major changes in the organizational structure of the Company, annual financial statements, major acquisition and disposition transactions, major financing and banking transactions, long term contracts with significant cumulative financial commitments, appointment of officers, benefit plans, stock options plans, issuance of equity-based compensation to senior executives (including stock options and stock appreciation rights, restricted stock units, performance stock units and other forms of awards) and succession plans are all subject to Board approval.

The Board has initiated processes to ensure that it is informed of material business issues and risks and to ensure that appropriate safeguards are maintained. Proper practices are in place to manage the risk of operating in foreign jurisdictions.

Position Descriptions

The Board has adopted written position descriptions for the Chairman of the Board, the Chair of each Board Committee, the Lead Director and the CEO. The Board is of the view that the respective corporate governance roles of the Board and of management, as represented by these positions, and their respective responsibilities and limits of authority are clear and well understood.

In addition, as part of its involvement in strategic planning and performance assessment, the Board meets to review and discuss strategic and business plans through which the objectives of senior management are established. The objectives and responsibilities of the CEO are established by the Board during the planning process and informally during regular Board meetings.

Ethical Business Conduct

The Board has adopted a Code of Business Conduct and Ethics (the "Code") which provides a framework for directors, officers and employees to maintain the highest standards of ethical conduct in corporate affairs. This Code was updated in 2017 and distributed across the organization. Specifically, the purpose of the Code is to encourage among the Company's representatives a culture of honesty, accountability and fair business practice.

The Board oversees compliance of the Code and has designated the Company's general counsel and Secretary as the Compliance Officer for the day-to-day implementation and administration and monitoring of the Code. Any waivers from the Code that are granted for the benefit of the Company's directors or executive officers will only be granted by the Board or a Board Committee. The Code is available on SEDAR at www.sedar.com and the Company's website at www.airbossofamerica.com. Building on the basic pillars of the Code, the Company adopted in 2016 an Anti-Corruption Policy to assist the Company in complying with anti-corruption and anti-bribery laws applicable to its operations around the world.

The Board has also adopted a Whistleblower Policy which requires prompt reporting by employees or officers of any violation of the Code or any other complaints including violations regarding corporate reporting and disclosure, accounting and auditing control and procedures, securities laws or other matters pertaining to fraud, on a confidential and anonymous basis. The Whistleblower Policy was also updated in 2017. Complaints with respect to compliance matters can be made internally to supervisors or to investigating officers appointed under the Whistleblower Policy (including the Compliance Officer under the Code) or can be made through a secure reporting process to the individual designated by the Audit Committee as the Responsible Officer for the Whistleblower Policy (currently the Chair of the Audit Committee) or through the Company's independent third party supplier, Ethicspoint/Navex Global. The Board believes that providing a procedure for employees and officers to raise concerns about ethical conduct on an anonymous and confidential basis fosters a culture of ethical conduct within the Company.

To promote the exercise of independent judgment by directors in considering transactions and agreements, any director or officer who has a material interest in the matter being considered would not be present for discussions relating to the matter and would not participate in any vote on the matter. The Company's Code also sets out the Board's expectations and requirements for officers, directors and employees with respect to avoiding or dealing conflicts of interest.

Nomination of Directors

The Nominating and Corporate Governance Committee is currently comprised of three independent directors: Mary Matthews (Chair), Robert L. McLeish and Alan J. Watson. Because the Nominating and Corporate Governance Committee is independent and functions in accordance with a detailed mandate, the Board believes its nomination process is objective.

The primary mandate of the Nominating and Corporate Governance Committee is to oversee the Company's approach to governance issues, to recommend to the Board corporate governance practices consistent with the Company's commitment to high standards of corporate governance, to recommend to the Board candidates for election as directors and for appointment to Board Committees, and to assess the effectiveness and contribution of the Board, of Board Committees and of individual directors.

The Board has delegated to the Nominating and Corporate Governance Committee responsibility to identify and recommend qualified individuals to be recruited to the Board. In fulfilling this responsibility, the Nominating and Corporate Governance Committee identifies current gaps, if any, and expected future gaps. In addition to seeking candidates who have sound business acumen, along with high level of financial experience, new candidates for Board nomination, would need to possess strong leadership skills, integrity, and the time availability required of a director to fulfill Board responsibilities. Industry specific skills that would be of benefit to the Company, along with experience would be weighed, in addition to diversity, ethnicity, gender, cultural and personality fit, in order to ensure that the Board considers all avenues possible to bring forward an informal list of potential nominees.

The mandate of the Nominating and Corporate Governance Committee also includes the assessment of the competencies and skill of each existing director and to determine the appropriate size of the Board with a view to effective decision making. In addition, the Nominating and Corporate Governance Committee is tasked with assisting the Board in fulfilling its oversight responsibilities to ensure that the Company has an effective corporate governance system. The Nominating and Corporate Governance Committee is responsible for monitoring governance developments, best practices and the effectiveness of the Company's governance practices.

The Nominating and Corporate Governance Committee generally meets at least once a year and additional meetings are held as deemed necessary by the Committee Chair. The Nominating and Corporate Governance Committee has a written charter that sets out its mandate and responsibilities and authority to engage outside advisors as required. This mandate was reviewed, and amendments thereto were approved, by the Board in 2017.

Compensation

The Board has a Compensation Committee comprised of three independent directors; Robert L. McLeish (Chair), Mary Matthews, and Alan J. Watson, each of whom the Board believes has sufficient skills and experience relevant to their role on the Compensation Committee. The primary mandate of the Compensation Committee is to review and approve compensation policies and guidelines for directors, officers and employees of the Company, to approve compensation arrangements for senior executives of the Company, assess the performance of the CEO and report on executive compensation in the Company's information circulars. A detailed discussion regarding the Company's executive compensation policies and processes is found above in the section entitled "Compensation Discussion and Analysis".

Directors' compensation is reviewed annually by the Board, following review and recommendations from the Compensation Committee. As noted above under the section entitled "Director Compensation", director compensation structures were revised at the beginning of 2016 to align with current practices for public companies. The Board feels that the compensation paid to directors under the new structure is adequate and reflects the responsibilities and risks of their position. In determining the appropriate compensation, the Board takes into consideration the remuneration paid by other reporting issuers that the Board feels are similarly placed within the same industry as the Company and that would attract and retain qualified directors.

The Compensation Committee has a written mandate that sets out its mandate and responsibilities and authority to engage outside advisors as required. This mandate was reviewed, and amendments thereto were approved, by the Board in 2017.

Audit Committee

The Audit Committee is comprised of three independent directors: Brian A. Robbins (Chair), Mary Matthews and Robert L. McLeish. The Audit Committee has direct communication channels with internal personnel responsible for financial statement preparation and with the Company's external auditors. The Audit Committee monitors audit functions, management reporting on internal control and the preparation of financial statements and meets with outside auditors independent of management. The Audit Committee operates independently. The Annual Information Form of the Company for the year ended December 31, 2016 contains additional information about the Audit Committee, including the full text of the Audit Committee Charter. The Annual Information Form is available on SEDAR at www.sedar.com.

The primary mandate of the Audit Committee is to review the financial statements of the Company and public disclosure documents containing financial information and to report on such review to the Board, to be satisfied that adequate procedures are in place for the review of the Company's public disclosure documents that contain financial information, to oversee the work and review the independence of the external auditors, and to review any evaluation of the Company's internal control over financial reporting.

The Audit Committee has a written charter that sets out its mandate and responsibilities and authority to engage outside advisors as required. This charter was reviewed, and amendments thereto were approved, by the Board in 2017.

Assessment of Directors

The Nominating and Corporate Governance Committee is responsible for assessing the performance and effectiveness of the Board, Board Committees, and individual directors from time to time, with a view to ensuring that they are fulfilling their respective responsibilities and duties. A subjective evaluation is conducted at least annually to assist in assessing the overall performance of the Board and the Board Committees. The Chairman of the Committee reports the findings, including key recommendations, to the full Board for discussion.

Representation of Women and Diversity on the Company Board and in Executive Officer Positions

The Board believes that gender diversity is important to ensure that the profiles of senior management provide the necessary range of perspectives, experience and expertise required to maximize effective management. The Board recognizes that gender diversity is a significant aspect of diversity and acknowledges the important role of women in contributing to diversity in senior management roles. The Board is committed to selecting the best person to fulfill director and senior management roles within the Company.

The Company has not adopted a written policy on the identification and nomination of female executive officers or Board members, or a target for the number of women in these roles. The Company does not believe that quotas or targets necessarily result in the selection of the best candidates for Board members and executive officers. However, the Company is mindful of the benefit of promoting diversity and the need to maximize the Company's effectiveness and the effectiveness of the Board. Accordingly, the Company considers both the level of female representation and diversity as essential considerations in the selection process for new Board members and executive officers, in addition to the expertise and experience required. The Governance Committee focusses on diversity, including gender diversity, in discussions surrounding potential nominees for the Board. As of the date of this Circular, one woman is a member of the Board and one holds executive officer positions (representing 17% of the proposed directors and 14% of our executive officers, respectively).

Director Tenure and Retirement

The Company does not have established term limits or a set retirement age for directors. The Board has not adopted policies imposing an arbitrary term or retirement age limit in connection with individuals nominated for election as directors of the Company, as it does not believe that such limits are in the best interests of the Company. Continuity of Board members has served the Company well. The Company's policy regarding director tenure and retirement is determined on a case-by-case basis depending upon various factors, including the age and experience of the director and his or her history of service on the Board. The current Board members have diverse experience and viewpoints.

Director Orientation and Continuing Education

The Company currently has an informal orientation and education program for new Board members, which is tailored to meet the specific needs and experiences of each director, as assessed by the Board. Incoming directors would be provided with comprehensive information to familiarize them with the nature and operations of the Company's business, the role of the Board, its Committees and directors, and of the contributions that the newly elected director is expected to make. Board members are encouraged to communicate with the Company's management, auditors and consultants to remain current with industry trends, developments and changes in applicable legislation. The Board provides all directors with information pertaining to their fiduciary duties under corporate legislation and the Company's continuous disclosure obligations under securities legislation.

Directors are updated by way of quarterly presentations to the Board meetings, regarding the Company's major operating subsidiaries and operating segments. Directors also receive a comprehensive package of information prior to each Board and Committee meeting. Directors also have access to the Company's senior management and employees on an ongoing basis throughout their mandate. Directors are also provided opportunities to do site visits.

The Board also recognizes the importance of continuing education for directors. The Board encourages directors of the Company to participate in continuous improvement programs from time to time, as considered appropriate. Two of the Company's independent directors have completed courses within the Global Network of Director Institutes during the current tenure of their directorship: one with the Institute of Corporate Directors, earning the designation of ICD.D; and the other with the Australian Institute of Company Directors, earning the designation of GAICD.

Communication with Third Parties

The Company believes that it is in its best interest to have a consistent message delivered to the investment community (including shareholders, potential investors, analysts and other media) and other third parties. Accordingly, pursuant to the corporate disclosure policy of the Company, the Chairman and CEO and the President together act as the unified voice of the organization. Other directors do not (unless specifically requested by the Chairman and CEO or President to do so) engage in communications with third parties regarding the Company or its affairs.

PART V – OTHER INFORMATION

NORMAL COURSE ISSUER BID

On November 28, 2016 the Company announced that the Toronto Stock Exchange ("TSX") accepted the Company's Notice of Intention to make a normal course issuer bid for Common Shares (the "Bid"). Purchases made pursuant to the Bid will be made in the open market through the facilities of the TSX and alternative Canadian trading systems, if eligible, in accordance with applicable regulatory requirements. Pursuant to the Bid, the Company may re-purchase up to 1,385,837 of Common Shares (representing approximately 10% of the Company's public float of 13,858,373 Common Shares). The Bid commenced on November 30, 2016 and will remain in effect until the earlier of November 29, 2017, the termination of the Bid by the Company or the Company purchasing the maximum number of Common Shares permitted under the Bid. The Company has not purchased any Common Shares in the past 12 months. The price paid for any Common Shares acquired by the Company will be the market price of the shares at the time of acquisition. The Company intends to fund the repurchases under the Bid out of its available cash. All Common Shares acquired by the Company under the Bid will be cancelled.

Shareholders may obtain a copy of the Company's Notice of Intention filed with the TSX without charge by contacting the Company at the address provided under "Additional Information" below.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as set out in the following paragraph, no director, executive officer, person or company who beneficially owns, controls or directs more than 10% of the voting securities of the Company or proposed nominee for election as a director of the Company, and no associate or affiliate of the foregoing persons, has or has had any material interest, direct or indirect, in any transaction since the beginning of the Company's last completed fiscal year or in any proposed transaction which, in either such case, has materially affected or will materially affect the Company

On July 24, 2015, the Company completed the acquisition of all of the membership interests of Immediate Response Technologies LLC ("IRT"), pursuant to a purchase and sale agreement dated June 17, 2015 between AirBoss-Defense Inc., the Company, IRT and the vendors. Pursuant to the purchase and sale agreement related to the transaction, certain individuals employed or formerly employed with the vendors, including Thomas H. Ripley, the President of AirBoss Engineered Products Inc. (which operates our Engineered Products division), could potentially earn additional amounts of deferred purchase price consideration under earn-out provisions. The purchase and sale agreement and a Form 51-102F4 Business Acquisition Report in respect of the acquisition has been filed on SEDAR and are available at www.sedar.com and are incorporated by reference herein.

INTERESTS OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No person who has been a director or executive officer of the Company at any time since the beginning of the Company's last completed financial year, no proposed nominee for election as a director, and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, except as disclosed in this Circular.

ADDITIONAL INFORMATION

A copy of this Circular has been sent to each director of the Company, to each shareholder of the Company entitled to receive notice of and to vote at the Meeting, and to the auditors of the Company. Additional information relating to the Company is available on SEDAR at www.sedar.com. Financial information is provided in the Company's comparative financial statements and Management Discussion

and Analysis for the year ended December 31, 2016. Copies of the Company's financial statements and Management Discussion and Analysis may be obtained through www.sedar.com or upon written request to the Secretary of the Company at 16441 Yonge Street, Newmarket, Ontario, L3X 2G8 or the Company's website at www.airbossofamerica.com.

GENERAL

The contents of this Circular and the sending of this Circular to the shareholders of the Company has been approved by the Board of Directors of the Company.

DATED the 10th day of April, 2017

(signed) Peter Grenville Schoch
Chairman and CEO

APPENDIX "A"

AIRBOSS OF AMERICA CORP.

MANDATE OF THE BOARD OF DIRECTORS

1. Responsibilities of the Board and Each Director

Board responsibility

The Board of Directors (the "Board") of AirBoss of America Corp. (the "Corporation") is responsible for the stewardship of the Corporation. In connection with this responsibility, the Board will:

- (a) in consultation with the chief executive officer of the Corporation (the "CEO"), define the principal objective(s) of the Corporation;
- (b) supervise the management of the business and affairs of the Corporation with the goal of achieving the Corporation's principal objective(s) as defined by the Board;
- (c) discharge the duties imposed on the Board by applicable laws; and
- (d) for the purpose of carrying out the foregoing responsibilities, take all such actions as the Board deems necessary or appropriate.

Director obligations

In exercising his or her powers and discharging his or her responsibilities to the Corporation, each director shall exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances and shall act honestly and in good faith with a view to the best interests of the Corporation. In addition, each director shall:

- (a) review and participate in the work of the Board necessary in order for the Board to discharge its duties and responsibilities as set out herein;
- (b) participate in any orientation and continuing orientation programs developed by the Corporation for directors;
- (c) participate in any processes as may be established by the Board for assessing the Board, directors and any committee of the Board from time to time; and
- (d) in connection with each meeting of the Board and of each committee of the Board of which such director is a member:
 - (i) respond promptly to management requests in respect of availability for proposed meetings;
 - (ii) review thoroughly the material provided to the director by management in connection with the meeting; and
 - (iii) attend each meeting in person to the extent practicable (unless the meeting is scheduled to be held by phone or video-conference).

Delegation

Unless otherwise stated herein or under the Corporation's by-laws, the *Business Corporations Act* (Ontario) or other applicable laws and regulations, the Board may delegate its duties and responsibilities to any committee of the Board and to senior management. However, such delegation does not relieve the Board of its overall responsibilities and it retains its oversight over such delegated matters.

The Board may establish such committees as the Board may consider appropriate and shall establish and regularly review written terms of reference for each such committee. The duties and responsibilities delegated to any committee shall be those set out in the applicable terms of reference.

The Board has delegated responsibility for the day-to-day operations of the Corporation to the CEO, which delegation shall be guided by the limitations set out in this Mandate, the strategic, operating, capital and financial plans approved by the Board from time to time and any other express limitation put in place by the Board from time to time.

2. Organization and Operation of the Board

Composition

- (a) The Board will be composed of a minimum of three and a maximum of 10 members, a majority of whom must qualify as "independent directors" under the rules of the applicable stock exchange(s) and corporate and securities laws, as determined by the Board.
- (b) The Chair of the Board will be an independent director. If this is not desirable in the circumstances an independent lead director shall be appointed.

Meetings

- (a) The Board shall meet at least once each fiscal quarter, and shall also meet at least once annually to review the Corporation's strategic plan and approve proposed annual operating and capital budgets.
- (b) The quorum at any meeting of the Board shall be a majority of directors in office.
- (c) The Chair of the Board and the Corporate Secretary shall develop the agenda for each meeting of the Board in consultation with the CEO and the lead independent director, if any. The agenda and the appropriate material shall be provided to directors of the Corporation on a timely basis prior to any meeting of the Board.
- (d) Independent directors will meet regularly without management present and without non-independent directors present.
- (e) Minutes of each meeting will be prepared and approved.
- (f) Unless otherwise requested by the Board, the CEO and, where appropriate, other executive officers of the Corporation and its consultants and advisors may be invited to attend meetings to provide additional input or insight to matters discussed at the meeting.

3. Director Share Ownership

To align directors' interests with those of shareholders of the Corporation, each director will be required to hold common shares of the Corporation valued at three times his or her annual retainer entitlement.

Directors will have a period of three years from the date of their election to the Board to achieve the minimum shareholding requirement.

4. Specific Duties of the Board

In the course of discharging its responsibilities as described above, the Board will perform the specific duties set out below, and may direct any committee of the Board to consider any such matters and to report and make recommendations thereon. The following is not intended to be an exhaustive or comprehensive list of all actions directors must take in discharging its duties, nor is it intended to limit the Board's overall stewardship responsibility or its responsibility to supervise the management of the Corporation's business and affairs.

Specifically, the Board will:

Strategic Direction, Operating, Capital and Financial Plans

- (a) Require the CEO to present annually to the Board the Corporation's strategic initiatives and business plan, which must:
 - (i) be designed to achieve the Corporation's principal objectives;
 - (ii) identify the principal strategic factors and operational opportunities and risks of the Corporation's business; and
 - (iii) be approved by the Board as a pre-condition to the implementation of such plan.
- (b) Approve the annual operating and capital budgets with the Corporation's business plan and any material changes thereto.
- (c) Monitor the execution of the strategic initiatives and achievement of business plans by management and approve any significant or material change to such plans made necessary in light of changing circumstances.
- (d) Generally provide strategic advice and guidance to management and assess the effectiveness of strategic initiatives and business plans.
- (e) Identify and periodically review the principal risks of the Corporation's business and take all reasonable steps to ensure the implementation of the appropriate systems to manage these risks.
- (f) Subject to delegation by the Board to management and committees of the Board, review and approval all material transactions and investments.
- (g) Approve issuances of additional common shares or other securities of the Corporation.

Management

- (a) Select and appoint the CEO and determine the terms of the CEO's employment and, in consultation with the CEO, develop a clear written position description for the CEO.
- (b) Review and establish corporate and individual goals and objectives relevant to the compensation of the CEO and evaluate the performance of the CEO in light of such goals and objectives.

- (c) In consultation with the CEO, appoint all officers of the Corporation and approve terms of employment of each officer of the Corporation and each employee holding the title of President or Divisional President (or equivalent) at the Corporation or at one of its subsidiaries or divisions (collectively "senior executives").
- (d) Approve compensation levels (including incentive plan awards) for the CEO and each senior executive.
- (e) Approve all equity-based plans for the Corporation.
- (f) Satisfy itself, the extent possible, as to the integrity of the CEO and other senior executives and that senior management has fostered a culture of integrity throughout the organization.
- (g) Be responsible for the Corporation's succession planning, by monitoring the succession plan process for the Corporation (including the processes for appointment, training and evaluation of the CEO and executive officers).
- (h) Approve any proposed significant change in the management organization structure of the Corporation.
- (i) Approve any proposed retirement plans available to management of the Corporation.
- (j) In consultation with the CEO, establish a communications policy for the Corporation and establish processes pursuant to which the Board can receive feedback from shareholders of the Corporation.

Risk Oversight and Management and Financial Controls

- (a) Ensure that the Corporation maintains appropriate systems to manage the principal risks of the Corporation's business and periodically review and assess the Corporation's risk management programs.
- (b) Review and assess the quality and adequacy of risk-related information provided to the Board by management (directly or through its committees), to ensure the Board is made aware of material risks on a timely basis and to ensure the Board has sufficient information to evaluate such risks, their impact on the Corporation and management's proposed management of such risks.
- (c) Require that the CEO institute, and maintain the integrity of, internal control, disclosure control and management and information systems and periodically review and assess the effectiveness of such controls and systems.
- (d) In consultation with the CEO, establish at least annually the limits of management's authority and responsibility in conducting the Corporation's business as proposed in the annual operating and capital plans and on an individual transaction basis.
- (e) Review and approve material contracts not in the ordinary course of business to be entered into by the Corporation and material contracts related to (re)financing, equity, acquisitions, and divestitures.
- (f) Ensure that the financial performance of the Corporation is properly reported to shareholders, other security holders and regulators on a timely and regular basis. Take all necessary actions to ensure that all financial results made public by the Corporation

(including the Corporation's annual and quarterly financial statements) are reported fairly and in accordance with generally accepted accounting principles and applicable legal disclosure requirements.

- (g) In consultation with the CEO, establish the ethical standards to be observed by all officers and employees of the Corporation and monitor compliance with those standards, including by adopting and reviewing, on a regular basis, the Corporation's Code of Business Conduct and Ethics applicable to the Corporation's directors, officers and employees.
- (h) Monitor compliance with all applicable laws and all significant corporate policies of the Corporation.

Governance

- (a) Develop the Corporation's approach to corporate governance and approve the Corporation's public disclosure regarding its corporate governance principles and guidelines.
- (b) Facilitate the continuity, effectiveness and independence of the Board by, amongst other things:
 - (i) selecting nominees for election to the Board;
 - (ii) appointing from amongst the directors an audit committee and such other committees of the Board as the Board deems appropriate;
 - (iii) ensuring that processes are in place and are utilized to assess the size of the Board, the independence of directors, the effectiveness of the Chairman of the Board, the Board as a whole, each committee of the Board and each director; and
 - (iv) providing for an orientation and education to new members to the Board and continuing education opportunities to all directors as deemed necessary.
- (c) Review annually the adequacy and form of the compensation of directors and approve all changes thereto.
- (d) Ensuring that processes are in place for the assessment, on at least an annual basis, of the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual directors.

APPENDIX "B"

BY-LAW NO. 2

AIRBOSS OF AMERICA CORP. (the "Company")

BE IT ENACTED AND IT IS HEREBY ENACTED AS A BY-LAW OF THE COMPANY AS FOLLOWS:

Advance Notice Requirements

1. **Nominations of Directors.** Subject to the provisions of the Act and the articles of the Company, only persons who are nominated in accordance with the procedures set out in this By-law No. 2 shall be eligible for election as directors of the Company. Nominations of persons for election to the board may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of one or more directors. Such nominations must be made:
 - (a) by or at the direction of the board (or any duly authorized committee thereof), including pursuant to a notice of meeting;
 - (b) by or at the direction or request of one or more shareholders pursuant to a proposal within the meaning of, and made in accordance with, the provisions of the Act, or a requisition of the shareholders made in accordance with the provisions of the Act; or
 - (c) by any person (a "**Nominating Shareholder**"): (i) who, at the close of business on the date of the giving by the Nominating Shareholder of the notice provided for in this By-law No. 2 and at the close of business on the record date for notice of such meeting, is a registered holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (ii) who complies with the notice procedures set out below in this By-law No. 2.

2. **Timely Notice.** In addition to any other applicable requirements, for a nomination to be validly made by a Nominating Shareholder pursuant to paragraph 1(c) above, the Nominating Shareholder must have given notice thereof that is both timely and in proper written form (as set out below in this Section 2 and in Section 3 below) to the secretary of the Company at the principal executive office of the Company. To be timely, a Nominating Shareholder's notice to the secretary of the Company must be made:
 - (a) in the case of an annual meeting of shareholders, not less than 30 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the "**Notice Date**") on which the first public announcement (as defined below) of the date of the annual meeting of shareholders was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and
 - (b) in the case of a special meeting of shareholders (which is not also an annual meeting of shareholders) called for the purpose of electing directors (whether or not called for other

purposes as well), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made.

3. **Proper Written Form of Notice.** To be in proper written form, a Nominating Shareholder's notice to the secretary of the Company must set out:
- (a) the identity of the Nominating Shareholder and the number of voting securities held by the Nominating Shareholder;
 - (b) if the Nominating Shareholder is not the beneficial owner of all the voting securities referred to in paragraph 3(a), the identity of the beneficial owner and the number of such securities beneficially owned by that beneficial owner;
 - (c) as to each person whom the Nominating Shareholder proposes to nominate for election as director (a "**Nominee**")
 - (i) the name, age, business address and residential address of the Nominee;
 - (ii) the principal occupation or employment of the Nominee, both present and within the five years preceding the notice;
 - (iii) the Nominee's country of residence and status as a "resident Canadian" (as such term is defined in the Act);
 - (iv) the class or series and number or principal amount of securities of the Company which are beneficially owned, or over which control or discretion is exercised, directly or indirectly, by the Nominee or his or her Representatives (as such term is defined below) as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice, and the date on which such securities were acquired;
 - (v) full particulars regarding any contract, agreement, arrangement, understanding or relationship (collectively, "**Arrangements**"), including without limitation financial, compensation and indemnity related Arrangements, between the Nominee or any of his or her Representatives and any Nominating Shareholder or any of its Representatives; and
 - (vi) any other information relating to the Nominee or his or her Representatives that would be required to be disclosed in a dissident's proxy circular in connection with a solicitation of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below);
 - (d) with respect to the Nominating Shareholder giving the notice and, if applicable, any beneficial owner:
 - (i) the class or series and number or principal amount of securities of the Company which are controlled, or over which control or direction is exercised, directly or indirectly, by the Nominating Shareholder, such beneficial owner, if any, or any of their respective Representatives (and for each such person, any options or

rights to acquire securities of the Company and any derivatives or other securities, instruments or arrangements for which the price or value or delivery, payment or settlement obligations are derived from, referenced to, or based on any securities of the Company, and any hedging transactions, short positions and borrowing or lending arrangements relating to such securities) as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice, and the date on which such securities were acquired;

- (ii) in the case of a special meeting of shareholders called for the purpose of electing directors, a statement as to whether the Nominating Shareholder or beneficial owner intends to send an information circular and form of proxy to any shareholders of the Company in connection with the individual's nomination or otherwise solicit proxies or votes from shareholders of the Company in support of such nomination;
 - (iii) full particulars regarding any proxy or Arrangement pursuant to which such Nominating Shareholder, such beneficial owner, if any, or any of their respective Representatives, has any interests, rights or obligations with respect to the voting of any securities of the Company or the nomination of directors of the Company; and
 - (iv) any other information relating to such Nominating Shareholder and beneficial owner, if any, and their respective Representatives that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below); and
- (e) whether (i) in the opinion of the Nominating Shareholder and the Nominee, the Nominee would qualify as an independent director of the Company under section 1.4 and 1.5 of National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators (“NI 52-110”) and (ii) with respect to the Company, the Nominee has one or more of the relationships described in sections 1.4(3), 1.4(8) or 1.5 of NI 52-110.

The references to “Nominating Shareholder” in this Section 3 shall be deemed to refer to each shareholder that nominates or seeks to nominate a person for election as director in the case of a nomination proposal where more than one shareholder is involved in making such nomination proposal.

4. **Notice to be updated.** In addition, to be considered timely and in proper written form, a Nominating Shareholder's notice will be promptly updated and supplemented, if necessary, so that the information provided or required to be provided in such notice will be true and correct as of the date that is ten days prior to the date of the meeting, or any adjournment or postponement thereof.
5. **Disclosure of Nominee Information.** The Company shall make all information requested and received from the Nominee and the Nominating Shareholder publicly available to shareholders of the Company.
6. **Eligibility for Nomination.** No person shall be eligible for election as a director unless nominated in accordance with this By-law No. 2; provided, however, that nothing herein shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a

meeting of shareholders of any matter that is properly before such meeting pursuant to the provisions of the Act. The chairman of the meeting of shareholders shall have the power and duty to determine whether a nomination of a person for election to the board was made in accordance with this By-law No. 2 and, if the chairman determines that a nomination does not comply with this By-law No. 2, to declare that such defective nomination shall be disregarded. A duly appointed proxy holder of a Nominating Shareholder shall be entitled to nominate at a meeting of shareholders the directors nominated by the Nominating Shareholder, provided that all of the requirements of this By-law No. 2 have been satisfied.

7. **Delivery of Notice.** Notwithstanding any other provision of the by-laws, notice given to the secretary of the Company pursuant to this By-law No. 2 may only be given by personal delivery, email (at such email address as may be stipulated from time to time by the secretary of the Company for purposes of this notice) or facsimile transmission, and shall be deemed to have been given and made only at the time it is served by personal delivery to the secretary at the address of the principal executive office of the Company or delivered to the secretary by email (at the aforesaid email address) or facsimile transmission (provided that receipt of confirmation of such facsimile transmission has been received); provided that if such delivery is made on a non-business day or later than 5:00 p.m. (Toronto time) on a day that is a business day, then such delivery shall be deemed to have been made on the next following day that is a business day.
8. **Board Discretion to Waive.** Notwithstanding any of the foregoing, the board of directors of the Company may, in its sole discretion, waive any requirement in this By-law No. 2.
9. **Defined Terms.** For the purposes of this By-law No. 2:
 - (a) "Act" means the *Business Corporations Act* (Ontario) as may be amended or substituted from time to time;
 - (b) "Applicable Securities Laws" means the applicable securities legislation, as amended from time to time, of each province and territory of Canada, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission or similar regulatory authority of each province and territory of Canada;
 - (c) "public announcement" means disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Company under its profile on the System for Electronic Document Analysis and Retrieval at www.sedar.com; and
 - (d) "Representative" of a person means the affiliates and associates of such person, all persons acting jointly or in concert with any of the foregoing, and the affiliates and associates of any such persons acting jointly or in concert.
10. **Effect of By-law No. 2.** The by-laws of the Company (including this By-law No. 2), as amended from time to time, will be read together and will have effect, so far as is practicable, as though all the provisions thereof were contained in one by-law of the Company.
11. **Effective Date.** This By-law No. 2 shall be effective and in full force and effect in accordance with its terms and conditions from and after the date of its adoption by a resolution of the board of directors of the Company, but is subject to confirmation or rejection by shareholders of the Company present in person or voting by proxy at the next meeting of those shareholders validly held following such adoption in accordance with the Act. Upon confirmation by shareholders by

ordinary resolution, the President and the Secretary of the Corporation are authorized and directed to sign and certify this By-law No. 2 to signify its confirmation.

ADOPTED by resolution of the directors of the Company as of the 12th day of August, 2016.

CONFIRMED by the shareholders of the Company as of the ____ day of _____, 2____.

President

Secretary

APPENDIX "C"

BY-LAW NO. 3

AIRBOSS OF AMERICA CORP. (the "Company")

BE IT ENACTED AND IT IS HEREBY ENACTED AS A BY-LAW OF THE COMPANY AS FOLLOWS:

Increase to Shareholder Meeting Quorum Requirements

1. **Amendment.** By-law No. 1 of the Company is hereby amended by deleting Section 59 in its entirety and replacing it with the following:

“59. **Quorum.** Two persons present and each holding or representing by proxy at least one issued share of the Company shall be a quorum of any meeting of shareholders solely for the choice of a chair of the meeting and for the adjournment of the meeting to a fixed time and place, but such persons may not transact any other business. For all other purposes, a quorum for any meeting shall be at least two persons present and holding or representing by proxy not less than 25% of the total number of the issued shares of the Company possessing voting rights at such meeting. If a quorum is present at the opening of a meeting of shareholders, the shareholders present may proceed with the business of the meeting, notwithstanding that a quorum is not present throughout the meeting.”

2. **Effect of By-Law No. 3.** By-law No. 1 of the Company shall be read as amended by this By-law No. 3. The by-laws of the Company (including this By-law No. 3), as amended from time to time, will be read together and will have effect, so far as is practicable, as though all the provisions thereof were contained in one by-law of the Company.
3. **Effective Date.** This By-law No. 3 shall be effective and in full force and effect in accordance with its terms and conditions from and after the date of its adoption by a resolution of the board of directors of the Company, but is subject to confirmation or rejection by shareholders of the Company present in person or voting by proxy at the next meeting of those shareholders validly held following such adoption in accordance with the Act. Upon confirmation by shareholders by ordinary resolution, the President and the Secretary of the Corporation are authorized and directed to sign and certify this By-law No. 3 to signify its confirmation.

ADOPTED by resolution of the directors of the Company as of the 12th day of August, 2016.

CONFIRMED by the shareholders of the Company as of the ____ day of _____, 2____.

President

Secretary

APPENDIX "D"

BY-LAW NO. 4

AIRBOSS OF AMERICA CORP. (the "Company")

BE IT ENACTED AND IT IS HEREBY ENACTED AS A BY-LAW OF THE COMPANY AS FOLLOWS:

Amendments to Permit Electronic Transfer of Securities

1. **Amendments.** By-law No. 1 of the Company is hereby amended by deleting Sections 62 through 71 (inclusive) in their entirety and replacing them with the following:

“SHARES

62. **Issuance.** Subject to the Act and the articles of the Company, the board may from time to time issue shares of the Company, or grant options or rights to acquire unissued shares of the Company, at such times, to such persons and for such consideration as the board may determine; provided that no share shall be issued until it is fully paid as provided by the Act. The board may determine by resolution that any or all classes or series of securities issued by the Company shall be uncertificated securities; provided that no such resolution shall apply to securities represented by a certificate until such certificate has been surrendered to the Company or its transfer agent.
63. **Security Certificates.** Security certificates (and the form of transfer power on the reverse side thereof) shall (subject to compliance with the Act) be in such form as the board may from time to time by resolution approve and, subject to the Act, such certificates shall be signed by at least one director or officer of the Company and countersigned by or on behalf of a registrar, transfer agent, branch transfer agent or issuing or other authenticating agent of the Company, or by a trustee who certifies it in accordance with a trust indenture. Any signatures required on a security certificate may be printed or otherwise mechanically reproduced thereon. If a securities certificate contains a printed or mechanically reproduced signature of a person, the Company may issue the security certificate even though the person has ceased to be a director or officer of the Company, and the securities certificate is as valid as if the person were a director or an officer at the date of its issue.
64. **Transfer Agents and Registrar.** For each class of securities issued by the Company, the board may from time to time by resolution appoint or remove:
- (a) a trustee, transfer agent or other agent to keep the securities register and the register of transfer and one or more persons or agents to keep branch registers; and
 - (b) a registrar, trustee or agent to maintain a record of issued security certificates,
- and, subject to the Act, one person may be appointed for both of the foregoing purposes in respect of all securities of the Company or any class or classes thereof.

65. **Securities Records.** The Company shall prepare and maintain, at its registered office or at any other place in Ontario designated by the board, a securities register in which it records the certificated securities and uncertificated securities issued by it.
66. **Surrender of Security Certificates.** Subject to the provisions of the *Securities Transfer Act, 2006*, no transfer of a security issued by the Company shall be recorded or registered unless and until either:
- (a) the security certificate representing the security to be transferred has been surrendered and cancelled, or
 - (b) if no security certificate has been issued by the Company in respect of such share, a duly executed security transfer power in respect thereof has been presented for registration.
67. **Defaced, Destroyed, Stolen or Lost Security Certificates.** In case of the defacement, destruction, theft or loss of a security certificate, the fact of such defacement, destruction, theft or loss shall be reported by the owner to the Company or to an agent of the Company appointed pursuant to section 64 of this by-law, with a statement verified by oath or statutory declaration as to the defacement, destruction, theft or loss and the circumstances concerning the same and with a request for the issuance of a new security certificate to replace the one so defaced, destroyed, stolen or lost. Upon the giving to the Company (or, if there is such an agent, then to the Company and to such agent) of an indemnity bond of a surety company in such form as is approved by any authorized officer of the Company, indemnifying the Company (and such agent, if any) against all loss, damage and expense, which the Company and/or such agent may suffer or be liable for by reason of the issuance of a new security certificate to such shareholder, and provided the Company or such agent does not have notice that the security has been acquired by a bona fide purchaser, a new security certificate may be issued in replacement of the one defaced, destroyed, stolen or lost, if such issuance is ordered and authorized by any authorized officer of the Company or by resolution of the directors.
68. **Electronic, Book-Based or Other Non-Certificate Registered Positions.** The Company and its agent(s) appointed pursuant to section 64 of this by-law may adopt such policies and procedures and take all steps as may be necessary or desirable in order to facilitate the adoption and maintenance of a securities registration system by electronic, book-based, direct registration system or other non-certificated means. If such a system is adopted, a registered securityholder may have its holdings of securities of the Company evidenced by an electronic, book-based, direct registration or other non-certificated entry or position in the applicable securities register.
69. **Lien for Indebtedness.** Except in the case of any class or series of shares of the Company listed on a stock exchange, the Company shall have a lien on the shares registered in the name of a shareholder who is indebted to the Company to the extent of such indebtedness and such lien may be enforced, subject to any provision of the articles and to any unanimous shareholder agreement, by the sale of the shares thereby affected or by any other action, suit, remedy or proceeding authorized or permitted by law or by equity and, pending such enforcement, the Company may refuse to register a transfer of the whole or part of such shares.
70. **Non-recognition of Trusts.** Subject to the provisions of the Act, the Company may treat the registered owner of a share as the person exclusively entitled to vote, to receive notices, to receive any dividend or other payments in respect thereof and otherwise to exercise all the rights and powers of an owner of a share.

71. **Commissions.** The board may from time to time authorize the Company to pay a reasonable commission to any person in consideration of purchasing or agreeing to purchase shares of the Company, whether from the Company or from any other person, or procuring or agreeing to procure purchasers for any such shares.”
2. **Effect of By-Law No. 4.** By-law No. 1 of the Company shall be read as amended by this By-law No. 4. The by-laws of the Company (including this By-law No. 4), as amended from time to time, will be read together and will have effect, so far as is practicable, as though all the provisions thereof were contained in one by-law of the Company.
3. **Effective Date.** This By-law No. 4 shall be effective and in full force and effect in accordance with its terms and conditions from and after the date of its adoption by a resolution of the board of directors of the Company, but is subject to confirmation or rejection by shareholders of the Company present in person or voting by proxy at the next meeting of those shareholders validly held following such adoption in accordance with the Act. Upon confirmation by shareholders by ordinary resolution, the President and the Secretary of the Corporation are authorized and directed to sign and certify this By-law No. 4 to signify its confirmation.

ADOPTED by resolution of the directors of the Company as of the 12th day of August, 2016.

CONFIRMED by the shareholders of the Company as of the ____ day of _____, 2____.

President

Secretary

